ANNUAL INFORMATION FORM

for

Pender Growth Fund Inc.

For the year ended December 31, 2021

May 26, 2022

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PRELIMINARY NOTES

Introduction

This annual information form (the "**AIF**") contains information about Pender Growth Fund Inc. (the "**Company**"). The Company is managed by PenderFund Capital Management Ltd. (the "**Manager**").

Date of Information

Unless otherwise indicated, all information contained in this AIF of the Company is as of December 31, 2021.

Currency

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated. References to "US$" means United States dollars.

Financial Information

The Company's financial results are prepared and reported in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and are presented in Canadian dollars.

Non-IFRS Financial Measures

This AIF contains references to "net assets" ("**Net Assets**"), "net assets per share" ("**Net Assets per Share**") and "net asset value" ("**Net Asset Value**"), which are non-IFRS financial measures. The terms Net Assets, Net Asset Value and Net Assets per Share do not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. Management believes that these measures can provide information useful to the Company's shareholders in understanding the Company's performance, facilitate the comparison of results of its ongoing operations, and assist in the evaluation of the Company's business relative to its peers.

FORWARD-LOOKING STATEMENTS

This AIF may contain forward-looking statements about the Company, including its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or negative versions thereof and similar expressions.

In addition, any statement made concerning future performance, strategies or prospects and possible future Company action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Company and economic factors, among other things. Forward looking statements in this AIF include, without limitation: statements with respect to the future performance of the Company and the companies in which it invests (each a "**Portfolio Company**"), including the impact of geopolitical events, global health pandemics and other crises; concentration of the investment portfolio, future economic and market conditions, including mergers and acquisitions and initial public offering market conditions, future realization of value of and/or transactions involving its existing Portfolio Companies (including public listing or third party acquisitions of such Portfolio

Companies) or potential future Portfolio Companies or other future transactions, and/or proposed transactions; the Company's investment approach, objectives and strategies, including its focus on specific sectors; the structuring of its investments and its expectations regarding the performance of certain sectors.

Forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied in any forward-looking statements. While the Manager considers its expectations, assumptions and projections to be reasonable based on information currently available to it, no assurance can be given that its beliefs and assumptions will prove to be correct. Any number of important factors could contribute to these differences, including but not limited to: the ability of the Company to source additional investments; risks related to the emerging technology sector and the high proportion of companies from this sector in the portfolio; the ability to dispose of investments in Portfolio Companies rapidly or at favourable prices; the risks inherent in a concentrated portfolio, the availability of an active trading market for the Company's Class C shares; general economic, political and public market factors in North America and internationally; interest and foreign exchange rates; global equity and capital markets; business competition; technological change; changes in government regulations; unexpected judicial or regulatory proceedings; and the impact of inflation, increased interest rates, measures taken by central banks, geopolitical events, global pandemics and other catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, except as may be required under applicable law, the Manager has no specific intention of updating any forward-looking statements whether as a result of new information or future events, or otherwise, prior to the release of the next AIF.

CORPORATE STRUCTURE

Name, Address and Incorporation

The head office of the Company and the Manager is located at 1830 – 1066 West Hastings Street, Vancouver, BC, V6E 3X2.

The Company was incorporated under the *Company Act* (the "**Company Act**") which was the predecessor legislation to the *Business Corporations Act* (British Columbia) ("**BCBCA**") on March 7, 1994 under the name of FutureFund Capital (VCC) Corporation and was registered as a venture capital corporation ("**VCC**") under the *Small Business Venture Capital Act* (the "**SBVCA**") on July 8, 1994. The Company changed its name from FutureFund Capital (VCC) Corporation to Pender Growth Fund (VCC) Inc. on August 15, 2003. On August 10, 2005 the Company transitioned under the BCBCA and has been governed by the BCBCA since that date.

On May 10, 2006, the Company amended its Articles to amend the redemption provisions of the rights and restrictions attached to its shares. On July 22, 2010, the Company altered its authorized share structure by to create three new classes of shares, the Class B Convertible Non-Participating Common Shares ("**Class B Shares**"), Class C Participating Common Shares ("**Class C Shares**") and Class R Senior Participating Redeemable Convertible Preference Shares ("**Class R Shares**"), and to attach special rights and restrictions to these new classes of shares and add conversion rights to its existing Class A Common Shares ("**Class A Shares**"). Following this amendment, all existing Class A Shares were either redeemed or converted into Class B, Class C and Class R Shares, as provided for in the Articles.

The Class C Shares commenced trading on the TSX Venture Exchange (the "**TSXV**") on August 23, 2010 under the ticker symbol "PTF".

On November 1, 2016, the Company amended its Articles to delete the Series 1 and Series 2 Class A Shares of the Company, vary the special rights and restrictions attached to the Class B Shares, Class R Shares and Class C Shares and adopt a new form of Articles. This alteration occurred concurrently with the Company's name change to "Pender Growth Fund Inc." and its de-registration under the SBVCA. Prior to this de-registration, the Company had been limited to making investments in "Eligible Small Businesses" which are businesses that are (i) are corporations, (ii) together with their affiliates have no more than 100 employees, (iii) pay at least 75% of their wages and salaries to employees who regularly report to work at operations in British Columbia) and (iv) are substantially engaged in British Columbia in one or more of the businesses specified in the SBVCA or prescribed by regulation.

As a result of its de-registration under the SBVCA, the Company is no longer restricted to making investments solely in Eligible Small Businesses.

On December 5, 2016, all outstanding Class B Shares were converted into the equivalent number of Class R Shares and Class C Shares. Immediately following this conversion, all Class R Shares were redeemed. As at the date of this AIF, there were no Class B Shares or Class R Shares issued and outstanding. As a result, the only outstanding shares of the Company are the Class C Shares. For readability, the Class C Shares may also be referred to as "Shares" in this AIF.

On May 23, 2018, at the annual general meeting of shareholders of the Company, the shareholders authorized the transition of the Company from the Canadian securities regulatory regime for investment funds to the regulatory regime for reporting issuers that are not investment funds (the "**Corporate Issuer Regime**"). For additional information on the Company's transition to the Corporate Issuer Regime, see the Company's management information circular dated April 18, 2018.

On June 22, 2018, the Company announced the resignation of Kelvin Kwong as Chief Financial Officer of the Company and the appointment of Gina Jones as Chief Financial Officer of the Company.

Effective December 31, 2018, the Company began reporting under the Corporate Issuer Regime.

The Company holds a 97% equity interest Pender Private Investments Inc. (formerly Working Opportunity Fund (EVCC) Ltd. ("**WOF**" or "**PPI**")). In accordance with IFRS, the Company is not required to consolidate the financial statements of PPI with the Company's financial statements. PPI is a reporting issuer and its financial statements are available under its profile at www.sedar.com.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

'On March 7, 2019, the Company and the Manager entered into an amendment to the Management Agreement in order to ensure the Company's current investment policy was reflected in the Management Agreement. A detailed description of the Management Agreement and the fees payable to the Manager thereunder is contained in this AIF under the heading "*Information Regarding the Manager*".

On March 11, 2019, the Company announced that it would calculate the Company's Net Assets on a monthly basis, rather than on a weekly basis. A description of the Company's valuation procedures is set out under the heading “Calculation of the Value of Net Assets”.

On May 10, 2019 the Company completed a public offering (the “**Public Offering**”) of 3,850,000 Class C Shares for gross proceeds of $15,015,000. In addition, on May 24, 2019, the underwriters elected to exercise the over-allotment option and an additional 80,784 Class C Shares were issued for gross proceeds of $315,058. The net proceeds of the Public Offering was $14,564,828.

In May, 2019, Espial Group Inc. (“**Espial**”), a public Portfolio Company, was acquired by Enghouse Systems Limited for $1.57 in cash per share, a price that represented a 39% premium over the closing price of Espial shares the day prior to the announcement. The Company no longer holds shares of Espial.

On July 24, 2019, the shareholders approved a resolution deleting the Class B and Class R shares, altering the rights and restrictions of Class C shares to remove references therein to Class R shares, and creating a new class of Preferred Shares. As at December 31, 2019, no Preferred Shares have been issued.

On January 7, 2020, BasicGov Systems, Inc., one of the Company’s private technology portfolio holdings, was acquired by a third party. As a result of the transaction, the Company’s shareholder’s equity increased by approximately $4,200,000.

On January 31, 2020, the Company announced a $2,000,000 reduction in carrying value of one of its private portfolio companies as the result of a proposed financing by the Portfolio Company at lower than expected valuation. The proposed financing did not complete. On February 28, 2020, the Company further reduced the carrying value of the private Portfolio Company by $1,900,000 to reflect the expected economics of a proposed alternate financing by the Portfolio Company. While the determination to recognize the reduction in carrying value of the private Portfolio Company was made based on information available in January and February 2020, the reduction were recognized in the Company’s financial statements effective as of December 31, 2019, as the determination was made before the Company’s financial statements were published.

On February 3, 2020, the Company announced that it was undertaking a Normal Course Issuer Bid (the “**First NCIB**”) in accordance with the policies of the TSXV. Under TSXV policies, the Company was entitled to purchase up to the maximum of 743,087 Shares, representing 10% of the Company’s public float, over the period that the First NCIB was in place. The First NCIB commenced February 10, 2020 and expired on February 10, 2021. Under the First NCIB, the Company purchased an aggregate of 343,200 Shares at prices ranging from $2.71 to $3.75.

In February 2020, the Company completed a $800,000 equity investment by way of private placement in GreenSpace Brands, Inc. ("**Greenspace**"), a public company listed on the TSXV. GreenSpace develops, markets and sells premium convenience natural food products to consumers across Canada. Mr. Kelly Edmison, the chairman of the board of the Company, and Ms. Tracy Tidy, CFA, Equity Analyst with the Manager, joined the board of GreenSpace as appointees of the Manager. On July 28, 2020 Mr. Edmison resigned from Greenspace’s board. The Company invested a further $675,000 in March 2020 and $2,100,000 in December 2020. In addition, on October 8, 2021, the Company acquired approximately $1,000,000 in debt owed by Greenspace to Primary Capital Inc. (the "**Greenspace Debt**") in exchange for a purchase price of approximately $800,000. As of the date of this AIF, in addition to the Greenspace Debt, the Company holds 64,968,648 common shares and 42,140,328 common share purchase warrants in Greenspace.

On October 30, 2020, the Company announced that it had entered into a share purchase agreement with major shareholders of Inscape Corporation ("**Inscape**"), a public company listed on the Toronto Stock Exchange which designs, manufactures, and distributes office furniture. Pursuant to that agreement, on November 18, 2020, the Company acquired of a total of 6,886,981 Class B Subordinated Voting Shares of Inscape at a price of $0.65 per share, which represented approximately 48% of the total outstanding Class B Subordinated Voting Shares. As at the date of this AIF, the Company holds 6,886,981 Class B Subordinated Voting Shares of Inscape.

WOF Transaction

Effective May 28, 2021, the Company completed a transaction (the "**WOF Transaction**") pursuant to which it acquired 100% of the Commercialization Series shares and 97% of the Venture Series shares of WOF. This transaction represented a unique opportunity for the Company to acquire an investment entity holding a portfolio of good companies in the private technology space, our sector of expertise. The Company had invested in Portfolio Companies alongside WOF from time-to-time over the years and in fact, the WOF portfolio included an investment in BuildDirect.com Technologies Inc. and Copperleaf Technologies Inc. ("**Copperleaf**"), two of our existing Portfolio Companies.

Because of the actual and perceived conflict inherent in the fact that the Company and WOF were both managed by the Manager, the special committee of the WOF board of directors required the approval of the WOF Transaction by the WOF's Independent Review Committee and also engaged an independent financial advisor who provided a fairness opinion that the WOF Transaction is fair from a financial point of view to WOF's shareholders. Further, just prior to closing, WOF distributed its excess cash to its shareholders as a dividend.

In conjunction with the closing of the WOF Transaction, WOF deregistered as an "employee venture capital corporation", changed its name to Pender Private Investments Inc., made an election to be a public corporation under the Income Tax Act and transitioned from the Canadian securities regulatory regime for investment funds to the Canadian securities regulatory regime for reporting issuers who are not investment funds.

Prior to the closing of the WOF Transaction, PPI had two types of Class A shares: Venture Series (also referred to as Balanced Shares) and Commercialization Series. The Company acquired all of the Commercialization Series shares in exchange for a cash payment in the amount of $508,096, being 75% of the BuildDirect.com Technologies Inc. subscription receipt financing price.

Holders of Venture Series shares had the option to sell or continue to hold their shares and 97% of the holders of Venture Series shares opted to sell, while 3% elected to continue to hold their shares. Holders of Ventures Series shares who opted to sell their shares to the Company received a cash payment equal to 43.5% of the net asset value per Venture Series share on the day prior to the date of the Arrangement Agreement, adjusted based upon the per share net asset value of the Venture Series portfolio as at the end of the business day immediately prior to May 28, 2021. The Balanced Shares (series 2) were renamed "Legacy Shares" and each outstanding Balanced Share (series 1) was exchanged for 1.18 Legacy Shares. The price paid for Balanced Shares (series 1) was effectively $1.7977, and for Balanced Shares (series 2) the price paid was $1.5157.

Those shareholders who sold their Venture Series shares ("**Exiting Shareholders**") had a limited and conditional right to an additional cash payment from the Company based on a percentage share of the net gains over carrying values at the effective date of the WOF Transaction from divestment activity in the Venture Series portfolio before May 18, 2022. Specifically, (a) if a divestment completed on or before November 18, 2021, Exiting Shareholders would receive their pro rata portion of 60% of the net gain; (b) if a divestment completed on or before February 18, 2022, Exiting Shareholders would receive their pro rata portion of 45% of the net gain; and (c) if a letter of intent, term sheet or binding agreement for a divestment was entered into on or before February 18, 2022 and such divestment subsequently completed by May 18, 2022, Exiting Shareholders would receive their pro rata entitlement of 20% of the net gain.

The Legacy Shares' rights and restrictions provide for them to be redeemed by PPI on a pro rata basis at NAV upon any divestment of a portfolio investment. On October 13, 2021, as a result of the divestments of two portfolio investments, PPI redeemed approximately 58.49% of all Legacy Shares on a pro rata basis at a redemption price of approximately $6.4705 per share. The Company received a total of $63,197,947 on redemption of 9,767,089 of the Legacy Shares it held. This redemption triggered a requirement for the Company to pay an additional cash payment of $21,136,513, or $1.2661 per share, to the Exiting Shareholders and the Company made the payment effective October 13, 2021. As at March 31, 2022, the Company held approximately 97% or 6.9 million of the outstanding Legacy Shares.

Because there was no letter of intent, term sheet or binding agreement for a divestment entered into after November 18, 2021 and before February 18, 2022, which was the final period during which an additional exit payment could have been triggered, the right to any additional cash payment has ceased and the Exit Venture Shares were redeemed automatically in May 2022.

In connection with the WOF Transaction, the Company entered into a three-year credit facility agreement dated May 28, 2021, as amended March 31, 2022, with a Canadian chartered bank that allows it to draw up to $10 million in one or two tranches, secured against the Company's interest in the private investments held by its investee, PPI (the "**Term Loan**"). As security for the Term Loan, the Company granted the lender a security interest in all of the shares of PPI held by the Company and in its holdings in its public company investments. In 2021, the Company drew $5,000,000 on the Term Loan at an interest rate of Prime + 5% per annum. On March 31, 2022, the bank swept the $5,000,000 owing under this first tranche and collected $193,027 as six months' prepayment interest. Concurrently, the Company drew down an additional $5,000,000 as a second tranche which bears interest at the rate of Prime + 2% and has a minimum one year term. The loan matures on May 28, 2024.

Other Transactions

On February 5, 2021, the Company announced that it was proposing to put a new Normal Course Issuer Bid (the "**Second NCIB**") in place upon the expiry of the First NCIB. Under TSXV policies, the Company is entitled to purchase up to the maximum of 700,866 Shares, representing 10% of the Company's public float, over the period that the Second NCIB is in place. The Second NCIB commenced February 11, 2021 and will continue until February 11, 2022 unless terminated earlier in accordance with its terms. Under the Second NCIB, the Company purchased a total of 123,600 Shares at prices ranging from $5.23 to $9.00.

On August 18, 2021, the Company announced that One45 Software, Inc. ("**One45**"), one its private portfolio companies, had been acquired by Altus Assessments, Inc. As a result, the Company no longer holds any securities in One45.

During September and October 2021, both Teradici Corporation and Redlen Technologies Inc., private portfolio companies held through PPI, were acquired by third parties (the "**PPI Dispositions**"). As a result of these PPI Dispositions, the Company was required to make a payment to the Exiting Shareholders of $1.2661 per WOF Venture Series share in accordance with the Contingent Payment Right described above. In addition, in accordance with the special rights and restrictions attached to the Legacy Shares of PPI, as a result of the PPI Dispositions, PPI redeemed approximately 58.49% of the Legacy Shares on a pro rata basis, including a pro rata portion of the Legacy Shares held by the Company, a redemption price of $6.4705 per Legacy Share. Therefore, following the satisfaction of the Contingent Payment Right by the Company, the Company received approximately $42,061,434 as a result of the PPI Dispositions.

On October 14, 2021, one of the Company's private portfolio companies, Copperleaf, completed an initial public offering and was listed on the TSX under the symbol "CPLF" at a price of $15.00 per common share (the "**Copperleaf IPO**"). Copperleaf provides enterprise decision analytics software solutions to companies managing critical infrastructure. They seek to leverage operational and financial data to empower clients to make investment decisions that deliver the highest business value. Information regarding Copperleaf can be found under its profile at www.sedar.com. The Company directly holds 257,759 common shares of Copperleaf and PPI (in which the Company holds a 97% equity interest) holds 7,406,124 common shares, all of which were subject to a contractual restriction on resale expiring 180 days following completion of the Copperleaf IPO. The holdings in Copperleaf currently make up a significant portion of the Company's Net Assets.

NCIB

On the February, 2022 expiry of the Company's Normal Course Issuer Bid (the "**Third NCIB**"), the Company launched a Third NCIB on the TSXV, under which the Company may purchase up to a maximum of 678,839 Shares, representing 10% of its public float at launch date, over the one-year period of the Third NCIB. The Third NCIB will continue in effect until February 13, 2023, unless terminated earlier in accordance with its terms.

From January 1, 2022 to April 30, 2022, the Company continued to acquire its own Class C Shares in the market under its Third NCIB. The Company bought back 26,700 shares under its Third NCIB.

DESCRIPTION OF THE BUSINESS

General

The Company is a publicly listed diversified investment company focused on holding interests in Portfolio Companies principally in the technology sector with the objective of achieving long-term capital appreciation for its investors. As the Company relies on the Manager for management and operational services, the Company has no employees.

Investment Strategies and Oversight

The Company invests opportunistically in the securities of both public and private companies. In seeking long-term capital appreciation, the Manager, on behalf of the Company, thoroughly evaluates the business prospects of each Portfolio Company over a long-term investment horizon. Regardless of whether a Portfolio Company is publicly listed or privately-held, a long-term focus will remain paramount to the Manager's investment strategy on behalf of the Company.

The Company's investment mandate provides the Manager with flexibility to select investments for the Company in securities that it deems to have the highest risk adjusted returns at the time of investment. It is important to note that the Manager defines risk as a permanent loss of capital, which differs from volatility risk. This flexible mandate allows the Company to take advantage of market cycles and different security types for the benefit of its shareholders. Market cycles can provide opportunity as different industries, company stages or security types may become out of favour and attractively priced. As such, the Company may invest in both newly established and later-stage businesses across a wide array of industries and security types dependant on opportunity. The majority of the Company's investments will be in common equity or preferred equity securities, which may be supplemented by smaller allocations to convertible debt or corporate debt. The Company will primarily invest in Canadian domiciled businesses but may invest globally dependant on opportunity. The Company's investment policy contains the following restrictions:

- The cost of any single investment or issuer (other than treasury bills and other debt instruments guaranteed by a sovereign nation, state or province) will be no more than 20% of the value of the Company's Net Assets at the time of investment.

- No more than 10% of the value of the Company's Net Assets will be invested in derivative instruments.

- No more than 20% of the Company's Net Assets will be borrowed for the purpose of leveraged investing.

- The Company will not sell a security short if the aggregate market value of all securities sold short by the Company exceeds 20% of the Company's Net Assets.

When analysing a prospective investment, the Manager will evaluate numerous qualitative and quantitative factors, including competitive forces, management alignment and track record, capital efficiency, growth prospects and balance sheet strength. All things being equal, the Manager prefers to invest in businesses with a strong competitive advantage, aligned management, capital efficient business model, resilient balance sheet and strong growth prospects. However, the Manager will not invest in businesses at any cost. An important aspect of the Manager's investment process is to underwrite investments at sensible valuations for the long-term benefit of the Company's shareholders. The risk of any one qualitative or quantitative factor will be analysed in comparison to the price and instrument structure of a prospective investment. This may manifest in the Company investing at what the Manager deems highly attractive valuations but in Portfolio Companies with higher risk profiles or those with reasonable valuations and lower risk profiles. Again, market cycles may change the overall pricing environment and may therefore affect the types of businesses in which the Company invests during any particular time period.

With respect to the Company's involvement with its Portfolio Companies, the Manager will invest both actively and passively, dependant on situation. Often, a principal or affiliate of the Manager will take a director seat in a Portfolio Company to oversee and aide in growth, governance and strategic discussions. However, for some investments the Company will take a passive role, with no direct involvement by the Manager's principals or affiliates. Regardless of direct involvement, the Manager will continuously monitor its investments and receive regular updates with a frequency determined by the risk of each Portfolio Company, and at the time of any material change in a Portfolio Company. Through this continuous oversight process, new information may change the original thesis of any particular investment, and as such, the Manager may further invest or divest (a portion or all) of any investment at any time

As of December 31, 2021, the Company's Net Assets was comprised of 28.0% of publicly listed companies and 76.9% of private companies, with cash and other assets making up the remaining -4.9%. As of December 31, 2021, on a look-through basis, private unlisted companies comprise approximately 5.3% of the Company's Net Asset Value and publicly listed companies comprise approximately 114.7% of the Company's Net Asset Value. The cash and other assets less liabilities makes up the remainder -20.0%. The Company's investment in Copperleaf currently comprises a significant portion of the Company's Net Assets.

The Company is not a mutual fund or an investment fund for securities law purposes and the rules designed to protect investors who purchase securities of mutual funds or investment funds, such as rules directed at ensuring liquidity and diversification of investments, and certain other investment restrictions and practices applicable to mutual funds or investment funds, do not apply to the Company.

Calculation of the Value of Net Assets

Historically the Company has determined the value of the Company's Net Assets (also referred to as the Net Asset Value) at the close of business of each Friday. Effective March 31, 2019, the Company determines the Net Asset Value at the close of business on the last day of each month or such other time as the Manager determines appropriate ("**Valuation Date**"). On each Valuation Date, the Manager determines and calculates the total value of the Company's Net Assets, being the value of all assets of the Company, less all liabilities as at such time.

For these purposes, the assets of the Company are deemed to include:

(a) all cash or its equivalent on hand, on deposit or on call, including any interest accrued thereon;

(b) all bills, demand notes and accounts receivable, net of any provision for recoverability;

(c) all shares, debt obligations, subscription rights and other securities owned or contracted for by the Company;

(d) all stock and cash dividends and cash distributions to be received by the Company and not yet received by it but declared to security holders of record on a date on or before that time;

(e) all interest accrued on any fixed interest-bearing securities owned by the Company which is included in the quoted price; and

(f) all other property of every kind and nature including prepaid expenses and derivative instruments and assets posted as margin for securities sold short.

The liabilities of the Company are deemed to include:

(a) all bills, notes and accounts payable;

(b) all expenses incurred or payable by the Company, including, but not limited to, management fees, administration fees, performance fees and amounts to be reimbursed to the Manager;

(c) all contractual obligations for the payment of money or property, including the amount of any unpaid distribution declared upon the Class C Shares and payable to shareholders of record of the Company prior to the Valuation Date;

(d) all allowances authorized or approved by the Manager for taxes (if any) or contingencies; and

(e) all other liabilities of the Company of whatsoever kind and nature, including securities sold short, except liabilities represented by outstanding Class C Shares of the Company and the balance of any undistributed income or capital gains.

In determining the Company's liabilities, the Manager may estimate expenses of a regular or recurring nature in advance and may accrue the same into one or more valuation periods. Any such accrual is binding and conclusive on all shareholders, irrespective of whether such accrual subsequently proves to have been incorrect in amount (in which case any adjustments shall be made in the valuation period when such error is recognized).

In determining the value of the Company's Net Assets, the following valuation principles apply:

(a) the value of any security which is listed on any recognized exchange shall be determined by the closing sale price at the applicable time on the Valuation Date or, if there is no sale price, the average between the closing bid and the closing ask price on the day on which the value of the Company's Net Assets is being determined; and

(b) the value of any security or other asset for which a market quotation is not readily available shall be its fair value as determined by the Manager provided however that if it is determined that the value of any security for which a market quotation is not readily available would change the value of the Company's Net Assets in excess of five percent (5%), such valuation must be approved by the board of directors of the Company (the "**Board**").

The Board reviews and approves the value of the Company's Net Assets as determined by the Manager, at least quarterly and on any Valuation Date on which the value of the Company's Net Assets as initially determined by the Manager has, as a result of changes to the valuation of investments for which no public market exists, changed by more than 5% since the value of the Company's Net Assets was last determined.

DIVIDENDS AND DISTRIBUTIONS

Subject to the rights of the holders of Preferred Shares, if any are outstanding, holders of the Class C Shares are entitled to receive dividends if, as and when declared by the Board, and rank equally with respect to priority and payment of dividends. All dividends which the Board may determine to declare and pay in respect of outstanding shares of a class will be paid in equal amounts per share of such class without preference or distinction between shares of such class.

The Company does not currently intend to pay regular dividends or other distributions, but may do so if, as and when determined by the Board.

DESCRIPTION OF SECURITIES OF THE COMPANY

The Company current authorized share structure consists of

- Class C Shares
- Preferred Shares

As of the date of this AIF, there are no Preferred Shares outstanding.

The information set forth in this section and the discussion of certain of these rights and restrictions that follows are qualified in their entirety by reference to the rights and restrictions of such shares set forth in the Articles of the Company.

Class C Shares

Each Class C Share ranks equally with all other Class C Shares with respect to dissolution, liquidation or winding-up of the Company and payment of dividends. The holders of Class C Shares are entitled to one vote for each share of record on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the Board out of funds legally available therefor. In the event of a liquidation, dissolution or winding up of the Company, after the holders of the Preferred Shares or any series of Preferred Shares receive the amounts to which they are entitled, thehold4ers of the Class C Shares will be entitled to receive, for each Class Share held, the amount paid-up thereon together with any declared but unpaid dividends to which the holder is entitled. The holders of Class C Shares have no redemption, retraction, purchase, pre-emptive or conversion rights. The rights attaching to the Class C Shares can only be modified by the affirmative vote of at least two-thirds of the votes cast at a meeting of shareholders called for that purpose.

Preferred Shares

The Preferred Shares were created on July 24, 2019. As at the date of this AIF no Preferred Shares have been issued. The special rights and restrictions of the Preferred Shares empower the Board to fix the number of shares in each series of each class of Preferred Shares and to fix the preferences, special rights and restrictions, privileges, conditions and limitations attaching to the shares of that series, before the issuance of shares of any particular series. The Board has the power to fix, among other things, the number of shares constituting any series, the voting powers, designation, preferences and relative participation, optional or other special rights and dividend rate, terms of redemption (including sinking fund provisions), redemption price or prices, conversion rights and liquidation preferences of the shares constituting any series. The issuance of Preferred Shares could affect the rights of the holders of Class C Shares.

MARKET FOR SECURITIES

The Class C Shares are listed and posted for trading on the TSXV under the trading symbol “PTF”. The following table sets forth the high and low trading prices and trading volume of the Class C Shares as reported by the TSXV for the periods indicated:

Period	High (C$)	Low (C$)	Volume
December 2021	18.50	17.25	28,500.00
November 2021	21.68	17.70	60,200.00
October 2021	18.73	12.00	139,600.00
September 2021	11.50	9.25	26,500.00
August 2021	10.10	9.00	23,100.00
July 2021	9.75	7.65	31,300.00
June 2021	8.00	7.00	22,100.00
May 2021	7.50	6.84	30,800.00
April 2021	8.00	5.35	108,600.00
March 2021	5.55	5.20	75,300.00

Period	High (C$)	Low (C$)	Volume
February 2021	6.00	4.99	174,500.00
January 2021	5.45	4.00	78,100.00

ESCROWED SECURITIES

To the knowledge of the Company, no securities of the Company are in escrow or subject to a contractual restriction on resale.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth the name, municipality of residence, office and principal occupation and Class C shareholdings of each of the directors and officers of the Company.

Name, Place of Residence and Positions Held with the Company	Principal Occupation or Employment During the Past Five Years	Director/ Officer Since	Number of Voting Shares Beneficially Owned or Controlled as at December 31, 2021
DAVID BARR(1) North Vancouver, BC Director and Chief Executive Officer	Chief Executive Officer of the Manager since April 2016; Co-Chief Investment Officer of the Manager from April 2016 to April 2017.	June 2015	251,469 Class C Shares
GINA JONES, CPA, CA, CF, ICD.D (1) Vancouver, BC Chief Financial Officer	Chief Financial Officer of the Company and Chief Financial Officer and Corporate Secretary of the Manager since June 2018; Chief Financial Officer of PPI since March, 2019; Chief Compliance Officer of the Manager from July 2017; Chief Operating Officer of the Manager from June 2017 to June 2018.	June 2018	21,000 Class C Shares
KELLY EDMISON(1)(2) Vancouver, BC Director and Chairman	Chairman of the Manager and the Company since May 2003; and President and Chief Executive Officer of the Manager from December 2007 to April 2016.	May 2003	282,764 Class C Shares
IAN D. POWER(2) Langley, BC Director	Independent consultant in corporate finance and accounting since 1993.	March 1994	10,000 Class C Shares
WENDY PORTER(2) West Vancouver, BC Director	Consultant with Focused Management Solutions Inc. from 2004 to present.	May 2006	58,000 Class C Shares

Name, Place of Residence and Positions Held with the Company	Principal Occupation or Employment During the Past Five Years	Director/ Officer Since	Number of Voting Shares Beneficially Owned or Controlled as at December 31, 2021
TONY RAUTAVA Vancouver, BC Corporate Secretary	Corporate Secretary of the Company since June 2020 and Investment Associate of the Manager since March 2019. Chief Compliance officer and Investment Manager at Growth Works Capital Ltd. from September 2013 to February 2019.	June 2020	1,500 Class C Shares

Notes:
(1) Mr. Barr, Mr. Edmison and Ms. Jones are also directors and officers of the Manager.
(2) Member of the Audit Committee and Corporate Governance and Nominating Committee of the Company.

As of December 31, 2021, as a group, the Manager, who owns 136,291 shares, and the directors and officers of the Company beneficially own, control or direct 761,024 Class C Shares, representing approximately 10% of the total outstanding Class C Shares. The term of office of each director of the Company expires at the next annual general meeting of the Company's shareholders.

Biographies of Directors and Executive Officers

David Barr, Chief Executive Officer and Director

Mr. Barr is the CEO and a director of the Company and the CEO of and Pender Private Debt Opportunities Fund I Limited Partnership. He was appointed Chief Executive Officer of the Manager in April 2016. He is the portfolio manager of a number of investment funds also managed by the Manager. Mr. Barr is also a director and shareholder of the Manager. Mr. Barr served as Chief Investment Officer of the Manager from April 2009 to April 2016, and served as Chief Financial Officer from November 2005 until April 2009. Mr. Barr was appointed Corporate Secretary on November 8, 2006, having joined the Manager as an Investment Manager in 2003.

Mr. Barr holds a Bachelor of Science Degree from the University of British Columbia and a Masters of Business Administration from Schulich School of Business at York University. Mr. Barr is a CFA charterholder and a member of the CFA Institute. Mr. Barr is a registered Portfolio Manager in British Columbia and a past president of CFA Society Vancouver.

Gina Jones, Chief Financial Officer

Ms. Jones is the Chief Financial Officer of the Company, PPI and Pender Private Debt Opportunities Fund I Limited Partnership and the Chief Financial Officer and Chief Compliance Officer of the Manager. Ms. Jones joined the Manager as Chief Operating Officer in June 2017 and assumed the role of Chief Compliance Officer in July 2017. In June 2018, Ms. Jones became the Company's Chief Financial Officer and Corporate Secretary and the Manager's Chief Financial Officer.

Before joining the Manager, Ms. Jones was the Chief Operating Officer and Chief Financial Officer of an independent brokerage firm in Vancouver, as well as Chief Financial Officer of its US subsidiary. Prior to that, Ms. Jones was CFO at two Vancouver investment dealers. Ms. Jones holds a Bachelor of Commerce degree from UBC, articled with PricewaterhouseCoopers LLP, and is a CPA, CA, CF, a Chartered Professional Accountant with Corporate Finance specialty designation. She holds the ICD.D designation from the Institute of Corporate Directors. Ms. Jones also serves on the board of directors of Southern Silver Exploration Ltd.

Kelly Edmison, Director and Chairman of the Board

Mr. Edmison was a commercial lawyer for over 20 years and has been a director and officer of a number of public and private companies. He holds a Bachelor of Arts in Economics from the University of Toronto and a law degree from Queen's University.

Wendy Porter, Director

Ms. Porter provides consulting and contract services in the areas of strategy, compensation, electronic payments and financial services for national and international clients. She holds a MBA from Schulich Business School at York University.

Ian Power, Director

Mr. Power has held a number of Chief Financial Officer positions and spent several years in public accounting. He graduated from the University of British Columbia in 1977 and qualified for his Chartered Accountant Designation in 1979.

Tony Rautava, Corporate Secretary

Mr. Rautava became the Corporate Secretary of the Company in June 2020 and has been an Investment Associate with the Manager since March 2019 He was formerly the Chief Compliance Officer and Investment Manager at Growth Works Capital Ltd. from September 2013 to February 2019.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company nor a shareholder holding a sufficient number of Shares to materially affect the control of the Company, nor a personal holding company of any of them,

(a) is, at the date of this AIF or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company), that while that person was acting in that capacity,

  (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

  (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities registration, for a period of more than 30 consecutive days; or

  (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or comprise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

To the knowledge of the Company, no director or executive officer of the Company, nor a shareholder holding a sufficient number of Shares of the Company to affect materially the control of the Company, nor a personal holding company of any of them, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company holding positions as directors or officers of other companies. In addition, certain directors and officers of the Company are also directors and officers of the Manager. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA.

The Manager currently provides management services to other investment funds and the services of the Manager are not exclusive to the Company. The Manager may provide similar services to other parties, including venture capital funds, mutual funds or investment funds engaged in a similar business to that of the Company. The Company is of the view that the other activities of the Manager will not be considered to be a conflict of interest or breach of fiduciary duty with respect to the management of the Company provided that the Manager fulfills its duties of care and does not contravene the investment objectives or restrictions set out in the Management Agreement.

INFORMATION REGARDING THE MANAGER

The Manager

Under a management agreement between the Manager and the Company (the "**Management Agreement**"), the Manager is responsible for directing the affairs and managing the business of the Company, administering or arranging for the administration of the day-to-day operations of the Company, including investment decisions, execution of investment orders, maintaining records, financial reporting, voting of portfolio securities and custodial arrangements.

The Management Agreement was updated on May 1, 2017 to, among other things, reset the High Water Mark (as defined below) in respect of the Performance Fee (as defined below) which is more fully described under the heading "*Performance Fee*". The Management Agreement was further updated on March 7, 2019 and May 21, 2019 to incorporate changes resulting from the transition to the Corporate Issuer Regime and, specifically, to remove certain investment restrictions which were required under the regulatory regime for investment funds but are not required under the Corporate Issuer Regime.

Officers and Directors of the Manager

The name, municipality of residence, office, and principal occupation within the preceding five years of each of the current directors, executive officers and key personnel of the Manager who are not also directors or executive officers of the Company are set out below:

Name, Place of Residence and Positions Held with the Company	Principal Occupation or Employment During the Past Five Years	Director/ Officer Since	Number of Voting Shares Beneficially Owned or Controlled as at December 31, 2021
CARLO DESIERTO, President, Vancouver, BC	President of the Manager.	Since July 2021	Nil
FELIX NARHI, CFA Chief Investment Officer, Director North Vancouver, BC	Chief Investment Officer of the Manager since April 2017, Director of the Manager since October 2017 and Portfolio Manager of the Manager since August 2013.	Since July 2013	Nil
MARIA PACELLA, CFA Managing Partner, Pender Ventures* Vancouver, BC	Managing Partner of Pender Ventures* since October 2020; President, CEO, and a director of PPI since March 2019; Senior Vice President, Private Equity and Portfolio Manager of the Manager since January 2017.	Since January 2017	Nil
DONALD CAMPBELL, LLB Director Winnipeg, MB	Principal of Canadian Compliance & Regulatory Law, specializing in securities law and regulatory compliance since 2003.	Since April 2009	Nil

**Pender Ventures is the brand of Pender Private Equity Fund Management Inc. ('Pender Ventures') which is the private technology company investing arm of the Manager*

Carlo Desierto, President

Mr. Desierto joined the Manager in July 2021 as President. Prior to joining the Manager, Mr. Desierto spent almost ten years at a leading international insurance owned asset manager where he was a Managing Director – Private Markets. He also spent five years in London, England where he worked at UK based global asset management firm before moving to a boutique family office. Mr. Desierto started his career at one of the top five Canadian banking institutions. Mr. Desierto has a BA in Economics from the University of Victoria and an MSc in Finance from the University of London.

Felix Narhi, Chief Investment Officer and Director

Mr. Narhi is the Chief Investment Officer of the Manager. He was Co-Chief Investment Officer in April 2016 until April 2017, when he took over the role fully. He joined the Manager in July 2013 as portfolio manager of the Pender Global Focused Fund and co-manager of the Pender Enhanced Income Fund, Pender Partners Fund, Pender Income Advantage Fund, Pender Strategic Growth and Income Fund, Pender Value Fund and Pender Value Fund II. Prior to joining the Manager, Mr. Narhi spent nine years at Odlum Brown Limited, an independent and value-oriented investment firm in Vancouver. Mr. Narhi holds a Bachelor of Commerce degree from the University of British Columbia. He is a CFA charterholder and is a member of the CFA Institute.

Maria Pacella, Managing Partner, Pender Ventures

Ms. Pacella joined the Manager in 2017, she is currently the Managing Partner of Pender Ventures, Portfolio Manager of the Pender Technology Inflection Fund I Limited Partnership and the Pender Technology Inflection Fund II Limited Partnership, and President, CEO, and a director of Pender Private Investments Inc. (formerly the Working Opportunity Fund (EVCC) Ltd.). She has experience in venture capital and in key investment management positions, including with GrowthWorks Capital for 11 years. She has also worked at several early stage technology companies in key operational and strategic roles. Before that she worked for Deutsche Bank Securities providing M & A advisory services for financial and technology companies. She holds a BBA from Simon Fraser University, is a CFA charterholder and a past President of CFA Society Vancouver. She is on the SFU Beedie School of Business Advisory Board, she previously served on the board of Greenspace, BasicGov, One45 and Tantalus, and currently serves on the boards of Clarius Mobile Health, Jane Software, and Librestream.

Donald Campbell, Director

Mr. Campbell has been a member of the board of the Manager since 2009 and provides ongoing regulatory advice to the Manager. He is also the Secretary of the Manager's Independent Review Committee. Mr. Campbell has been practicing law in Winnipeg since 1990. From 2002 to 2003 he was the National Director of Compliance for IQON Financial Inc., a 400-advisor mutual fund dealer based in Winnipeg, and was Legal Counsel - Compliance with Assante Asset Management Ltd. from 2000 to 2002. Mr. Campbell has a law degree from the University of Manitoba and his firm, Canadian Compliance & Regulatory Law, is an affiliate member of the Portfolio Management Association of Canada.

Duties of the Manager

Under the Management Agreement between the Company and the Manager, the Manager is responsible for directing the affairs and managing the business of the Company, administering or arranging for the administration of the day-to-day operations of the Company, including investment decisions, execution of investment orders, sales of shares, maintaining records, Company reporting, voting of portfolio securities and custodial arrangements. The Manager's investment decisions are subject to the oversight of the Board. The Management Agreement also sets forth the fees payable to the Manager as described in this AIF.

The Manager's appointment continues to April 30, 2023 at which time the agreement is automatically renewed for additional four year terms unless the shareholders of the Company resolve by special resolution, at a meeting called for such purpose, to terminate the Management Agreement. The Management Agreement shall be terminated immediately following the occurrence of any of the following: (a) the Manager has been declared bankrupt or insolvent or has entered into liquidation or is winding-up, (b) the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency, (c) the Manager is in material default of its obligations under the Management Agreement and such default is not remedied within 120 days of receipt of notice of such material default from the Company, or (d) the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

Brokerage Arrangements

The Manager makes decisions regarding the execution of portfolio transactions with respect to the cash and cash equivalent portions of the Company, including, when applicable, the selection of markets, brokers and the negotiation of commissions. If and when effecting such portfolio transactions, the Manager places brokerage business with investment dealers and brokers on the basis of the best price and service. To the extent that the execution offered by more than one dealer or broker is comparable, the Manager may, in its discretion, determine to effect transactions with the dealers and brokers who provide research, statistical and other similar services to the Company or to the Manager at transaction prices which reflect those services.

Custodian

The custodian of the Company's investments is CIBC Mellon Trust Company of 1 York Street, Suite 900, Toronto, ON M5H 0B6.

Risk Management

The Manager uses various measures to assess risk in the Company, including mark-to-market security valuation, fair value accounting and weekly reconciliations of cash and investments. The Manager monitors compliance of the Company's portfolio with the Company's investment policy on an ongoing basis. The Company is priced on a monthly basis which ensures that the Company's performance accurately reflects market movements.

Management Fee

The Manager administers the Company and manages the Company's portfolio of assets, including provision of investment analysis and recommendations, making investment and divestiture decisions and making brokerage arrangements.

The Company pays to the Manager a fee (the "**Management Fee**"). Effective May 2019, the fee was equal to:

(a) 1/12 of 2.50% (or 2.50% per annum) of the value of the Company's Net Assets, calculated on the last Valuation Day in that month up to a maximum value of Net Assets of the Company of $15,000,000; and

(b) 1/12 of 1.75% (or 1.75% per annum) of the value of the Company's Net Assets, calculated on the last Valuation Day in that month on the amount by which the value of the Company's Net Assets exceeds $15,000,000.

Prior to May 2019, the fee was equal to:

(c) 1/12 of 2.50% (or 2.50% per annum) of the value of the Company's Net Assets, calculated on the last Valuation Day in that month up to a maximum value of Net Assets of the Company of $50,000,000; and

(d) 1/12 of 2.00% (or 2.00% per annum) of the value of the Company's Net Assets, calculated on the last Valuation Day in that month on the amount by which the value of the Company's Net Assets exceeds $50,000,000.

Performance Fee

The Manager is entitled to a performance bonus in certain circumstances, based on achieving certain performance criteria set out in the Management Agreement (the "**Performance Fee**"). Performance Fees will be calculated on the last Valuation Date of each year (the "**Determination Date**") and will be payable each year upon the publication of the Company's audited annual financial statements.

The Performance Fee in any given year is equal to 20% of the net increase, if any, in the Net Asset value per Share in excess of the High Water Mark (as defined below), before taking into account the accrual of any Performance Fee, and after deduction of an annual return threshold of 6% (the "**Hurdle Rate**"). The Hurdle Rate shall accumulate in any years in which the Performance Fee is not payable.

The "High Water Mark" means the Net Asset Value per Share on the most recent Determination Date on which it was determined a Performance Fee was payable. Upon execution of the current Management Agreement, the initial High Water Mark was set as the Net Asset Value per Share as at December 31, 2016. Subject to the accumulation of the Hurdle Rate in years in which the Performance Fee is not payable, the Management Agreement provides that the High Water Mark will not otherwise be reset but will be adjusted in the event of a subdivision or consolidation of the Shares.

Fees Earned and Paid in 2021

Management Fees

During the fiscal year ended December 31, 2021, the Manager earned Management Fees of 987,960. Overall, management fee expense was $240,065 for the three months ended March 31, 2022, which was $21,170 lower than the fee of $261,235 in the three months ended March 31, 2021. This decrease in management fees paid by the Company reflected the decrease in the level of Net Assets used in the management fee calculation. Although the Company's Net Assets were higher in the first quarter of 2022 compared to the first quarter of 2021, subsequent to the WOF Transaction, the Net Assets used in the management fee calculation excluded the value of the Company's investment in PPI.

Performance Fees

During the fiscal year ended December 31, 2021, the Manager earned a net Performance Fee accrual of $27,743,466. During the three months ended March 31, 2022, the Company did not earn Performance fees (March 31, 2021 - $Nil).

In 2021, the Manager, in its sole discretion, reduced the rate of the performance fee it charged from 20% down to 15%. Of the $27,743,466 net performance fee accrued at December 31, 2021, $5,228,870 represented performance fees arising from net realized gains and this amount was paid to the Manager on April 8, 2022, upon publication of the Company's annual audited financial statements.

The remaining $22,514,596 of the December 31, 2021 accrual represented the net performance fee on the unrealized appreciation on Copperleaf. The Manager, in its sole discretion, proposed that it would not collect this portion of the performance fee to which it was entitled for 2021. Rather, it was agreed that, as gains are realized on the disposition of the Company's December 31, 2021 holdings of Copperleaf, the performance fee relating to those realized gains will be recalculated and paid quarterly. This will continue each quarter until the Company's holdings of Copperleaf represent a 20% weight in the portfolio, at which time the performance fee relating to the unrealized gains will be recalculated and paid to the Manager. The High Water Mark will be recalculated accordingly.

During the three months ended March 31, 2022, due to a negative change in the unrealized appreciation of Copperleaf, the Company recorded a net reversal of previously accrued performance fees of $9,003,263 (March 31, 2021 - Nil).

In addition to being the manager of the Company, the Manager manages PPI and earns a performance fee from PPI in certain circumstances. The Manager has agreed to pay the Company an amount equal to the portion of the PPI performance fee it earns that is attributable to the Company's 97% ownership of PPI. As at December 31, 2021, the Company had accrued $34,150,813 as receivable from the Manager in this regard. This accrual was for performance fees on unrealized gains at PPI, which are accrued at PPI but not payable until a divestment occurs, at which they are recalculated based on the final Net Divestment Proceeds and paid to the Manager. During the three months ended March 31, 2022, the Company's receivable from the Manager for PPI performance fees decreased by $10,957,911 (March 31, 2021 - $Nil) to $23,192,902. (March 31, 2021 - $Nil).

The net impact of the $9,003,263 reversal of the performance fee due to the Manager and the $10,957,911 reversal of the performance fee receivable from the Manager was a total performance fee expense of $1,954,648 (March 31, 2021 – $Nil).

For the year ended December 31, 2021, the high water mark was reset to $26.77 which excludes the impact of the unrealized gains on Copperleaf, which would otherwise have increased the high water mark by $2.96. As at March 31, 2022, the decrease in the unrealized appreciation of Copperleaf reduced that $2.96 to $1.77. The high water mark will be recalculated as the gains on Copperleaf are realized.

Operating Expenses

In addition to the Management Fee and Performance Fee, the Company is responsible for its operating costs which may include sales and marketing costs, legal fees, custody fees, audit fees, transfer agency fees and directors' fees among other costs. Certain of these costs may be incurred by the Manager and reimbursed by the Company.

Remuneration of Directors and Officers

Under the terms of the Management Agreement any directors, officers or employees of the Manager who are also officers of the Company are paid by the Manager for serving in such capacity and do not receive any remuneration directly from the Company.

PRINCIPAL HOLDERS OF SECURITIES

As at the date of this AIF, to the knowledge of the Manager, no person beneficially owns, directly or indirectly, or exercises control or direction over 10% or more of the voting rights attached to, more than 10% of the shares of any class of the Company.

The following table sets out the persons or companies who own, directly or indirectly, or exercise control or direction over, more than 10% of any class of voting securities of the Manager as at the date of this AIF:

Name	Designation of Securities	Type of Ownership	Percentage of Outstanding Shares
Garibaldi Venture Partners Ltd[1]	Common Shares	Beneficial	43%
Arbutus Family Holdings Ltd[2]	Common Shares	Beneficial	11%
408198 BC Ltd[3]	Common Shares	Beneficial	11%
Felix Narhi	Common Shares	Direct	15%

Notes:
1. Garibaldi Venture Partners Ltd. is a British Columbia company which is 100% owned by David Barr.
2. Arbutus Family Holdings Ltd. is a British Columbia company which is 100% owned by Kelly Edmison.
3. 408198 BC Ltd. is a British Columbia company which is 100% owned by William Rand, a resident of British Columbia.

Arbutus Family Holdings Ltd., which is 100% owned by Kelly Edmison, is a company that provides consulting services to the Manager.

As of December 31, 2021, the Manager and the directors and officers of the Company hold, directly or indirectly, in aggregate: (a) 10% of all outstanding Class C Shares; (b) approximately 55% of the outstanding common shares of the Manager; and (c) less than 1% of the equity securities of any person or company, aside from those mentioned above, that provides services to the Company or the Manager. No person or company that provides services to the Company or the Manager in relation to the Company is an affiliated entity of the Manager.

LEGAL AND REGULATORY ACTIONS

Legal Proceedings

The Company is not aware of any actual or pending material legal proceedings to which the Company or the Manager is or is likely to be party or of which any of its business or property is or is likely to be subject.

Regulatory Actions

No penalties or sanctions were imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2021.

No penalties or sanctions were imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision.

The Company did not enter into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2021.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, or person holding in excess of any class of securities of the Company or any associate or affiliate of any such person has, within the three most recently completed financial years of the Company had, directly or indirectly, any material interest in any transaction which materially affected the Company or has, directly or indirectly, any material interest in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

TRANSFER AGENTS AND REGISTRAR

TSX Trust Company (Canada) ("**TSX Trust**") is the registrar, dividend disbursing agent and transfer agent of the Class C Shares. TSX Trust register of transfers for the Class C Shares is located at Suite 1600, 1066 West Hastings Street, Vancouver, BC V6E 3X1.

INTEREST OF EXPERTS

KPMG LLP, the auditor of the Company, is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

RISK FACTORS

An investment in the Company is considered highly speculative in nature, carrying significant risks and should be undertaken only by investors who have sufficient financial resources to enable them to assume such risks and who have no need for immediate liquidity of their investment. Persons who cannot afford the loss of their entire investment should not purchase shares of the Company, and an investment in the Company should not constitute a major portion of an individual's portfolio.

There can be no assurance that an investment in the Company will earn a specified rate of return or any return in the short or long term. Investors should consider the following risk factors before purchasing shares of the Company.

Risks Relating to the Company

An investment in the Company may be deemed speculative and is not intended as a complete investment program. Investing in shares should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Company. Investors should review closely the investment objective, strategies and restrictions to be utilized by the Company as outlined herein.

Concentration Risk

The Company's portfolio consists of a relatively small number of Portfolio Companies. As at the date of this AIF, the Company's investment in Copperleaf comprises a significant portion of its Net Assets. As a result, the Company would be substantially adversely affected by the unfavourable performance of Copperleaf. Please see "*Additional Technology Company Risks*" and "*Additional Risks Relating to Copperleaf*".

Liquidity Risk for Investments

The Company’s investments include Portfolio Companies whose securities which are not publicly traded. Consequently, it may be relatively difficult for the Company to dispose of its investment in a Portfolio Company rapidly at favourable prices in connection with adverse market developments or other factors. The sale of such investments may also be subject to delays and additional costs and may only be possible at substantial discounts.

Liquidity Risk for Class C Shares

The Class C Shares are not redeemable. The Net Assets per Share of the Class C Shares fluctuates with the value of the Company’s Net Assets, which could adversely affect the ability of a holder of the Class C Shares to dispose of them. While the Class C Shares trade on the TSXV, an active trading market for the Class C Shares may not be available and will significantly impact the liquidity of such shares. Even if an active trading market for the Class C Shares is available, the market price of such shares may not enable shareholders to dispose of their shares at a reasonable price relative to the Net Assets per Share.

No Assurance of Objective or Return

There is no guarantee that the Company will be able to achieve its investment objective, or that the Company will earn a positive return or maintain or grow its Net Asset Value per share.

Lack of Investment Diversification

The Company does not have any specific limits on holdings in Portfolio Companies in any one industry or investee entity size and is currently focused on emerging technology companies. Accordingly, the Company's portfolio may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting this industry than would be the case if the Company were required to maintain wide diversification.

Emerging Technology Risk

The Company invests primarily in emerging technology companies. The prospects for success of emerging technology companies depend critically on a number of factors which, given the limited operating histories of some of them, may be difficult to evaluate. Investments in emerging technology companies are inherently risky, and in the case of failed businesses, may result in the total loss of capital invested in a Portfolio Company by the Company. The technology companies in which the Company invests will typically require additional capital, which the Company may not be able to provide or which may not be available from other sources.

Not a Mutual Fund or Investment Fund

The Company is not a mutual fund or an investment fund. The rules designed to protect investors who purchase securities of mutual funds or investment funds do not apply to the Company, and the Company is not subject to the mutual fund or investment fund investment restrictions.

Trading Price of the Shares Relative to the Value of Net Assets

Securities of certain exchange listed companies in Canada have traded at a discount from their values of their net assets. This risk associated with securities of a listed corporation is a risk separate and distinct from the risk that the value of the Company's Net Assets may decrease. The Company cannot predict whether the Shares will trade at a discount from, a premium to, or at the value of the Company's Net Assets.

The market price of the Shares will likely be affected by macroeconomic developments around the world and market perceptions of the attractiveness of various economies, industries or companies.

The market price of the Shares at any given point in time may not accurately reflect the Company's long-term value. The market price of the Shares is determined by, among other things, the relative demand and supply of the Shares in the market, the Company's investment performance and investor perception of the Company's overall attractiveness as an investment as compared with other investment alternatives.

Reliance on the Manager

The Company relies upon the good faith and expertise of the Manager in providing investment advice and other services. If for any reason the Manager is unable or unwilling to provide investment advice to the Company, there could be significant adverse consequences to the Company.

The Company relies on the ability of the Manager to actively manage the Company's assets pursuant to the Management Agreement. The Manager will make the investment decisions in respect of the portfolio upon which the success of the Company will depend significantly. No assurance can be given that the approach utilized by the Manager in respect of the portfolio will prove successful.

Reliance on Key Personnel

The Company and the Manager depend, to a great extent, on the services of a limited number of individuals in connection with the services provided to the Company. The loss of such services or the loss of some key individuals could impair the ability of the Company and/or the Manager to perform its management and administrative activities on behalf of the Company.

Available Opportunities and Competition for Investments

The success of the Company's operations will depend upon, among other things: (i) the availability of appropriate investment opportunities; (ii) its ability to identify, select, acquire, grow and exit those investments; and (iii) its ability to generate funds for future investments. The Company can expect to encounter competition from other entities having investment objectives similar to its own, including institutional investors and strategic investors. These groups may compete for the same investments as the Company, may be better capitalized, have more personnel, have a longer operating history and have different return targets than the Company. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing which may further limit the Company's ability to generate desired returns.

There can be no assurance that there will be a sufficient number of suitable investment opportunities available to the Company or that such investments can be made within a reasonable period of time. There can be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential portfolio returns will be diminished to the extent that the Company is unable to find and make a sufficient number of investments.

Performance Fee

The payment of the performance fee to the Manager may create an incentive for it to cause the Company to make investments that are riskier or more speculative than if there were no performance fee. Since the performance fee is calculated on a basis that includes unrealized appreciation of the Company's assets, the fee may be greater than if it were based solely on realized gains. In addition, the ordinary income of the Company (including dividends and interest received) is included in the calculation of the fee.

No Dividends

The Class C Shares are entitled to receive dividends at the discretion of the Board. However, the Company does not anticipate declaring any dividends on the Class C Shares for the foreseeable future. The Board may consider paying dividends on the Class C Shares in the future when operational circumstances, including earnings, cash flow, financial and legal requirements and business considerations, permit.

Expenses Ultimately Borne by the Shareholders

Fees and expenses borne by the Company will directly or indirectly impact the Net Assets per Share of the Class C Shares.

Future Dilution

Where, in the opinion of the Board and the Manager, additional capital is necessary or desirable to carry on the investment activities of the Company, the Company may create and issue additional Shares at a price and otherwise on terms and conditions determined by the Board and the Manager as provided for in the constating documents of the Company. Depending on the price at which such additional securities of the Company are offered for sale, the issuance of such additional securities could result in a dilution to existing Shareholders. In creating and issuing additional securities of the Company, the Board and the Manager will comply with the requirements of applicable securities legislation and will act in the best interests of the Company and its Shareholders.

Issuance of Preferred Shares

The Company's authorized share structure consists of Class C Shares and Preferred Shares (of which none have been issued). The special rights and restrictions of the Preferred Shares empower the Board to fix the number of shares in each series of each class of Preferred Shares and to fix the preferences, special rights and restrictions, privileges, conditions and limitations attaching to the shares of that series, before the issuance of shares of any particular series. The Board has the power to fix, among other things, the number of shares constituting any series, the voting powers, designation, preferences and relative participation, optional or other special rights and dividend rate, terms of redemption (including sinking fund provisions), redemption price or prices, conversion rights and liquidation preferences of the shares constituting any series. The issuance of Preferred Shares could affect the rights of the holders of Class C Shares.

Conflicts of Interest

The Manager provides management services to other investment entities, which may invest in securities similar to the portfolio of the Company. The Manager has a fiduciary duty to each of these clients (including the Company) and will need to balance any competing interests. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Equity Risk

The Company invests in public and private companies and the value of the Company will increase or decrease with the value of such assets. The Company's valuation process for its Portfolio Companies is based on inherent uncertainties and the resulting values may differ from values that would have been used had a liquid market existed for the investments.

Investments in Portfolio Companies made by the Company will generally lack liquidity and involve a longer than usual investment commitment. Losses are typically realized before gains, and the Company may be required to dispose of investments before any returns are received therefrom.

Investments in Private Issuers

Portfolio Companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. The Company's portfolio consists of securities issued by privately held Portfolio Companies. There is generally little or no publicly available information about such companies and the Company must rely on the diligence of the Manager to obtain the information necessary for its decision to invest in them. There can be no assurance that the diligence efforts of the Manager will uncover all material information about the privately held business necessary for the Company to make a fully informed investment decision.

Valuation of the Company's investments

The Net Asset Value per Share will vary directly with the market value and return of the investment portfolio of the Company. The Company's valuation of its investment portfolio may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the value of the Company's Net Assets and its shares could be adversely affected. Independent pricing information may not at times be available regarding certain of the Company's investments, particularly where securities are not publicly traded. Valuation determinations will be made in good faith in accordance with the valuation principles established by the Company from time to time.

The Company may from time to time hold Portfolio Company investments that by their very nature may be difficult to value accurately. To the extent that the value assigned by the Company to any such investment differs from the actual value, the Net Assets per Share may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that if an investor sells all or part of its Shares while the Company holds such investments, it may realize an amount less than it might have if the actual value of such investments was higher than the value designated by the Company. Further, there is risk that a new shareholder (or an existing shareholder who makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Company.

Shareholder activism

From time to time, the Company invests in issuers with features that the Manager believes depress the fundamental value of the issuer and its securities. In those circumstances, the Company will take a position in that issuer, sometimes a material position, and may initiate or work with other key shareholders in initiating corporate change. Although the Manager will act prudently and in accordance with applicable laws, such shareholder activism opens the Manager, and possibly the Company and other funds and managed accounts on whose behalf it is acting, to certain risks, including the risk of litigation by existing management or other shareholders, the risk that trading in such issuers' securities may become suspended, and the risk that the Company's investment in such issuers will be treated as part of a larger control block and subject to statutory restrictions on liquidity.

Due Diligence

The due diligence process that the Company undertakes in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Company conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process to varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company relies on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that the Company will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Portfolio Company Operating Losses

The Company may have limited information about the financial performance and profitability of some of our Portfolio Companies. Many of the Company's portfolio companies are currently experiencing operating losses. There can be no assurance when or if such companies will operate at a profit.

Non-Controlling Interests

The Company's investments include debt instruments and equity securities of Portfolio Companies that it does not control. These instruments and securities may be acquired in the secondary market or through purchases of securities from the issuer. These investments are subject to the risk that the Portfolio Company may make business, financial or management decisions with which the Company does not agree, or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of the Company's respective investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

Intellectual Property

The industry in which the Company currently primarily invests has many participants that own, or claim to own, proprietary intellectual property. Some of the issuers that the Company invests in may become subject to claims from third parties claiming that the issuers have infringed on intellectual property rights. Determination of the rights to intellectual property is very complex, and costly litigation may be required to establish if an issuer has violated the intellectual property rights of others. As a result of such claims, some of the Company's investments could be subject to losses arising from issuers being subject to product injunctions, awards for damages and third-party litigation costs, requirements to license intellectual property, legal expenses, diversion of managements' time and attention, and other costs.

Global Events

Certain significant global events in recent years have increased financial risk. In particular, the war between Russian and Ukraine, the COVID-19 global health pandemic and the move by central banks to taper monetary and fiscal stimulus and raise interest rates to control inflation. These events have had an impact on many entities and the markets for the securities that they issue and that impact may continue. Investment results may be affected by future developments and new information that may emerge resulting from Russia's invasion of Ukraine, COVID-19, its variants and the pandemic, inflation and the impact of central bank measures, factors which are beyond the Company's control.

Cyber security risk

The Company is exposed to cyber security risk, which is the risk of harm, loss and liability resulting from a failure or breach of an organization's information technology systems. In general, cyber security risks can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber security risks include, but are not limited to, third-parties gaining unauthorized access to digital systems (e.g. through “hacking” or malicious software coding) for the purpose of misappropriating assets or sensitive information, corrupting data, damaging equipment or systems, or causing operational disruption. Cyber security risks may also include denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber security risks have the ability to negatively impact the Company and the Shareholders by, among other things, disrupting and impacting the Company or Manager’s business operations, disrupting and impacting business operations of Portfolio Companies and impeding trading by or in the Company. Cyber security risks can result in significant financial losses and cause violations of applicable privacy and other laws.

The Manager has established business continuity plans and risk management systems to address cyber security risks. There are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified or appropriately protected against. Furthermore, the Company cannot control the cyber security plans and systems put in place by its service providers, the businesses it invests in or any other third party whose operations may affect the Company or its Shareholders. However, the Company does ensure that any service providers deemed critical to the Company’s functions have proper security measures and controls in place.

Changes in Legislation and Administrative Policy

There can be no assurance that certain laws applicable to the Company, including income tax laws, will not be changed in a manner which could adversely affect the value of the Company. In addition, there can be no assurance that the administrative policies and assessing practices of the Canadian Revenue Agency will not be changed in a manner which adversely affects the Shareholders. The Company may also be affected by changes in regulatory requirements, customs, duties or other taxes in Canada or foreign jurisdictions. Such changes could, depending on their nature, benefit or adversely affect the Company.

Enforcement of Rights

The Company’s assets may be held in accounts by custodians or pledged to creditors of the Company as per applicable law in jurisdictions outside of Canada so that there can be no assurance that judgments obtained in Canadian courts will be enforceable in any of those jurisdictions. It is possible that events such as the expropriation, confiscatory taxation or nationalization of foreign bank deposits or other assets may occur, which may result in the Company being unable to enforce its legal rights or protect its investments.

Legal principles relating to corporate affairs and the validity of corporate procedures, directors’ fiduciary duties and liabilities and shareholders’ rights may differ from those that may apply in other jurisdictions. Shareholders’ rights under foreign law may not be as extensive as those that exist under the laws of Canada. The Company may therefore have more difficulty asserting its rights as a shareholder of a foreign company in which it invests than it would as a shareholder of a comparable Canadian company.

Leverage Risk

The Company may borrow additional capital to invest in existing Portfolio Companies for the purpose of enhancing the potential returns of the Company. The risk to Shareholders may increase if the securities purchased with borrowed money decline in value. While the use of leverage can increase the rate of return, it can also increase the magnitude of loss in unprofitable positions beyond the loss which would have occurred if there had been no borrowings. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried. Leveraging will thus tend to magnify the losses or gains from investment activities.

There can be no assurance that the borrowing strategy employed by the Company will enhance returns, and it may, in fact, reduce returns.

Additional Technology Company Risk

Currently the majority of the Company's investments, including Copperleaf, are in emerging stage technology companies which may be subject to the additional risks identified below.

Need for Future Financings

Technology companies' capital requirements will depend on many factors. If they experience unanticipated cash requirements they may need to seek additional sources of financing, which may not be available on favorable terms, if at all. Future financings could dilute the Company's interests in these Portfolio Companies. In the event a private does not succeed in raising additional funds on acceptable terms, it may be forced to discontinue product development and/or commercialization, reduce or forego sales and marketing efforts, forego attractive business opportunities or discontinue operations.

Personnel

Technology companies' ability to recruit and retain personnel is often crucial to its ability to develop market, sell and support its products and services and they depend on the services of their key technical, sales, marketing and management personnel. The loss of any of these key persons could have a material adverse effect on a technology company's results of operations and financial condition. In addition, their success is also highly dependent on their continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Company cannot provide assurance that these companies will be able to attract or retain highly qualified technical, sales, marketing and management personnel in the future. A company's inability to attract and retain the necessary technical, sales, marketing and management personnel may have a material adverse effect on its future growth and profitability. It may be necessary for technology companies to increase the level of compensation paid to existing or new employees and contractors to a degree that its operating expenses could be materially increased.

Competition

Earlier stage technology companies experience and will continue to experience intense competition from other organizations with more established sales and marketing presence, more advanced technology and technical services and greater financial resources. Competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Furthermore, additional competitors may enter the market and competition may intensify. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on a technology company's business, results of operation and financial condition.

Changing Technology

The markets for a technology company's products are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards can render a private technology company's existing products obsolete and unmarketable and can exert price pressures on existing products. It is critical to the success of a private technology company that they are able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis. There can be no assurance that a private technology company will successfully develop new products or enhance and improve their existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render their products obsolete. A private technology company's inability to develop products that are competitive in technology and price and that meet end-user needs could have a material adverse effect on a private technology company's business, financial condition or results of operations.

Dependence on Market Growth

There can be no assurance that the market for a technology company's existing software or product line will continue to grow, that customers will continue to adopt a private technology company's software or that a technology company will be successful in establishing markets for their new products. If the various markets in which a technology company's products are offered fail to grow, or grow more slowly than they currently anticipate, or if a technology company is unable to establish markets for their new products, their businesses, operating results and financial condition could be materially adversely affected.

Niche Markets

A technology company's services are attempting to create a niche in the industry and may not achieve or sustain market acceptance. To address these risks, a private technology company must, among other things, appeal to consumers; implement and successfully execute its business and marketing strategy; implement and upgrade the technology and systems that it uses to serve its information and subscriber bases and process client and customer transactions and payments; respond to competitive developments; and attract, retain, and motivate qualified personnel. The Company cannot assure that a technology company will successfully address these risks, and failure to do so could have a negative impact on their business, operating results and financial condition.

Additional Risks Relating to Copperleaf

The Company is a Minority Shareholder in Copperleaf

As at December 31, 2021, the Company currently holds approximately 10.9% of the outstanding common shares of Copperleaf. Copperleaf may make business, financial or management decisions with which the Company does not agree and the majority stakeholders or the management of

Copperleaf may take risks or otherwise act in a manner that does not serve the Company's interests. If this were to occur, the Company's investment in Copperleaf could be negatively impacted.

The Company's Ability to Sell its Copperleaf Shares is Restricted

In connection with the Copperleaf IPO, the Company signed a lock-up agreement pursuant to which it agreed not to dispose of its Copperleaf common shares until April 12, 2022. Accordingly, notwithstanding the market price of the Copperleaf common shares may increase or decrease prior to this time, the Company will be unable to react and liquidate the investment until April 12, 2022. If the market price has significantly decreased by the time the Company is permitted to sell its Copperleaf common shares, the Company's performance could be significantly adversely affected. There is no guarantee that the value of the Copperleaf shares will be realized after the expiration of the lock-up period.

At December 31, 2021, the closing price of Copperleaf was $23.85 per share. At March 31, 2022, the closing price of the shares of Copperleaf was $16.18, which reduced the Company's unrealized gain on the holding, and the Company's shareholders' equity decreased by $6.79 per share in the first quarter of 2022, to $19.29 per share. At April 29, 2022, the trading price of Copperleaf was $10.28 per share. During the month of May, the shares were trading below $10. There can be no assurance that the Company will be able to realize the value of this investment.

Volatility of Copperleaf Market Price

The Copperleaf IPO was completed on October 14, 2021. Before this time, there was no public market for Copperleaf securities and an active public market for Copperleaf's securities may not be sustained. The market price of Copperleaf's common shares could be subject to wide fluctuations in response to many risk factors affecting Copperleaf. In recent years, stock markets have experienced significant price and volume fluctuations, especially with certain issuers in the technology sector. The Copperleaf common share price may also experience that volatility for reasons unrelated to its operating performance, including the performance of other companies in its industry, news announcements, securities analysts' reports and recommendations and other developments with respect to its industry or competitors, and changes in general economic conditions. If the market price of the Copperleaf common shares were to decrease, the Company could be significantly adversely affected.

MATERIAL CONTRACTS

The Company's only material contract is the Management Agreement dated May 1, 2003 (and most recently amended and restated May 21, 2019) between the Manager and the Company, pursuant to which the Manager agreed to direct the affairs and managing the business of the Company. See *"Information Regarding the Manager"* for a description of the Manager's duties and responsibilities.

A copy of the Management Agreement is available on SEDAR and may also be inspected at the head office of the Manager during ordinary business hours.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information including directors' and officers' remuneration and indebtedness and principal holders of the Company's securities is contained in the Company's management information circular for its annual meeting of shareholders to be held on June 1, 2022. Further information is provided in the Company's financial statements and MD&A for is financial year ended December 31, 2021.

Pender Growth Fund Inc.

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