

Financial Statements of

**B.C. ADVANTAGE FUNDS (VCC) LTD.
ADVANTAGE STRUCTURED FUND**

Year ended December 31, 2015



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of B.C. Advantage Funds (VCC) Ltd.

We have audited the accompanying financial statements of B.C. Advantage Funds (VCC) Ltd. - Advantage Structured Fund, which comprise, the statements of financial position as at December 31, 2015 and 2014, the statements of comprehensive income, changes in net asset's attributable to holders of redeemable common shares, and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of B.C. Advantage Funds (VCC) Ltd. - Advantage Structured Fund as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, thin horizontal line that tapers at both ends, resembling a flourish or a signature line.

Chartered Professional Accountants

March 30, 2016

Vancouver, Canada

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Statements of Financial Position

December 31, 2015 and 2014

	Notes	2015	2014
Assets			
Cash		\$ 857,157	\$ 302,892
Restricted cash	4	-	22,487
Accounts receivables		4,411	43,122
Due from related parties		-	36
Amounts held in escrow		114,273	262,827
Investments		7,212,049	14,198,830
		<u>8,187,890</u>	<u>14,830,194</u>
Liabilities			
Accounts payable and accrued liabilities		118,082	104,862
Accrued equity participation loan	5	-	155,070
Loans payable	6	-	1,890,881
		<u>118,082</u>	<u>2,150,813</u>
Net assets, attributable to holders of redeemable common shares	7	\$ 8,069,808	\$ 12,679,381
Net assets, attributable to holders of redeemable common shares per share		\$ 1.48	\$ 2.31
Suspension of redemptions and continuing operations	1		
Contingent equity participation liability	5		
Commitments	9		
SBVCA Contingency	10		
Subsequent events	11		

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager:

"Don Enns" Director

"Frank Holler" Director

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Statements of Comprehensive Income

Years ended December 31, 2015 and 2014

	Notes	2015	2014
Revenue:			
Recovery of the equity participation	5	\$ 155,070	\$ -
Dividend income		-	667,727
Other income		17,807	52,369
Interest income		64	8,701
Changes in fair value of investments:			
Net realized gain (loss)		(5,636,816)	90,457
Net change in unrealized appreciation (depreciation)		2,159,428	(9,479,048)
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Total loss		(3,304,447)	(8,659,794)
Expenses:			
Fund administration fees	5	686,545	705,963
Management fees	5	133,300	133,300
Interest expense		129,270	247,405
Transfer agency fees		96,369	98,516
Audit, tax and advisory fees		92,303	71,742
Legal fees		37,916	28,403
Shareholder communications		15,066	14,429
Directors' fees and expenses	5	8,192	13,739
Trailer fees		5,496	25,529
Other		-	13,011
<hr/>			
Total operating expenses		1,204,457	1,352,037
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Decrease in net assets attributable to holders of redeemable common shares		(4,508,904)	(10,011,831)
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Decrease in net assets attributable to holders of redeemable common shares per share		\$ (0.83)	\$ (1.82)
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The accompanying notes are an integral part of these financial statements.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Common Shares

Years ended December 31, 2015 and 2014

	Notes	2015	2014
Balance, beginning of year		\$ 12,679,381	\$ 22,822,127
Decrease in net assets attributable to holders of redeemable common shares		(4,508,904)	(10,011,831)
Redemptions of redeemable common shares		(100,669)	(130,915)
Balance, end of year		\$ 8,069,808	\$ 12,679,381

The accompanying notes are an integral part of these financial statements.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Statements of Cash Flows

Years ended December 31, 2015 and 2014

	Notes	2015	2014
Cash provided by (used in):			
Operating activities:			
Decrease in net assets attributable to holders of redeemable common shares		\$ (4,508,904)	\$ (10,011,831)
Adjustments for:			
Net realized loss (gain) from investments		5,636,816	(90,457)
Net change in unrealized (appreciation) depreciation from investments		(2,159,428)	9,479,048
Net changes in non-cash operating accounts		174,657	(64,873)
Dividends received		-	667,727
Interest received		64	52,369
Interest paid		(129,270)	(247,405)
Proceeds from sale of investment		3,677,967	2,422,755
Purchase of investments		(168,574)	(2,508,710)
Net changes in restricted cash		22,487	931,610
		2,545,815	630,233
Financing activities:			
Repayment of loan		(1,890,881)	(2,420,111)
Additional loan financing		-	2,100,000
Redemptions of redeemable common shares		(100,669)	(130,915)
		(1,591,550)	(451,026)
Net increase in cash and cash equivalents		554,265	179,207
Cash and cash equivalents, beginning of year		302,892	123,685
Cash and cash equivalents, end of year		\$ 857,157	\$ 302,892
Cash and cash equivalents comprised of:			
Cash		\$ 257,157	\$ 302,892
Cash equivalents		600,000	-
		\$ 857,157	\$ 302,892

The accompanying notes are an integral part of these financial statements.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Schedule of Investment Portfolio

December 31, 2015

	Number of shares	Average cost value	Fair value	Percentage of total portfolio at fair value
Canadian Investments:				
<u>Publicly-traded Investment:</u>				
Venturi Ventures Inc.	2,833,250	\$ 611,655	\$ 165,521	2%
<u>Privately-held Investments:</u>				
Agreement Express Inc.	1,923,461	634,742	634,742	9%
Contech Enterprises Inc.	25,787,369	9,291,613	-	0%
Endurance Wind Power Inc.	242,376	3,276,940	2,101,400	29%
MSI Methylation Sciences Inc.				
Common shares	1,619,482	1,591,865	113,363	2%
Preferred shares	506,668	440,957	119,898	2%
MTI Limited Partnership				
Class A Units	3,486,859	1,729,121	1,956,066	27%
Class B Units	215,848	-	-	0%
Paradigm Environmental Technology Inc.	77,400	212,850	-	0%
Redlen Technologies Inc.				
Common shares	2,050,012	3,000,000	235,546	3%
Preferred shares	2,998,800	1,500,000	1,649,340	23%
	38,908,275	21,678,088	6,810,355	95%
Total Canadian investments	41,741,525	22,289,743	6,975,876	97%
United States Investments:				
<u>Publicly-traded Investments:</u>				
Sophiris Bio Inc.	94,279	1,978,916	236,173	3%
Total Investments	41,835,804	\$ 24,268,659	\$ 7,212,049	100%

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

1. Reporting entity, suspension of redemptions and continuing operations:

B.C. Advantage Funds (VCC) Ltd. (the "Company") was incorporated under the Company Act of British Columbia on October 1, 2002 and is domiciled in Canada. The address of the Company's registered office is at Suite 2900, 550 Burrard Street, Vancouver, BC V6C 0A3. The Company is registered as a venture capital corporation ("VCC") under the Small Business Venture Capital Act (the "SBVCA"). The Company is a venture capital business that focuses its investment activities on early stage technology and life sciences companies that are eligible under the SBVCA.

The Company has the ability to add additional funds, but is currently comprised of a single fund, the Advantage Structured Fund (the "Fund"). The Fund invests in emerging technology, clean-tech and life science companies.

In January 2014, BC Advantage Fund Management Inc. (the "Fund Manager") was created primarily to meet the necessary requirements under National Instrument 31-103 *Registration Requirement and Exemptions*, to enable the Company to continue to carry on its operations. The Fund Manager applied for registration with the BC Securities Commission and the application was approved in 2014. The Company is now under the management of the Fund Manager pursuant to a management agreement ("Management Agreement") dated January 1, 2014. Previously the Company was responsible for directing its own operations.

The Fund is now closed for subscriptions of its common shares. Furthermore, the Fund has suspended the redemption of its common shares. Effective September 24, 2014, the Fund partially reinstated redemptions for deceased shareholders only.

The Fund intends to wind-up operations during 2016. The Fund Manager continues to look for opportunities to achieve liquidity in the Fund's existing portfolio companies and such proceeds from exits from portfolio companies will be used to reinstate redemptions. For those portfolio investments where the Fund Manager is unable to achieve liquidity, the Fund Manager will look for other means to transfer the value to the Fund's shareholders.

Given the Fund Manager's intention to orderly liquidate the Fund's investment portfolio, the Fund's financial statements continue to be prepared on a going concern basis, which assumes the Fund will achieve orderly liquidations, and will be able to realize its assets and discharge its obligations in the normal course of business and not on a distressed basis.

The Fund's investments are presented at their estimated fair value as at December 31, 2015, based on the presumption that the Fund will have the ability to dispose of these investments in an orderly basis, and not a forced transaction or series of forced transactions. Disposition proceeds as determined by actual events could differ from the valuations ascribed as at December 31, 2015 as reflected in these financial statements, and the difference could be material.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

2. Basis of preparation:

(a) Statement of compliance:

The financial statements of the Company have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The financial statements were authorized for issue by the Company on March 30, 2016.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and loans payable, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Fund's functional currency.

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year include the use of the going concern assumption as described in note 1 and the determination of fair value of investments and loan payable, with significant unobservable inputs as described in note 14.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and guaranteed investment certificates that are redeemable on demand.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

3. Significant accounting policies (continued):

(b) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: held-for-trading ("HFT"), fair value through profit or loss ("FVTPL"), available-for-sale ("AFS"), loans and receivables, assets held-to-maturity ("HTM"), and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as HFT or FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities HFT or at FVTPL are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position if the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Fund has not classified any of its financial instruments as AFS or HTM.

(ii) Held-for-trading and fair value through profit and loss:

Financial instruments classified as HFT or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statements of comprehensive income in the period in which they occur. The Fund's investments and loans payable are designated as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

3. Significant accounting policies (continued):

(b) Financial instruments (continued):

(ii) Held-for-trading and fair value through profit and loss (continued):

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using the Fund's internal valuation policies. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Company, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Fund classifies cash and cash equivalents, restricted cash, accounts receivable, due from related parties, and amounts held in escrow as loans and receivables.

(iv) Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Fund's other financial liabilities are comprised of accounts payable and accrued liabilities and accrued equity participation loan.

(c) Redeemable common shares:

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable common shares, which are classified as financial liabilities at FVTPL and measured at the redemption amount, provide investors with the right to request redemption, subject to available liquidity, for cash at a share price based on the Company's valuation policies at each redemption date. Distributions to holders of redeemable common shares are recognized in comprehensive income when they are authorized and no longer at the discretion of the Company.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

3. Significant accounting policies (continued):

- (d) Net assets value attributable to holders of redeemable common shares as determined in accordance with prospectus:

The net asset value attributable to holders of redeemable common shares as determined in accordance with the Company's prospectus is comprised of the net assets attributable to holders of redeemable common shares plus any unamortized sales commissions and share issue costs, and adjustments for subsequent events recorded for financial reporting purposes, but not otherwise recorded in determining the Fund's net asset value for subscriptions and redemptions of common shares. In accordance with the Company's prospectus, such basis of determination of the Fund's net asset value is applied to subscriptions and redemptions of its redeemable common shares.

- (e) Increase (decrease) in net assets attributable to holders of redeemable common shares per share:

The increase (decrease) in net assets attributable to holders of redeemable common shares per share is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable common shares by the weighted average number of shares outstanding during the year.

- (f) Foreign exchange:

The financial statements of the Company are denominated in Canadian dollars. Foreign denominated investments are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction.

- (g) Income recognition:

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

- (h) Income taxes:

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in the statement of comprehensive income.

- (i) Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

3. Significant accounting policies (continued):

(h) Income taxes (continued):

(ii) Deferred tax:

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Investments in associates and subsidiaries:

The Fund meets the criteria required to be considered as “investment entity” under IFRS 10 *Consolidated Financial Statements* and as such, in cases where the Fund has control or significant influence over an investee, the Fund values such investments as FVTPL.

(j) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended December 31, 2015, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Company, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, derecognition, classification and measurement of financial instruments and its requirements represent a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

This standard is effective for years beginning January 1, 2018. The Company does not intend to early adopt this standard and accordingly this standard will not impact the Fund prior to its intended wind-up.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

4. Restricted cash:

Pursuant to the requirements of the SBVCA, a VCC that does not have 80% of its raised equity capital invested in eligible businesses is required to maintain an investment protection account ("IPA") in an amount equal to 30% of the funds raised. As investments in eligible businesses are subsequently made, a drawdown from the IPA, equal to 37.5% of the investment amount, is available subject to the consent of the administrator of the SBVCA. At such time as a Fund is fully invested in eligible businesses it will have no balance in its IPA.

5. Related party transactions:

(a) Management fees:

Under the Management Agreement, the Fund Manager can receive up to a maximum annual management fee of 2.75% based on the net asset value attributable to holders of redeemable common shares as determined in accordance with the prospectus.

The management fees incurred during the period amounted to \$133,300 (2014 - \$133,300). The Management Agreement can be terminated by either the Company or the Fund Manager at any time with a 90 day written notice.

(b) Equity participation:

The Company has issued equity participation shares to Lions Capital Corp. ("Lions"), its former fund manager, for a nominal amount. Lions has agreed that the equity participation shares will not be transferred, sold, exchanged or paid a dividend until the respective individual venture investment in the Fund has returned all of the capital plus a compound rate of return on investment exceeding 10% per year, and the total realized gains, unrealized gains and net investment income from the portfolio of venture investments of the Fund have generated a compound rate of return exceeding 8% per year. The value that may be earned by Lions is 20% of the amount of a realized gain (before income taxes) on the respective investment. Equity participation shares that have accreted value may be sold or converted to common shares of the Fund. Alternatively, the accreted value may be paid as a dividend to Lions.

For the years ended December 31, 2015 and 2014, the total realized gains, unrealized gains and net investment income from the Fund's portfolio of venture investments did not generate the required compound rate of return exceeding 8% per year in order to accrue equity participation. Accordingly, no equity participation for performance was accrued or paid at December 31, 2015 and 2014.

The Fund acquired accrued equity participation of \$22,222 and \$132,848 (totaling \$155,070) resulting from accrued gains on investments in Sophiris Bio Inc. and in Recombo Inc., respectively, in the course of Fund mergers occurring in 2010 and 2011. On December 11, 2015, the pointholders of Lions have waived the entitlement of the accrued equity participation of \$155,070.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

5. Related party transactions (continued):

(c) Contingent equity participation liability:

In the course of a fund merger in 2011, the Fund acquired the right to accrue and pay out equity participation in the amount of \$315,609 related to realized gains earned in 2010 and 2009 by a fund merged into the Fund. The Fund had not accrued this amount at the time these gains were realized, as its portfolio of venture investments had not generated a compound rate of return exceeding the 8% per year threshold. Accordingly, the Fund will accrue and pay out this equity participation in the future if the total realized gains, unrealized gains and investment income from the Fund's portfolio of venture investments exceeds a compound rate of return of 8% per year.

(d) Common share holdings:

At December 31, 2015, 12,481 redeemable common shares (December 31, 2014 - 19,750 redeemable common shares) were held by Directors and Officers of the Fund. The reduction in common shares held by Directors and Officers is directly a result of departures in personnel.

(e) Key management personnel and fund administration fees:

Under the Management Agreement, the Fund will reimburse the Fund Manager for all expenses incurred by the Fund Manager on behalf of the Fund in providing management services. The Management Agreement also allows the Fund Manager to cause the Fund to incur these expenses directly, rather than having the Fund Manager incur them and in turn be reimbursed by the Fund. Included within fund administration fees in the statement of comprehensive income for the year ended December 31, 2015 is \$383,583 (2014 - \$454,458) in compensation to key management personnel. Directors' fees and expenses totaled \$8,192 (2014 - \$13,738).

During the years ended 2015 and 2014, management and staff of the Fund provided administrative services on a no charge basis to the Fund Manager.

6. Loan:

On January 31, 2013, the Company entered into a loan agreement ("Original Loan"). Base interest on the Original Loan was payable monthly on the outstanding principal amount at a simple interest rate of 18% per annum. There were no mandatory principal repayments until maturity, subject to the conditions described below.

The lender was entitled to 50% from the exit proceeds, defined as cash proceeds from the disposal of investments and any other form of cash proceeds received from investing activities, including dividends, interest, redemptions, fees and bonuses, to reduce the accrued interest and principal of the loan. Further interest at a simple interest rate of 4% per annum on the average daily outstanding loan balance was payable to the lender in the event that the Fund has generated cumulative exit proceeds greater than \$12,000,000 during the period from inception of the loan until September 20, 2016. The lender held a security interest in all present and future acquired property, with the exception of the accrued equity participation of the Company. The Original Loan matured on September 20, 2014 at which time the remaining balance of the Original Loan in the amount of \$2,210,992 was fully repaid.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

6. Loan (continued):

On March 7, 2014, the Company agreed to an amended loan agreement with the existing lender, whereby an additional loan of \$800,000 ("Second Additional Loan") was received and the Fund, in turn, made an investment of \$1,000,000 in Contech Enterprises Inc. ("Contech"). The Second Additional Loan carried substantially the same terms as the Original Loan except the Second Additional Loan carried a reduced simple interest rate of 12% per annum, a contingent interest based on the internal rate of return achieved on Contech, and matured on March 31, 2016. As at December 31, 2014, \$690,881 of the Second Additional Loan remained outstanding. On November 13, 2014, the Fund acquired an additional loan of \$1,200,000 ("Third Additional Loan") and the Fund, in turn, made an investment of \$1,500,000 in Redlen Technologies Inc. ("Redlen"). The Loan carried substantially the same terms as the Second Additional Loan except the contingent interest was based on the internal rate of return achieved on Redlen, and matured on March 31, 2016. During 2015, the remaining outstanding balance of the Second Additional Loan of \$690,881 and the full balance of the Third Additional Loan of \$1,200,000 were repaid.

In addition to the Second and Third Additional Loans, the Fund obtained a promissory note of \$100,000 with interest accruing at the rate of 1% per month on January 30, 2014. The promissory note was fully repaid on March 31, 2014.

7. Reconciliation of net assets and net asset value per share:

The Funds' net asset value attributable to holders of redeemable common shares as determined in accordance with prospectus differs from the net asset attributable to holders of redeemable common shares as determined in accordance with IFRS. The differences are comprised of unamortized sales commissions and share issue costs, and adjustments for subsequent events recorded for financial reporting purposes.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

7. Reconciliation of net assets and net asset value per share (continued):

The reconciliations of net assets attributable to holders of redeemable common shares as determined in accordance with prospectus and net assets attribute to holders of redeemable common share determined in accordance with IFRS are as follows:

	December 31, 2015	December 31, 2014
Net asset attributable to holders of redeemable common shares per statements of financial position	\$ 8,069,808	\$ 12,679,381
Add:		
Unamortized deferred sales commissions and share issuance costs ⁽¹⁾	3,470	21,156
Valuation adjustment deferred for pricing in accordance with prospectus ⁽²⁾	25,206	1,247,877
Net asset value attributable to holders of redeemable common shares as determined in accordance with prospectus	\$ 8,098,484	\$ 13,948,414
Common shares outstanding (note 8)	5,439,641	5,490,944
Net assets attributable to holders of redeemable common shares per share	\$ 1.48	\$ 2.31
Net asset value attributable to holders of redeemable common shares as determined in accordance with prospectus per share	\$ 1.49	\$ 2.54

(1) Deferred sales commissions and share issuance costs are amortized on a straight-line basis over the minimum expected holding period of the related shares of five years.

(2) Subsequent to year end, management became aware of circumstances related to an investment which required an adjustment to the financial statements in the amount of \$25,206 (2014 – \$1,247,877). However, for purposes of valuing investments in accordance with the Fund's prospectus, the adjustment was recognized in the Fund's February 19, 2016 (2014 – February 23, 2015) valuation in determining the net assets attributable to holders of redeemable common shares at that date.

8. Redeemable common shares:

The Fund is authorized to issue:

- 18,000,000,000 redeemable common shares in 18 classes of common shares; each class having an authorized share capital of 1,000,000,000 common shares; voting; redeemable at the option of the holder; convertible to any other share class at the option of the Company.
- 1,000,000,000 equity participating shares; non-voting; convertible to common shares at the option of the holder.

Equity participation shares are held as a vehicle for the earning of performance fees for the holder and were issued for a nominal amount.

B.C. ADVANTAGE FUNDS (VCC) LTD.

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8. Redeemable common shares (continued):

The share transactions for the Fund during the year ended December 31, 2015 and 2014 are as follows:

	Outstanding shares beginning of period	Shares issued	Shares redeemed	Outstanding shares end of period
December 31, 2015				
Common shares	5,490,944	-	51,303	5,439,641
Equity participation shares	6,000,000	-	-	6,000,000
	11,490,944	-	51,303	11,439,641

	Outstanding shares beginning of period	Shares issued	Shares redeemed	Outstanding shares end of period
December 31, 2014				
Common shares	5,534,118	-	43,174	5,490,944
Equity participation shares	6,000,000	-	-	6,000,000
	11,534,118	-	43,174	11,490,944

On June 1, 2012, the Company suspended all redemptions, including share redemptions in the event of a death of a shareholder. Effective September 24, 2014, the Company partially reinstated redemptions for deceased shareholders only.

9. Commitment:

The Company has an Investment Administration Agreement with Investment Administration Solution Inc. to provide certain transfer agency and back office administration services. The agreement specifies a minimum fee per month of \$7,995 (plus GST) and expires in May 2016. The Company's minimum future payment in accordance with this agreement is \$39,975 in 2016.

10. SBVCA Contingency:

As a VCC, the Company has to comply with the legislative requirements of the SBVCA, including investing appropriately in eligible businesses and maintaining certain levels of investment for at least five years. The Company has a contingent liability to repay the tax credits granted to its shareholders by the Government of British Columbia if it does not comply with these requirements. As at December 31, 2015 and December 31, 2014, the Fund is not aware of any circumstances where the Company was not in compliance with the requirements of the SBVCA.

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11. Subsequent events:

Subsequent to the Fund's year end, in February 2016, the Fund received \$697,249 representing the Fund's proportionate share from the liquidation of Contech Enterprises Inc. This privately-held investment was previously written down to nil value by the Fund in fiscal 2014.

12. Capital management:

The redeemable common shares issued by the Fund represent the capital of the Fund. The Fund's objectives in managing its capital are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions.

The Fund is subject to placing 30% of its capital raised into an investment protection account under the SBVCA (note 4). As of December 31, 2015 and December 31, 2014, the Fund was in compliance with this restriction.

Common shares of the Fund are generally only redeemable after five years from the date the proceeds are invested in eligible businesses. The Fund also has the ability to suspend redemptions in specific situations, including where the Board of Directors determines, in its sole discretion that the redemption should not proceed. As described in notes 1 and 8, the Company has suspended all redemptions, except in the case of deceased shareholders.

13. Financial risk management:

The Fund's strategy is to invest primarily in emerging British Columbia based technology, clean-tech and life science companies in accordance with SBVCA with the objective of realizing long-term capital appreciation. The Fund's investment portfolio comprises listed and unlisted equity.

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, and also from cash and cash equivalents, and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Fund's maximum exposure to credit risk.

The Fund limits its exposure to credit risk on both its cash and restricted cash by depositing these amounts with highly rated financial institutions.

The Fund's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities, or other assets as contractually agreed.

For wherever applicable, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

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13. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Fund's policy and the Fund Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of common shares, without incurring unacceptable losses or risking the viability of the on-going operation of the Fund.

The Fund's financial liabilities, other than its redeemable common shares, are due within three months of the Fund's year end. The Fund has suspended redemptions of its common shares, except in the case of deceased shareholders.

The Fund's financial assets include mostly unlisted equity investments, which are generally illiquid. In accordance with SBVCA, the Company must invest appropriately in eligible businesses and maintain certain level of investment for at least five years. Current market conditions have resulted in difficulties in raising venture capital for the Fund. As a result, the Fund is now closed for subscriptions of its common shares. Furthermore, as the Fund's investments are generally illiquid and the current market conditions are restricting the Fund's ability to seek appropriate divestiture opportunities, the Fund has currently suspended redemptions of its common shares except for those common shares held by deceased shareholders. There is no guarantee if or when regular redemptions may be reinstated.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the fair value of its holdings of financial instruments.

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates.

The Fund's primary interest rate risk relates to cash and cash equivalents and restricted cash balances, but this is not considered significant by the Fund Manager.

(ii) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Fund will fluctuate due to changes in foreign exchange rates. Currency risk is managed by the Fund's Manager through a careful selection of securities within the Fund. The Fund Manager monitors the Fund's overall market positions and positions are maintained within established ranges.

The Fund invests primarily in Canadian securities of Canadian companies; however, the Fund held two U.S. denominated dollar investments in MTI LP and Sophiris Bio Inc. Hence, the Fund is exposed to currency risk with these particular investments.

B.C. ADVANTAGE FUNDS (VCC) LTD.

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13. Financial risk management (continued):

(c) Market risk (continued):

(ii) Currency risk (continued):

At the reporting date, the net carrying value of the Fund's financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

Currency	December 31, 2015		December 31, 2014	
	CAD	% of net asset	CAD	% of net assets
USD	\$ 2,192,239	27%	\$3,840,043	24%

As at December 31, 2015 and December 31, 2014, had the Canadian dollar strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to holders of redeemable common shares would have increased or decreased by approximately \$110,000 (2014 - \$192,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

The Fund's investments are concentrated within the technology and life science industries. Further, the Fund's investments are concentrated geographically within the Province of British Columbia. The investments are generally in early stage companies with a limited history of operations and revenues, and the fair value of these investments fluctuates primarily in response to specific company developments, rather than in response to general market conditions. Given the early development stage of the Fund's investments, there is the risk that a specific investments fair value may be reduced to nil. The Company attempts to mitigate this risk through careful selection and diversification of investments within the limits of the Fund's investment objectives and strategy.

As at December 31, 2015 and 2014, had the fair value of each investment increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable common shares would have increased or decreased, respectively by approximately \$721,000 (2014 - \$1,420,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

14. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs that are unobservable.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, which use observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Fund uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

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Years ended December 31, 2015 and 2014

14. Fair value of financial instruments (continued):

(a) Valuation models (continued):

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Fund believes that a third party market participant would take them into account in pricing a transaction.

(b) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2015	Level 1	Level 2	Level 3	Total
Investments	\$ 236,173	\$ -	\$ 6,975,876	\$ 7,212,049
Total	\$ 236,173	\$ -	\$ 6,975,876	\$ 7,212,049

December 31, 2014	Level 1	Level 2	Level 3	Total
Investments	\$ 4,265,031	\$ -	\$ 9,933,799	\$ 14,198,830
Loan	-	-	(1,890,881)	(1,890,881)
Total	\$ 4,265,031	\$ -	\$ 8,042,918	\$ 12,307,949

The carrying amount of the Fund's net assets attributable to redeemable common shares also approximates fair value as they are measured at the redemption amount and are classified as Level 2 in the fair value hierarchy.

During the year ended December 31, 2015 and 2014, there were no securities transferred between Level 1 and Level 2 within the fair value hierarchy.

B.C. ADVANTAGE FUNDS (VCC) LTD.

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Years ended December 31, 2015 and 2014

14. Fair value of financial instruments (continued):

(b) Fair value hierarchy - financial instruments measured at fair value:

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

December 31, 2015	Investments	Loan	Total
Balance, beginning of the year	\$ 9,933,799	\$ (1,890,881)	\$ 8,042,918
Total gains or losses recognized in profit or loss	(788,183)	-	(788,183)
Purchases	1,897,696	-	1,897,696
Disposal	(4,258,163)	1,890,881	(2,367,282)
Transfers to Level 3 from Level 1	190,727	-	190,727
Balance, end of year	\$ 6,975,876	\$ -	\$ 6,975,876
Total unrealized gains (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (2,159,428)	\$ -	\$ (2,159,428)

The transfers to Level 3 from Level 1 relates to one publicly-traded investment for which trading activity was halted. Accordingly, management has determined the fair value of this investment based on its enterprise value.

December 31, 2014	Investments	Loan	Total
Balance, beginning of the year	\$ 23,299,719	\$ (2,210,992)	\$ 21,088,727
Total gains or losses recognized in profit or loss	(7,977,341)	-	(7,977,341)
Purchases	2,508,710	(2,100,000)	408,710
Sales	(3,090,457)	2,420,111	(670,346)
Transfers out of Level 3 to Level 1	(4,806,832)	-	(4,806,832)
Balance, end of year	\$ 9,933,799	\$ (1,890,881)	\$ 8,042,918
Total unrealized gains (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date	\$ (8,067,798)	\$ -	\$ (8,067,798)

The transfers out of Level 3 to Level 1 relates to one privately-held investment that became publicly-traded during 2014.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

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Years ended December 31, 2015 and 2014

14. Fair value of financial instruments (continued):

(c) Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

December 31, 2015					
Description	Fair Value	Valuation technique	Unobservable input	Amount/Rate	Sensitivity to change in significant unobservable input
Investments	\$6,975,876	Investment cost/enterprise values	Enterprise value	\$6,975,876	The estimated fair value would increase if enterprise value increased

December 31, 2014					
Description	Fair Value	Valuation technique	Unobservable input	Amount/Rate	Sensitivity to change in significant unobservable input
Investments	\$ 9,933,799	Investment cost/enterprise values	Enterprise value	\$ 9,933,799	The estimated fair value would increase if enterprise value increased
Loan	\$ 1,890,881	Discounted cash flow	Discount rate	12%	The estimated fair value would increase if the discount rate was lower

Significant unobservable inputs are developed as follows:

(i) Enterprise value:

Represents the amount that market participants would pay when purchasing the company. Management determines this value based on comparable arm's length transactions in shares of the respective company.

(ii) Discount rate:

Represents the interest rate at the reporting date at which contractual cash flows of the underlying instruments are discounted to determine the present value of these cash flows. Management determines the discount rate based on estimates of credit-adjusted market rates observed for instruments of similar nature and terms.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

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Years ended December 31, 2015 and 2014

14. Fair value of financial instruments (continued):

(d) Effects of unobservable inputs on fair value measurement:

The use of different methodologies and assumptions could lead to different measurements of fair value. If enterprise value were increased or decreased to 10% and discount rates were increased or decreased by 1%, these alternative assumptions would have the following effects on net assets attributable to holders of redeemable common shares.

	2015	2014
Increase of 10% in enterprise value, and 1% discount rate (2014 only)	\$ 698,000	\$ 985,000
Decrease of 10% in enterprise value, and 1% discount rate (2014 only)	(698,000)	(990,000)

The majority of the Fund's investments are in early stage companies with limited history of earnings and cash flow. Accordingly, in valuing these investments, the primary methodology utilized is basing judgments of fair value on subsequent rounds of financing undertaken by the respective investee company. Where such subsequent financing rounds are substantive and are initiated with arms-length investors, such implied valuations are considered by the Fund in ascribing fair value to the investee. These financing rounds may not occur with regular frequency and are wholly dependent on the cash flow needs of the underlying investees. Furthermore, such financing rounds may be undertaken in different share classes of the respective investee company from those directly owned by the Fund.

Accordingly, there is significant subjectivity in the determination of fair value with respect to the Fund's investments and disposition proceeds as determined by actual events that could differ materially from the valuations ascribed by the Fund at any specific measurement date.

(e) Financial instruments not measured at fair value:

The carrying value of cash and cash equivalents, restricted cash, accounts receivables, due from related parties, amounts held in escrow, accounts payable and accrued liabilities and accrued equity participation loan approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

15. Income taxes:

- (a) The Company's effective tax rate differs from its statutory tax rate for the following reasons:

	Advantage Structured Fund	
	December 31, 2015	December 31 2014
Combined federal and provincial statutory income tax rate	45.70%	45.70%
Income tax expense (recovery) calculated at statutory income tax rates	\$ (2,060,569)	\$ (4,575,407)
Adjustments resulting from:		
Non-taxable portion of realized and unrealized losses	794,583	2,145,293
Change in deferred income tax balance not recognized as utilization of benefits not probable	650,625	3,102,502
Other	615,361	(672,388)
Actual income tax expense	\$ -	\$ -

- (b) There is no deferred tax asset recognized for the following deductible temporary differences, unused tax losses and unused tax credits in the Fund at December 31, 2015 and December 31, 2014. The Company does not consider that it is probable that the Fund will have taxable profit available against which such amounts can be utilized.

	Advantage Structured Fund	
	December 31, 2015	December 31, 2014
Tax loss-carry forwards	\$ 16,815,505	\$ 15,773,555
Share issuance costs	-	1,939
Equity participation	-	70,867
Unrealized losses on venture investments	7,385,674	7,704,194
	\$ 24,217,601	\$ 23,550,555

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

Notes to Financial Statements

Years ended December 31, 2015 and 2014

15. Income taxes (continued):

- (c) The Fund has accumulated allowable capital losses for tax purposes of approximately \$12,317,154 (2014 - \$9,498,746). Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized by the Fund in future years. The Fund also has non-capital loss carryforwards available for utilization against taxable income in future years. If not utilized, these non-capital loss carryforwards will expire as follows:

	Advantage Structured Fund
2026	1,443,577
2027	2,432,095
2028	3,466,495
2029	3,809,116
2030	3,554,406
2031	3,262,203
2032	2,312,228
2033	1,812,868
2034	1,353,758
2035	1,031,516
Total	\$ 24,478,262

B.C. ADVANTAGE FUNDS (VCC) LTD.

ADVANTAGE STRUCTURED FUND

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Years ended December 31, 2015 and 2014

16. Involvement with subsidiaries and associates:

The table below describes the Fund's associates, which it does not account for by the equity method, but in which it holds an interest.

Entity	Nature and purpose	Interest held by the Fund
Venturi Ventures Inc.	The Company is dormant and is expected to dissolve	Investment in shares

The table below sets out interests held by the Fund in unconsolidated subsidiaries and associates. The maximum exposure to loss is the carrying amount of the financial assets held.

2015					
Number of Entity	Relationship	Principal place of business	Country of incorporation	Ownership interest	Carrying amount included in investments in statement of financial position
Venturi Ventures Inc.	Associate	Canada	Canada	41.2%	\$ 165,521

2014					
Number of Entity	Relationship	Principal place of business	Country of incorporation	Ownership interest	Carrying amount included in investments in statement of financial position
Venturi Ventures Inc.	Associate	Canada	Canada	41.3%	\$ 424,988

17. Review of privately-owned venture investments:

Annually, the Fund obtains a review by an independent Chartered Business Valuator of the aggregate estimated fair value of the Fund's venture investments for which no public market exists, calculated in accordance with the Fund's internal valuation policies and with the principles outlined in the Fund's prospectus.

The scope of the review by the Chartered Business Valuator consists mainly of a review of working papers and investment files prepared by the Fund, consideration of the appropriateness of the valuation methodology employed by the Fund and an assessment of the reasonableness of assumptions and conclusions. Based on the scope of the review, the Chartered Business Valuator provides an opinion to the Audit and Valuation Committee of the Fund as to the reasonableness of the aggregate estimated fair value of the Fund's privately owned investments.