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**B.E.S.T. VENTURE OPPORTUNITIES FUND INC. CLASS A SHARES
CLASS B SHARES**

ANNUAL INFORMATION FORM DATED NOVEMBER 28, 2022

Shares of the Fund are no longer offered for sale. The Fund was closed to new purchases on January 1, 2017.

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NAME, FORMATION AND HISTORY OF THE FUND

In this document, we refer to B.E.S.T. Investment Counsel Limited as “we”, “us”, “our”, the “**Manager**” or “**BEST**”. BEST is the manager and portfolio advisor of the B.E.S.T. Venture Opportunities Fund Inc. (the “**Fund**”).

In this document, any share of any class of the Fund is referred to as a “**Share**”. A holder of a Share is referred to as a “**Shareholder**”, and multiple holders of Shares are “**Shareholders**”.

The principal and registered office of the Fund is located at 56 The Esplanade, Suite 503, Toronto, Ontario M5E 1A7. Information about the Fund may be obtained on the Fund’s website at www.bestfunds.ca or at www.sedar.com. BEST may be contacted at 416-203-7331 or by email at info@bestfunds.ca.

The Fund is a corporation incorporated under the laws of Canada by articles of incorporation dated January 11, 1993, as amended (the “**Articles**”). The Fund is registered as labour sponsored investment fund corporation (“**LSIF Corporation**”) under the *Community Small Business Investment Funds Act* (Ontario), as amended (the “**Ontario Act**”) and as labour-sponsored venture capital corporation (“**LSVCC**”) under the *Income Tax Act* (Canada), as amended (the “**Federal Act**”). The sponsors of the Fund are the Christian Labour Association of Canada (“**CLAC**”) and the United Brotherhood of Carpenters and Joiners of America. The Shares of the Fund were offered pursuant to a prospectus dated January 25, 2016 (the “**Prospectus**”). The Fund was closed to new purchases on January 1, 2017.

The Fund changed its name from “Dynamic Venture Opportunities Fund Ltd.” to “B.E.S.T. Venture Opportunities Fund Inc.” effective October 22, 2018. The change of name to B.E.S.T. Venture Opportunities Fund Inc. was approved at a special meeting of the Shareholders of the Fund held on October 10, 2018 (the “**2018 Meeting**”), and reflects the acquisition (the “**Acquisition**”) by BEST of the management, services and principal distribution contracts of the Fund from 1832 Asset Management L.P., the previous investment fund manager and portfolio manager of the Fund. The Acquisition was completed on October 20, 2018. As approved at the 2018 Meeting, CIBC Mellon Trust Company was appointed the custodian of the Fund, effective October 22, 2018.

At a special meeting of the Shareholders of the Fund held on February 24, 2022 (the “**2022 Meeting**”), holders of the Class A Shares approved an amendment and restatement of the Articles, which amendment would provide for a suspension of all redemptions of the Class A Shares until at least December 31, 2024, and thereafter, to provide the Fund with the explicit authority to refuse to honour redemption requests if doing so is determined to be in the best interests of the Fund (the “**Shareholder Approved Suspension of Redemptions**”), and authorized an application to list the Class A Shares on a Canadian stock exchange. On October 3, 2022, the Fund filed restated Articles to reflect the Shareholder Approved Suspension of Redemptions and facilitate the listing of the Class A Shares on the Canadian Securities Exchange (the “**CSE**”).

On November 25, 2022, the Class A Shares, Series I and the Class A Shares, Series II began trading on the CSE.

The following chart provides a summary of important changes to the Fund since inception.

Name of Fund	Establishment, Amendments, Fund Mergers and Name Changes
<p>B.E.S.T. Venture Opportunities Fund Inc.</p>	<p>January 11, 1993 – The Fund was created under the laws of Canada by articles of incorporation as UFC Canadian Growth Fund Inc.</p> <p>December 6, 1993 – The Fund’s name was changed to Integrated Growth Funds Inc.</p> <p>December 17, 1993 – The Class B share transfer provisions were amended.</p> <p>November 13, 1996 – The Fund’s name was changed to Canadian Venture Opportunities Fund Ltd. and amendments were made to the Class C share provisions.</p> <p>November 12, 1999 – The Fund’s name was changed to Dynamic Venture Opportunities Fund Ltd.</p> <p>December 23, 2003 – The Class A Shares were designated as Class A Shares, issuable in series and the first and second series of Class A Shares were created, designated as Series I shares and as Series II shares.</p>

Name of Fund	Establishment, Amendments, Fund Mergers and Name Changes
	<p>December 23, 2003 - The voting rights of the shares were amended.</p> <p>December 15, 2013 - The Articles were amended to comply with the CRA registration as a LSVCC.</p> <p>October 20, 2018 - BEST acquired the management, services and principal distribution contracts of the Fund from 1832 Asset Management L.P.</p> <p>October 22, 2018 - The Fund's name was changed to B.E.S.T. Venture Opportunities Fund Inc.</p> <p>October 22, 2018 - The custodian of the Fund was changed to CIBC Mellon Trust Company.</p> <p>February 28, 2019 - The Christian Labour Association of Canada ("CLAC") purchased the Class B shares owned by UFCW and LIUNA. Through its ownership of the Class B shares, CLAC became a sponsor of the Fund. The United Brotherhood of Carpenters and Joiners of America remains a Class B Shareholder and sponsor of the Fund.</p> <p>October 31, 2019 - The board of directors of Manager appointed BDO Canada LLP as auditors of the Fund, effective October 31, 2019.</p> <p>October 3, 2022 - The Articles of the Fund were amended and restated to, among other things, suspend all redemptions of the Class A Shares until at least December 31, 2024 and facilitate the listing of the Class A Shares on the CSE.</p> <p>November 17, 2022 - TSX Trust Company was appointed as registrar and transfer agent of the Fund.</p> <p>November 25, 2022 - The Class A Shares, Series I and the Class A Shares, Series II began trading on the CSE.</p>

INVESTMENT OBJECTIVES, STRATEGIES AND RESTRICTIONS

The Prospectus contains detailed descriptions of the investment objectives, investment strategies and risk factors for the Fund. In addition, the Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 - *Investment Funds* ("NI 81-102"), which are designed in part to ensure that the investments of

the Fund are diversified and relatively liquid and to ensure the appropriate administration of the Fund. The Fund is also subject to investment restrictions contained in the Ontario Act and the Federal Act. The Fund is managed in accordance with these restrictions and practices. The Fund has received exemptive relief from securities regulatory authorities from certain requirements in NI 81-102 as noted below.

Investment Objectives

The Prospectus contains detailed descriptions of the investment objectives, investment strategies and risk factors for the Fund. Before a fundamental change is made to the investment objective of the Fund, prior approval of Shareholders is required. This approval must be given by a resolution passed by at least a majority of the votes cast at a meeting of Shareholders.

The Fund's fundamental investment objective is to achieve long-term capital appreciation by investing its assets in accordance with the requirements of the Ontario Act and the Federal Act, each as amended from time to time.

Investment Policies

The Fund has established the following investment policies, which may be varied by the directors, without the approval of Shareholders, as opportunities and market conditions dictate and if permitted by the Federal Act and the Ontario Act:

- The Fund will not pledge or mortgage any of its assets or borrow money, except as a temporary measure for the purpose of accommodating requests for redemption of Shares while effecting an orderly liquidation of portfolio securities, provided that after giving effect to such borrowing the outstanding amount of all such borrowing does not exceed 5% of its net assets valued at market value at the time of such borrowing.
- The Fund will not lend its portfolio securities.
- The Fund will not make loans except in the ordinary course of investing its funds.
- The Fund will not make short sales of securities or purchase securities on margin.
- The Fund will not act as an underwriter of securities.
- The Fund will not create, issue or purchase puts, calls or combinations thereof except that it may obtain options to acquire additional securities or rights to sell securities of the entities in which it invests.

There is no limitation on the percentage of listed companies that the Fund may hold as eligible businesses. Part of the Fund's current strategy is to invest in mature publicly listed companies. This strategy seeks to provide substantial advantages to Shareholders including

improved liquidity; easier and more transparent valuation of portfolio securities; a more consistent level of financial and other reporting required by public markets; and the opportunity to enhance returns over the traditionally low rates of return offered on cash or fixed income securities.

Investment Strategies

The Fund utilizes a number of strategies when making investment decisions.

- *Eligible Businesses:* The Fund seeks to make venture investments in eligible businesses as required by the Ontario Act and the Federal Act (“venture investments”).
- *Other Investments:* The Fund’s assets that are not invested in eligible businesses will be primarily invested in securities of listed Canadian companies as permitted by the Ontario Act and the Federal Act.
- *Industry Diversification:* The Fund seeks to diversify its portfolio by investing in a broad range of businesses in a variety of industries to ensure that investment returns are less dependent upon business cycles in particular industries. The Fund may look closely at investing in industries offering significant potential for employment, provided the investment otherwise meets the Fund’s investment criteria. The Fund has not imposed any specific limits with respect to the number or value of the investments it may make in certain industries.
- *Stage of Development:* The Fund also seeks to diversify its investments in businesses at different stages of development so as to balance appropriate risks with desired returns. The Fund will consider investments in new businesses, expansion of existing businesses, investments where a management or employee group wishes to acquire the assets of an existing business and restructuring and turnaround investments. The Fund will also entertain investment opportunities resulting from products or services developed from research at post-secondary educational institutions. The Fund’s investment opportunities may be divided into the following classifications:
 - (a) *Mature Publicly Listed Investments:* A mature publicly listed company typically has a longer operating history and is more likely to have stable cash flow than the other types of investments listed below. A portion of the Fund’s portfolio will be dedicated to these investments.
 - (b) *Expansion Financing:* A mid to later-stage company has typically commercialized its product or service and is generating sales but requires financing to increase the working capital necessary to expand production facilities, increase its marketing activities, sell its product or service in new markets or launch a new product.

- (c) *Acquisition Financing*: Acquisition financing is typically provided to a management or employee group which seeks to acquire the company or division in which they are working.
- (d) *Early-Stage Investments*: A start-up or early-stage investment is one in a company which has not fully commercialized its product or service. The Fund carefully assesses management of such a business and its business plan. An investment in a new business may be riskier but may offer the greatest potential return.
- (e) *Restructurings and Turnarounds*: Turnarounds refer to investments in businesses which have experienced reductions in earnings or losses but have the potential to succeed if additional investment is received and/or changes in management, staffing or marketing are made. The Fund and the Manager may actively participate in helping to turn such a business around.

The Fund has not imposed any specific limits with respect to the number or value of investments it may make in businesses at a particular stage of development.

- *Size of Investments*: The size of each investment depends on the financial requirements of the business in which the investment is made and is subject to statutory limits. The Fund may acquire an ownership position in a business in excess of 10% of a class or series of securities of the business which is significant enough to justify the Fund's efforts in making and monitoring the investment. The Fund's investment may form part of a larger investment made with other investors.

The Manager's normal approach is to conduct its own due diligence and research with respect to the individual issuers in which it invests the Fund's money and each potential investment in an issuer is evaluated according to criteria considered by the Manager to be appropriate for that potential investment. When the Manager considers it advisable, the Manager may, at its own expense, engage other professionals with particular expertise for assistance and advice with respect to its review of particular investment opportunities.

The Fund's investment strategies can be changed at any time without requiring Shareholder approval in order to respond to changing market conditions.

Investment Restrictions

The Fund is subject to investment restrictions contained in the Ontario Act and the Federal Act.

The Fund is required to invest a certain percentage of its assets in venture investments in eligible businesses. In general terms, an eligible business for purposes of the Ontario Act is a taxable Canadian corporation or a Canadian partnership which is primarily engaged in "eligible business activities" (discussed below) and which, together with related corporations or partnerships, (i) does not have more than 500 employees or more than \$50 million of total gross assets; and (ii) that is and has been primarily engaged in eligible business activities for at least two years or for such shorter period of time as it has been in

business, in each case, at the time of investment. In addition, the eligible business must which employ 50% or more of its full-time employees in respect of eligible business activities carried on by the eligible business in Ontario and 50% or more of the wages and salaries of the eligible business must be paid to employees whose ordinary place of employment is a permanent establishment of the eligible business located in Ontario.

Further, the Fund's investment in an eligible business may not be used by such business to, among other things, carry on business outside of Canada, re-invest outside Canada, or re-lend to another business (except in limited circumstances). The purpose of such restrictions is to ensure that monies raised from investors are available to assist the growth of eligible businesses and thereby create employment in Canada and specifically in the provinces offering tax credits to investors resident in those provinces. Generally, the Federal Tax Act requires that the Fund invest in eligible business entities and reserves. Under the Federal Act, an eligible business entity is, generally speaking, a Canadian entity with up to 500 employees and \$50 million in assets if (i) substantially all of the fair market value of that entity's assets is directly or indirectly attributable to assets used in an active business carried on in Canada, (ii) at least 50% of the full-time employees of the business are employed in Canada and (iii) at least 50% of the wages and salaries paid to employees of the business are reasonably attributable to services rendered in Canada. Under the Federal Act, a special tax will be imposed on an LSVCC on a monthly basis, if at any time there is an "investment shortfall" for the LSVCC. The investment shortfall is initially determined as the amount by which 60% of the shareholders' equity (subject to certain adjustments under the Federal Act) in the LSVCC at the end of the preceding taxation year or the particular taxation year (which ever is less) exceeds the greater of:

- (i) the total of the adjusted cost to the LSVCC of an eligible investment; and
- (ii) 50% of the adjusted cost to the LSVCC of eligible investments at the beginning of the particular year plus the adjusted cost to the Fund of eligible investments at the end of the particular year.

Under the Ontario Act, a taxable Canadian corporation or Canadian partnership that is not an eligible business solely because it is not primarily engaged in eligible business activities is deemed to be an eligible business if, within a reasonable period after the Fund makes an investment therein, it invests all or substantially all of the amount of such investment in a corporation or partnership that constitutes an eligible business. An investment made by a LSIF Corporation after 2004 in a business that was an eligible business at the time the LSIF Corporation made a previous investment in the business but is no longer an eligible business because it, together with related corporations or partnerships, no longer has more than 500 employees or more than \$50 million of total gross assets may nevertheless qualify as an eligible business if the Fund continues to maintain such previous investment in that corporation or partnership.

Under the Ontario Act, the Fund is permitted to hold only the following assets: (i) specified securities of eligible businesses (including eligible businesses whose shares are listed on a Canadian or foreign stock exchange); (ii) assets that were securities of eligible businesses when acquired by the Fund; and (iii) specified investments (reserves) including shares or debt obligations of publicly listed corporations, debt obligations issued by the Canadian

federal government, and debt obligations of Canadian provincial governments. Under the Ontario Act, the Fund is required to hold venture investments that have an aggregate cost of not less than 60% of the capital raised on the issue of Shares before the 61st day of 2012 that remain outstanding at the end of the year (excluding Shares that have been outstanding at least 94 months). This amount is further adjusted to reflect an amount in respect of gains and losses on venture investments, if any, and certain taxes and penalty amounts incurred for the year.

Under the Federal Act, the Fund may not invest or maintain an investment in any eligible business if the aggregate of its investments in the business and any related business exceeds the lesser of \$15 million and more than 10% of the Fund's equity capital. In addition, the Fund may not invest in or maintain an investment in an eligible business if the eligible business does not deal at arm's length (within the meaning of the Federal Act) with the Fund or any of the directors of the Fund unless (i) the non-arm's length relationship arises solely as a result of the Fund's investment in the eligible business, or (ii) the investment is approved by a special resolution of Shareholders of the Fund before the investment is made.

Since January 1, 2005, if one of the eligible businesses in which the Fund has invested no longer qualifies as an eligible business that investment shall remain an eligible investment, pursuant to the Ontario Act, for a period of 24 months from the date the investment otherwise ceased to be an eligible investment. The 24-month limit may be extended in circumstances to be prescribed under regulations to the Ontario Act. If the Fund is unable to make alternative investments or dispose of that investment, it may not be able to meet its prescribed annual percentage of assets invested in eligible businesses target and therefore, suffer a penalty tax under the Ontario Act. See "Certain Canadian Federal Income Tax Considerations - Ontario Penalty Taxes Potentially Applicable to the Fund". In addition, if the Fund becomes liable to pay such an amount to the Minister of Finance (Ontario), the Fund may be liable to pay a tax equal to that amount under the Federal Act. See "Certain Canadian Federal Income Tax Considerations - Federal Taxation of the Fund - Federal Penalty Taxes Potentially Applicable to the Fund".

In addition to the investment restrictions contained in the Ontario Act and the Federal Act, the Fund is prohibited by its articles of incorporation dated January 11, 1993, as amended, (the "**Articles**") from lending money, guaranteeing a loan or providing other financial assistance to a Shareholder of the Fund, to a person related to a Shareholder of the Fund or to a trade union, an association or federation of trade unions, or an association or federation of worker co-operatives.

Penalty Taxes Potentially Applicable to the Fund

If the Fund does not meet the investment restrictions in the Ontario Act and in the Federal Act, the Fund could be subject to penalty taxes, other penalties and/or could lose its registration as a LSIF Corporation under the Ontario Act or as a LSVCC under the Federal Act. Any penalty taxes payable under the Federal Act or Ontario Act, as applicable, will reduce the net asset value of the Fund. See "Certain Canadian Federal Income Tax Considerations - Federal Penalty Taxes Potentially Applicable to the Fund" and "Certain Ontario Income Tax Considerations - Ontario Penalty Taxes Potentially Applicable to the Fund" herein. The investment performance of the Fund may be adversely affected if the Fund

becomes subject to such special taxes and penalties.

In 2011, the Ministry of Finance (Ontario) completed a compliance audit of the Fund challenging the eligibility of certain investments made by the Fund in accordance with section 17 of the *Community Small Business Investment Funds Act* (the “CSBIF Act”) for the years ended December 31, 2007 to 2010, and was provided information on how the investments satisfied the pacing requirements in accordance with the CSBIF Act. Since 2011, there have been no further inquiries by the Ministry of Finance (Ontario). It is the Manager’s view, based on the current information available, that if any action is brought against the Fund, it will not result in a material liability to the Fund.

Non-Cash Distributions

The Fund may from time to time capitalize sufficient amounts of its capital gains to minimize taxes payable by the Fund, and may otherwise capitalize income or other investment income. In such event, a Shareholder may be liable to pay tax in respect of deemed dividends or capital gains dividends notwithstanding the fact the Shareholder has not received a cash distribution from the Fund. Where the registered holder of the Share is a Registered Plan (as defined under “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment” below) no such taxes will be payable under current tax legislation provided such Share is a qualified investment for the Registered Plan.

Legislative Changes

Changes may be introduced to federal and provincial legislation providing for tax credits for investment in federally registered LSVCCs, LSIF Corporations and related matters. Changes to federal or provincial legislation, rules or practices, if unfavourable, could impair the Fund’s investment performance or otherwise adversely affect the Fund.

Tax Matters

Tax authorities may reassess the Fund with respect to its income tax and related filings or apply interpretations of applicable tax laws, or change such laws in a manner that adversely affects the Fund. In that case, the Fund may have to pay more taxes or be subject to interest and penalties, which may reduce the value of the Shares. Further, the tax consequences associated with an investment in the Shares may differ from those described or referred to in this prospectus as a result of such reassessments, interpretations, or changes or as a result of specific factual determinations made by tax authorities.

Exemptions and Approvals

The Fund is considered a dealer managed investment fund and follows the dealer manager provisions prescribed by NI 81-102. The Fund cannot knowingly make an investment during, or for 60 days after, the period (the “**Prohibition Period**”) in which an affiliate or associate of BEST acts as an underwriter or agent in an offering of equity securities, unless the offering is being made under a prospectus and such purchases are made in compliance with the approval requirements of National Instrument 81-107 - *Independent Review Committee for Investment Funds* (“**NI 81-107**”).

The Fund can rely on exemptive relief from the Canadian securities regulatory authorities to invest in private placement offerings of equity securities of an issuer during the Prohibition Period even if an affiliate of BEST acts as underwriter in offerings of securities of the same class, provided the issuer is at the time a reporting issuer in at least one province of Canada and the Independent Review Committee (“IRC”) of the Fund approves of the investment in accordance with the approval requirements of NI 81-107.

The Fund has obtained exemptive relief from the Canadian securities regulatory authorities that permits the Fund to invest in equity securities of an issuer that is not a reporting issuer in Canada during the Prohibition Period, whether relating to a private placement of the issuer in Canada or the United States or a prospectus offering of the issuer in the United States of securities of the same class even if an affiliate of the Manager acts as underwriter in the private placement or prospectus offering, provided the issuer is at the time a registrant in the United States and the IRC of the Fund approves of the investment in accordance with certain other conditions.

In addition to the above exemptive relief, the Fund may from time to time be granted exemptions from NI 81-102 to permit it to invest during the Prohibition Period in securities of an issuer, in which an affiliate or associate of BEST acts as an underwriter or agent in the issuer’s distribution of securities of the same class, where the Fund is not able to do so in accordance with NI 81-107 or the exemptive relief described above.

DESCRIPTION OF SECURITIES

The authorized capital of the Fund consists of an unlimited number of Class A Shares issuable in series, 1,000 Class B Shares, and an unlimited number of Class C Shares issuable in series. Class C Shares are not currently available for purchase, and no Class C Shares are currently issued or outstanding. The following is a summary of the material provisions attaching to each class of Shares of the Fund. **In addition to the provisions summarized below, a holder of any class of Shares of the Fund is subject to the requirements and limitations of the Federal Act and the Ontario Act. See “INCOME TAX CONSIDERATIONS”.**

Class A Shares

Issuable in Series

The Class A Shares may be issued in series. Currently two series of Class A Shares are authorized, namely: Class A shares, series I and Class A shares, series II.

Issue

The Class A Shares are no longer offered for sale.

Transfer

There are no restrictions under the Federal Act or the Ontario Act that prevent the Fund from registering a transfer of the Class A Shares.

Redemption Rights

The right of a Class A shareholder to redeem any or all of the Class A Shares held by such shareholder has been suspended until at least December 31, 2024, and thereafter, the Fund has the explicit authority to refuse to honour redemption requests if doing so is determined to be in the best interests of the Fund.

Beginning on January 1, 2025, a Class A Shareholder may request a redemption of any or all of the Class A Shares held by such Shareholder if the Class A Shareholder makes the request to the Fund in writing and delivers to the Fund the certificate or information return (if any) representing the Class A Shares to be redeemed.

Beginning on January 1, 2025, in any financial year, the Fund is not required to, but may at its option, redeem Class A Shares having an aggregate redemption price exceeding 20% of the net asset value of the Fund as at the last day of the preceding financial year.

Subject to the foregoing limitation, any such Class A Shares which the Fund has not redeemed in a particular financial year will be redeemed in the following financial year before the Fund redeems any other Class A Shares and, for such purposes, the requests to redeem such Class A Shares will be deemed to have been received by the Fund on the first day of the following financial year in the order that they were originally received by the Fund.

Redemptions of Class A Shares will be made at the net asset value per Class A Share next calculated following the time the Fund receives the request for redemption (the “**Redemption Amount**”).

Upon the redemption of Class A Shares, holders of Class A Shares so redeemed will be charged a redemption fee in an amount equal to the amount calculated in such a manner as may be determined from time to time by the board of directors of the Fund and described in the prospectus of the Fund at the time such Class A Shares were purchased. No change will be made to the redemption fee payable in respect of outstanding Class A Shares (other than a reduction) without Shareholder approval. The redemption fee will be deducted from the Redemption Amount otherwise payable. There is no redemption fee where the redemption occurs following the death of the holder (or the annuitant, in the case of an RRSP holder).

Dividends

Holders of Class A Shares are entitled to receive dividends at the discretion of the Board.

Voting Rights

Holders of Class A Shares are entitled to receive notice of and attend all meetings of Shareholders of the Fund and, except for meetings at which only holders of a different class or series of shares of the Fund are entitled to vote separately as a class or series, the holders of Class A Shares are entitled to vote at any such meeting. Each Class A Share entitles the holder thereof to one vote. See “SHAREHOLDER MATTERS - Matters Requiring Shareholder Approval” below for additional information.

Fractional Shares

A holder of a fractional Class A Share is entitled to exercise voting rights and to receive dividends in respect of such fractional Class A Share to the extent of such fraction.

Election of Directors

Holder of Class A Shares are entitled to elect the number of directors representing the total number of directors less the number of directors that the holders of the Class B Shares are entitled to elect.

Dissolution

On the liquidation, dissolution or winding-up of the Fund or other distribution of the assets of the Fund for the purpose of winding-up its affairs (“**dissolution**”), the holder of a Class A Share will be entitled to receive an amount equal to the net asset value per Class A Share (but only after holders of Class B Shares have received the purchase price paid for such Class B Shares).

Class B Shares

Issue

The Class B Shares may be issued only to one or more eligible labour bodies as defined by Section 204.8(1) of the Federal Act. The issue price of Class B Shares is \$1.00.

Dividends

The holders of the Class B Shares are not entitled to receive dividends.

Voting Shares

The holders of the Class B Shares are entitled to receive notice of and attend all meetings of Shareholders of the Fund and, except for meetings at which only holders of a different class or series are entitled to vote separately as a class or series, the holders of Class B Shares are entitled to vote at any such meeting. Each Class B Share entitles the holder thereof to one vote. See “SHAREHOLDER MATTERS - Matters Requiring Shareholder Approval” below for additional information.

Election of Directors

The holders of the Class B Shares are entitled to elect a majority of the Fund’s directors with the specific number of such majority to be determined from time to time by the board of directors of the Fund.

Redemption Rights

The Class B Shares are redeemable by the Fund at a redemption price equal to the purchase price paid for such Class B Shares.

Dissolution

On dissolution, the holders of the Class B Shares are entitled to receive the purchase price

paid for such Class B Shares before any assets are distributed to holders of Class A Shares, but after payment of all liabilities of the Fund.

SHAREHOLDER MATTERS

Meeting of Shareholders

The directors of the Fund must call a general meeting of Shareholders not more than 15 months after the previous general meeting. A special meeting of Shareholders may be called by the directors at any time and must be convened if requisitioned for a specifically stated purpose by holders of at least five percent of the issued shares of the Fund that carry the right to vote at the meeting sought to be held. Not less than 21 days' and not more than 50 days' notice will be given for any meeting of the Fund's Shareholders. The quorum for any Shareholder meeting is two persons present in person or by proxy. Voting at the meetings is generally conducted by a show of hands of Shareholders and proxyholders present at the meeting and entitled to vote thereat unless a ballot is demanded by a Shareholder present at the meeting or by a proxyholder entitled to vote at the meeting.

Matters Requiring Shareholder Approval

Certain changes affecting the Fund can only be implemented with the approval of its Shareholders. A meeting of the Shareholders or, where required by law, a meeting of each series or class of Shareholders of the Fund will be held to consider and approve any of the following matters:

- (i) changing the basis of the calculation of a fee or expense that is charged to the Fund or directly to its Shareholder by the Fund or the Manager in connection with the holding of shares of the Fund in a way that could result in an increase in charges to the Fund or to its Shareholders, or (ii) introducing a fee or expense to be charged to the Fund or directly to its Shareholders by the Fund or the Manager in connection with the holding of shares of the Fund that could result in an increase in charges to the Fund or to its Shareholders. No Shareholder approval will be required (a) if the Fund is at arm's length to the person or company charging the fee or expense to that Fund, and if written notice is sent to all Shareholders at least 60 days before the effective date of the change that could result in an increase in charges to the Fund, and (b) for shares purchased on a no load basis if written notice is sent to all Shareholders of such Shares at least 60 days before the effective date of the change that could result in an increase in charges to the Fund or its Shareholders;
- changing the manager of the Fund other than to an affiliate of the Manager;
- changing the fundamental investment objectives of the Fund;
- decreasing the frequency of the calculation of the Fund's net asset value per security (for a description of net asset value, please see "NET ASSET VALUE" in this document);
- where the Fund undertakes a reorganization with, or transfers its assets to another

issuer, and the Fund ceases to continue after the reorganization or transfer of assets and the transaction results in Shareholders of the Fund becoming Shareholders of the other issuer. Notwithstanding the foregoing, no Shareholder approval will be required for such a change if that change is approved by the IRC of the Fund, the assets of the Fund are being transferred to another mutual fund to which NI 81-102 and NI 81-107 both apply and that is managed by the Manager or an affiliate of the Manager, the reorganization or transfer of assets complies with other relevant securities legislation, and written notice of the reorganization or transfer is sent to the Fund's Shareholders at least 60 days prior to the effective date of the reorganization or transfer;

- where the Fund undertakes a reorganization with, or acquires assets from another issuer, continues after such reorganization or acquisition of assets, and the transaction results in the Shareholders of the other issuer becoming Shareholders of the Fund and the transaction would be a material change to the Fund; and
- where the Fund is restructured into a non-redeemable investment fund or into an issuer that is not an investment fund.

Unless a greater majority is required by applicable laws, such as amendments to the Fund's constating documents, resolutions must be approved by the majority of the votes cast at a Shareholder meeting.

The auditor of the Fund may not be changed unless the IRC of the Fund has approved the change of the auditor and, although Shareholder approval will not be obtained for such a change, a written notice will be sent to Shareholders at least 60 days before the effective date of such a change. On July 26, 2019, the board of directors of the Fund approved a change in the auditors of the Fund from PricewaterhouseCoopers LLP to BDO Canada LLP, effective as of such date as may be determined. On August 9, 2019, the IRC approved the proposed change of auditors. On August 29, 2019, written notice of the change of auditor was provided to investors of the Fund, and on October 31, 2019 the board of directors of Manager appointed BDO Canada LLP as auditors of the Fund, effective October 31, 2019.

PURCHASE OF SHARES

Shares of the Fund are no longer offered for sale. The Fund was closed to new purchases on January 1, 2017. As of November 25, 2022, the Class A Shares are listed and can be purchased on the secondary market on the CSE.

NET ASSET VALUE

Valuation

The board of directors of the Fund has primary responsibility to oversee the Fund's process with respect to the valuation of the Fund's investments. The board of directors reviews the Fund's investment holdings on an interim basis and annually in conjunction with the preparation of the year-end financial statements.

Calculation of Net Asset Value

The trading net asset value of the Fund is determined as at each date on which the Toronto Stock Exchange (the “**TSX**”) is open for business (the “**Valuation Date**”) by subtracting the aggregate amount of the Fund’s liabilities from the aggregate of: (a) the value of its assets for which a published market exists on the basis of the Published Valuation (as defined below) as of the relevant date; (b) the value of its assets for which no published market exists on the basis described below under “Valuation of Investments for which no Published Market Exists”; (c) any unamortized balance of sales commissions and expenses; and (d) the book value of any other assets of the Fund.

The net asset value per Share on a particular Valuation Date is determined by (i) subtracting the liabilities of the Fund (other than liabilities attributed to a particular series of Class A Shares) and the stated capital of the Class B Shares, from the assets of the Fund (other than assets attributed to a particular series of Class A Shares) on such Valuation Date, (ii) adding to that result the assets of the Fund attributed specifically to the Shares as at such Valuation Date, (iii) subtracting from that result the liabilities of the Fund attributed specifically to the Shares as at such Valuation Date, and (iv) dividing that result by the number of Shares outstanding on such Valuation Date. The net asset value per Share for a Class A, Series II Share is not expected to be materially different from the net asset value per share of a Class A, Series I Share.

Valuation of Portfolio Securities and Liabilities

- (a) *Marketable Securities and Short-Term Investments.* Short-term investments are valued at amortized cost, which approximates market value. Bonds are valued at the latest mid-price reported by a recognized investment dealer.
- (b) *Investments for which a Published Market Exists.* At the close of business of the TSX (generally 4 p.m. Toronto time) on each Valuation Date, the Manager determines the fair market value (“**Published Valuation**”) of the Fund’s investments having quoted market values and which are publicly traded on a stock exchange and not otherwise restricted. Such investments are valued at the last reported sale price on that day by the principal securities exchange on which the security is traded or, if no sale is reported, generally, the average of the closing bid and ask price on that day is used; provided that if such last reported sales price is not within the latest available bid and ask quotations on the Valuation Date, the Manager has the discretion to determine a value which it considers to be fair and reasonable (the “**fair value**”) for the security based on market quotations the Manager believes most closely reflect the fair value of the investment. The trading hours for foreign securities that trade in foreign markets may end prior to 4:00 p.m. (Toronto time), and therefore not take into account, among other things, events that occur after the close of the foreign market. In these circumstances, the Manager may determine what it considers to be a fair value for the foreign securities which may differ from such securities’ most recent closing market prices.
- (c) *Investments for which no Publish Market Exists.* The estimated fair value of investments for which no published market exists (“**Private Investments**”) is determined on the

basis of the expected realizable value of the investments if they were disposed of in an orderly manner over a reasonable period of time. The Manager determines the fair value of the Fund's Private Investments on the basis of policies and procedures established by the Manager for determining the fair value of such investments. In determining the value of such investments, the Manager is guided, where appropriate, but not bound by, the following criteria:

- venture investments in private companies are originally valued at cost and will be adjusted for fair value if (i) there is a substantial arm's length transaction which establishes a different value, or (ii) there has been a material change to the estimated fair value of the investment, in which case the valuation will be increased or decreased, as appropriate;
- if there is a significant arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such offer or transaction are used in the valuation of the investment;
- venture investments in preferred shares or debt instruments of private companies are valued at cost with accrued interest or dividends included in accounts receivable. A write-down or other provision is made when the likelihood of full realization on the investment is doubtful;
- convertible securities are valued at the greater of their principal amount and their estimated fair value if they were to be converted;
- contractual and specific security terms such as retraction rights and liquidity preferences attaching to private venture investments held by the Fund are taken into consideration in valuing such investments; and
- in the event that the valuation policies and procedures described above are not appropriate to a particular investment, the Manager may utilize other appropriate valuation techniques for that investment that the Manager will determine in its own discretion.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ significantly from values that would have been used had a ready market existed for the investments.

(d) *Liabilities*. The liabilities of the Fund include:

- (i) all bills, notes and accounts payable;
- (ii) all administrative expenses payable or accrued (including management and performance fees, administration fee and operating expenses);
- (iii) all contractual obligations for the payment of money or property, including unpaid distributions or dividends;

- (iv) all allowances authorized or approved by the directors of the Fund for taxes; and
- (v) all other liabilities of the Fund, except liabilities represented by outstanding series of shares of the Fund.

Differences from International Financial Reporting Standards

In accordance with National Instrument 81-106 - *Investment Fund Continuous Disclosure* (“**NI 81-106**”), the fair value of a portfolio security used to determine the daily price of the Fund’s securities for purchases and redemptions by investors will be based on the Fund’s valuation principles set out above under the heading “Valuation Policies of the Fund”, which comply with the requirements of NI 81-106 but differ in some respects from the requirements of IFRS, which are used for financial reporting purposes only.

The interim financial reports and annual financial statements of the Fund (the “**Financial Statements**”) are required to be prepared in compliance with IFRS. The Fund’s accounting policies for measuring the fair value of their investments are identical to those used in measuring their net asset value for transactions with Shareholders, except as disclosed below.

The fair value of the Fund’s investments is the price that would be received to sell an asset, or the price that would be paid to transfer a liability, in an orderly transaction between market participants as at the date of the Financial Statements (the “**Reporting Date**”). The fair value of the Fund’s financial assets and liabilities traded in active markets (such as marketable securities) are based on quoted market prices at the close of trading on the Reporting Date (the “**Close Price**”).

In contrast, for IFRS purposes, the Fund uses the Close Price for both financial assets and liabilities where that price falls within that day’s bid-ask spread. If a Close Price does not fall within the bid-ask spread, the price will then be adjusted by the Manager to a point within the bid-ask spread that, in the Manager’s view, is most representative of fair value based on specific facts and circumstances.

As a result of this potential adjustment, the fair value of the financial assets and liabilities of the Fund determined under IFRS may differ from the values used to calculate the net asset value of the Fund.

The Notes to the Financial Statements of the Fund will include a reconciliation of the differences between the net asset value calculated based on IFRS and NI 81-106.

Reporting of Net Asset Value

Shareholders will have access to the net asset value of the Fund on a daily basis at no cost to the Shareholder by calling 416-203-7331, via email at info@bestfunds.ca or via the designated website of the Fund at www.bestfunds.ca.

Independent Valuation

Pursuant to NI 81-106, there is a requirement for the Fund to provide fair value information regarding its investment portfolio in one of two ways: (i) to provide the individual fair value for each investment in the Statement of Investment Portfolio; or (ii) to provide an independent valuation report that will be filed with the Ontario Securities Commission. The Fund has satisfied this requirement by engaging BDO Canada LLP, the Fund's independent auditor, to perform certain procedures on the value of the Fund's venture investment portfolio as at August 31, 2022 as part of its audit and report thereon. The BDO Canada LLP personnel responsible for performing the procedures are members in good standing with the Canadian Institute of Chartered Business Valuators and have experience in valuing both private and public companies. They have no present or prospective financial interest in the securities of the Fund and the fees received by BDO Canada LLP are not contingent on the conclusions reached.

The procedures performed do not constitute an independent valuation (i.e., a comprehensive valuation, estimate of value or calculation of value in accordance with the standards of the Canadian Institute of Chartered Business Valuators) of the Fund, the net assets of the Fund or the individual investments of the Fund, nor do they constitute a "valuation service" as defined in the Chartered Professional Accountants of Ontario Independence Requirements. It is the responsibility of the board of directors to set appropriate valuation policies, to ensure compliance with applicable legislation and regulation, to determine the value of the Fund's assets, the net asset value of the Fund and the Shares of the Fund.

The process of valuing venture investments is inevitably based on inherent uncertainties and the resulting values will differ, perhaps materially, from the amounts ultimately realized. Also, because these venture investments have been valued on a going concern basis, the values may differ compared to those realized through a forced liquidation.

REDEMPTION OF CLASS A SHARES

The right of a Class A shareholder to redeem any or all of the Class A Shares held by such shareholder has been suspended until at least December 31, 2024, and thereafter, the Fund has the explicit authority to refuse to honour redemption requests if doing so is determined to be in the best interests of the Fund.

Beginning on January 1, 2025, and subject to the redemption restrictions in the terms of the Class A Shares and the withholding of any amount required to be withheld from the redemption proceeds, a holder of Class A Shares may request the Fund to redeem the Class A Shares at any time if such request is made in writing.

A holder of a Class A Share may request that the Fund redeem such Class A Share for an amount equal to its net asset value per Class A Share (the “**Redemption Amount**”) next determined after the redemption request is deemed effective. Requests for redemption of Class A Shares may be made by completing the appropriate request for redemption form and delivering it to the Fund or a dealer distributing the Class A Shares. No redemption will be processed until the written request for the same has been duly completed and delivered to the Fund or a dealer distributing the Class A Shares, together with a duly endorsed share certificate (if any). If a redemption request is accepted by the Fund, such redemption will be effective as of the Valuation Date following the date on which the redemption request, properly completed and in good order, is received by the Fund, and the redemption shall be paid on a T plus 2 basis.

If the Fund determines that it has not received all necessary documents from the redeeming Shareholder, the Fund will notify that Shareholder’s dealer within one business day of the receipt of the redemption request that such request was incomplete. If all necessary documentation is not received by BEST within ten business days of the receipt of a redemption request, under applicable securities regulations and policies, BEST will be deemed to have received and accepted, as at the tenth business day, an order for purchase of an equal number of the Class A Shares and the redemption amount will be applied to reduce the purchase price of the Class A Shares purchased. In these circumstances, the Fund will be entitled to retain any excess and the dealer placing the order will be required to pay to the Fund the amount of any deficiency. The redeeming Shareholder’s dealer may make provisions in its arrangements with the redeeming Shareholder that the Shareholder will be liable to reimburse the dealer for any losses suffered by the dealer in connection with the Shareholder’s failure to satisfy the requirements of the Fund or securities legislation for redemption of shares of the Fund.

Requests for redemption will be accepted in the order in which they are received by the Fund. Holders who submit redemption requests on the same day will be treated equally in the event the Fund does not or is not able to honour all redemption requests. Any unsatisfied redemption requests will be honoured prior to any redemption requests submitted on a subsequent day.

If in any one-year period redemption requests equal or exceed the value of the liquid assets of the Fund or equal or exceed 20% of the net asset value of the Fund as at the end of the previous fiscal year, the Fund may suspend any further redemptions until such time as it is able to generate sufficient liquid assets to finance its operating costs and to honour all outstanding redemption requests. The Fund may not dispose of an investment for the sole purpose of generating liquid assets if in the opinion of the board of directors of the Fund it is not justified by the realizable value of such investment at such time in light of the Fund’s fundamental investment objective of long-term capital appreciation.

FEES AND EXPENSES

The following sections list the fees and expenses that may be payable by a purchaser or a holder of Shares of the Fund. Some of the described fees and expenses are payable directly, such as any applicable redemption fee which may be payable by a purchaser or a holder to us on the redemption of Shares. The Fund may have to pay some of these fees and expenses,

which will therefore reduce the value of a Shareholder's investment in the Fund. Some of these fees and expenses are subject to HST. These fees include management fees payable to the Manager, performance fees payable to the Manager and operating expenses attributed to the Fund. Taxes, interest and sales charges are not currently subject to HST.

Fees and Expenses Payable Directly by Shareholders

<u>Type and Amount of Fee</u>	<u>Description</u>
<p>Sales Charge</p> <p>Nil</p>	N/A
<p>Transfer Fee</p> <p>Nil</p>	N/A
<p>RRSP Fee</p> <p>Nil</p>	The Fund pays the annual administration fee payable to a Canadian trust company for RRSPs established with that trust company.
<p>Redemption Fee</p> <p>Where the Manager paid a 10% commission to the registered dealers at the time the Shares were purchased, the redemption fee is 10% if the Shares are redeemed during the first year and declines by 1.25% every year thereafter. Where the Manager paid a 6% commission to the registered dealers at the time the Shares were purchased, the redemption fee is 6% if the Shares are redeemed during the first year and declines by 0.75% every year thereafter. After the eighth anniversary of purchase, there is no redemption fee.</p>	A holder of a Share who redeems such Share before the eighth anniversary of the date of issue generally will be charged a redemption fee.
<p>Trailing Commissions</p> <p>Nil</p>	<p>As of April 2022, the Class A Shares, Series I shareholders have ceased paying a trailing commission to registered dealers which was historically paid and was equal to 0.5% of the net asset value of the Class A Shares, Series I held by such dealers.</p> <p>No trailing commission was ever paid on the Class A Shares, Series II.</p> <p>The fees as between the two series of Class A</p>

	Shares are now aligned, however the NAV per share for the two series will continue to reflect historical cost differences.
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Fees and Expenses Payable by the Fund

<u>Type and Amount of Fee</u>	<u>Description</u>
<p>Management and Performance Fee (Annually)</p> <p>(a) 3% of the net asset value of the Fund; and</p> <p>(b) an annual performance fee equal to, in general terms, 20% of the amount by which the increase in value of the venture investment portfolio of the Fund (including revenues, net of expenses, from the venture investment portfolio) exceeds a benchmark equal to the average annual percentage rate of return for three to five year Government of Canada Bonds during such financial year of the Fund plus 3%.</p>	For managing the Fund, arranging for investment analysis, recommendations and investment decision making for the Fund, arranging for marketing and advertising of the Fund and providing of or arranging for other services.
Registrar and Transfer Agent Fee (Annually)	A fee is payable to TSX Trust Company for providing registrar and transfer agent services to the Fund.

<u>Type and Amount of Fee</u>	<u>Description</u>
<p>Administrative Services Fee (Annually)</p> <p>An aggregate of:</p> <p>(a) 0.3% of the first \$100 million of the net asset value of the Fund;</p> <p>(b) 0.25% of the next \$100 million of the net asset value of the Fund (the portion over \$100 million but below \$200 million);</p> <p>(c) 0.2% of the next \$100 million of the net asset value of the Fund (the portion over \$200 million but below \$300 million); and</p> <p>(d) 0.15% of the remaining net asset value of the Fund over \$300 million.</p> <p>The Fund is also responsible to pay approved out of pocket expenses, fees, and flow through charges. The minimum fee is \$60,000.</p>	<p>A fee is payable to Convexus Managed Services (the “Fund Administrator”) for providing fund accounting and related support services to the Fund.</p>
<p>Operating Expenses</p>	<p>In addition to the fees under the Management Agreement, the Services Agreement, Principal Distribution Agreement, and the Administrative Services Agreement (as defined below), the Fund is responsible for various other operating expenses, such as custodian, legal, audit, tax, and brokerage commissions, as such expenses apply to the Fund and provided that another party has not agreed to assume the expenses.</p>

RESPONSIBILITY FOR OPERATIONS OF THE FUND

The Manager’s Role

BEST is the manager, portfolio advisor and principal distributor of the Fund.

BEST is also responsible for valuation services, fund accounting in respect of the Fund and maintaining Shareholder records.

BEST’s registered office is located at 647 Robson Road, Waterdown, Ontario L0R 2H1. BEST may also be contacted at 416-203-7331 or via e-mail at info@bestfunds.ca. Information about

BEST or the Fund may be obtained on the Manager's website at www.bestfunds.ca or at www.sedar.com.

Duties and Services Provided by the Manager

The Manager provides services to the Fund in accordance with a management agreement dated as of November 13, 1996, as amended (the "**Management Agreement**") and in accordance with a separate services agreement dated August 1, 1996, as amended (the "**Services Agreement**") and a principal distribution agreement dated December 23, 2003 (the "**Principal Distribution Agreement**"), each described below.

Management Agreement

Under the Management Agreement, the Manager is responsible for providing the following services to the Fund:

- (a) managing the investment assets of the Fund which, without limiting the generality of the foregoing, include:
 - (i) making investment decisions in respect of the investment assets of the Fund and carrying out portfolio transactions in respect of the investment assets of the Fund;
 - (ii) administering and supervising closings in respect of investments by the Fund;
 - (iii) providing research, information and data with respect to investments by the Fund;
 - (iv) obtaining for the Fund such services as may be required in acquiring and disposing of investments, including the placing of orders for the purchase and/or sale of investments;
 - (v) serving as the investment advisor to the Fund, including assisting the Fund in formulating and modifying its investment policies, objectives and restrictions;
 - (vi) establishing and maintaining an IRC with a mandate that complies with all applicable securities legislation, including NI 81-107 and that includes reviewing matters referred to it by the Manager relating to conflicts of interest in connection with the management of the Fund. The Manager shall appoint the first members of the IRC and shall establish the terms of office for each first member. Subject to applicable securities legislation, the Manager shall set the reasonable compensation and expenses that will be paid to each member of the IRC and will determine how such costs will be allocated to the Fund. The Manager shall provide such reports and other information to the IRC as may be required by applicable securities legislation and as the

IRC may reasonably request to enable the IRC to satisfy its mandate and responsibilities. The Manager shall comply with all other obligations described in the mandate of the IRC and in applicable securities legislation relating to the IRC that apply to the Manager;

- (b) serving as the financial advisor to the Fund, including assisting the Fund in formulating and modifying its financial policies, objectives and restrictions;
- (c) negotiating and administering all borrowings of the Fund;
- (d) marketing and advertising the Fund;
- (e) negotiating with investment dealers and other persons, institutions or investors for public or private sales of securities of the Fund and arranging for distribution of securities of the Fund;
- (f) from time to time, or when otherwise requested by the Fund, making reports to the Fund of its performance of the foregoing services; and
- (g) all matters necessary, incidental or ancillary to the foregoing.

See “MATERIAL CONTRACTS – Management Agreement” for more information.

Services Agreement

Pursuant to the Services Agreement, the Manager also is providing the Fund with the following administration support services:

- (a) administering the day to day operations of the Fund and obtaining and supervising the performance of the accounting and other clerical and administrative functions in connection with the management and administration of the Fund;
- (b) obtaining for the Fund such services as may be required in owning investments including custodial, corporate fiduciary and banking services;
- (c) obtaining or providing registrar and transfer agency services;
- (d) supervising the maintenance of books and records for the Fund, communications with holders of Shares, the payment of interest and dividends and the issuance and registration of Shares;
- (e) conducting day to day relations on behalf of the Fund with other persons, including investigating, selecting and conducting relations with consultants, borrowers, lenders, finders, accountants, technical advisers, lawyers, underwriters, escrow agents, depositaries, banks, investors and other investment participants; and
- (f) calculating the net asset value of the Fund as at the close of trading on each

Valuation Date.

See “MATERIAL CONTRACTS – Services Agreement” for more information.

Principal Distribution Agreement

Pursuant to the Principal Distribution Agreement, the Manager acts as principal distributor of the Shares. See “MATERIAL CONTRACTS – Principal Distribution Agreement” for more information.

Directors and Executive Officers of the Manager

The names and municipalities of residence of each of the directors and executive officers of the Manager, their principal occupations over the past five years, and the positions and offices held with the Manager are as follows:

Name and Municipality of Residence	Positions Held with the Manager	Principal Occupation (1)
John M. A. Richardson ⁽²⁾ Waterdown, Ontario	President and Director	Chief Executive Officer of each of the Fund and T1 General Partner Corp. (the ultimate general partner of Tier One Capital Limited Partnership (CSE: TLP) (a listed specialty finance LP)) and President and a director of the Manager and President, sole director and corporate secretary of B.E.S.T. Capital Administration Inc. (a staffing and overhead services provider)
Thomas W. R. Lunan Toronto, Ontario	Vice-President and Chief Compliance Officer	Chief Financial Officer of each of the Fund and T1 General Partner Corp. and Vice-President and Chief Compliance Officer of the Manager
Mark D. Donatelli Mississauga, Ontario	Vice-President	Corporate Secretary of the Fund and Vice-President of the Manager
Richard A. Brown	Director	Consultant

Name and Municipality of Residence	Positions Held with the Manager	Principal Occupation (1)
Toronto, Ontario		
David R. K. Bernard Allen, Texas, U.S.A.	Director	<p>Head of Digital & Technology for North America Retail, Convenience & Foodservice at General Mills Inc. (NYSE:GIS) since 2021.</p> <p>Prior to 2021, VP, Digital, Data & Analytics at General Mills Inc. since September 2020.</p> <p>Prior to September 2020, Senior Vice President and Chief Information Officer of Dean Foods Inc. (a food and beverage company).</p>
Robert J. Roy Toronto, Ontario	Director	Consultant

- (1) Each of the directors and officers of the Manager has held the principal occupation listed above for the last five years, except as set out below.
- (2) The Manager is a wholly owned subsidiary of 1209762 Ontario Inc. Mr. Richardson controls 1209762 Ontario Inc. and is a director and officer of 1209762 Ontario Inc.

Mark Donatelli joined the Manager in May 2017. Prior to joining the Manager, Mr. Donatelli worked as a Manager, Finance at Wave HQ and as a Senior Analyst at Northbridge, a Fairfax Company.

Directors and Executive Officers of the Fund

The name, municipality, province and country of residence, office and principal occupation of each of the directors and executive officers of the Fund are set out below:

<u>Name and Residence</u>	<u>Positions Held</u>	<u>Principal Occupation(s) Within the Past Five Years</u>
John M. A. Richardson ⁽³⁾ Waterdown, Ontario	Chief Executive Officer	Chief Executive Officer of each of the Fund and T1 General Partner Corp. (the ultimate general partner of Tier One Capital Limited Partnership (CSE: TLP) (a listed specialty finance LP)) and President and a director of the Manager and President, sole director and corporate secretary of B.E.S.T. Capital Administration Inc. (a staffing and overhead services provider)
Thomas W. R. Lunan Toronto, Ontario	Chief Financial Officer	Chief Financial Officer of each of the Fund and T1 General Partner Corp. and Vice-President and Chief Compliance Officer of the Manager
Mark D. Donatelli Toronto, Ontario	Corporate Secretary	Corporate Secretary of the Fund and Vice-President of the Manager
Geoffrey Bedford	Director, Chairman	Corporate Director
Harold F. Jones ⁽¹⁾	Director	Corporate Director
Brent Bere ⁽¹⁾	Director	Chief Financial Officer and Secretary/Treasurer for the Budds' Group of Companies (a private company in the automotive sector and real estate holdings business)
John-David Alkema ⁽¹⁾	Director	Regional Director for the Mississauga office of the Christian Labour Association of Canada (a labour union), one of the Fund's Sponsors

(1) Current member of the Audit Committee

(2) Each director's term expires at the date of the next annual general meeting or upon the appointment or election of a successor director.

(3) The Manager is a wholly owned subsidiary of 1209762 Ontario Inc. Mr. Richardson controls 1209762 Ontario Inc. and is a director and officer of 1209762 Ontario Inc.

Portfolio Management

BEST provides investment advisor services to the Fund. Investment decisions are made based on research and analysis conducted by the BEST team. The BEST team focuses primarily on sectors such as emerging companies engaged in software, cloud computing, and SaaS business models, and also has a strong focus on cleantech, healthcare and financial services.

BEST may retain sub-advisors, as appropriate, to provide investment advice for the Fund. In retaining such advisors, BEST will look for investment management operations which it considers appropriate given the fundamental investment objectives of the Fund. Any agreements with such advisors will provide that BEST will be responsible for the advice given by such advisors and will pay the fees of such advisors.

The following table sets forth the names of senior members of the BEST team, their position and their principal occupation in the last five years and identifies the person or persons who are principally responsible for the day-to-day management of a material portion of the portfolio of the Fund, implementing a particular material strategy or managing a particular segment of the portfolio of the Fund, and the person or persons who assist them as analysts:

Name and Title	Fund	Length of Service with the Manager and Principal Occupation in the Last Five Years
John M. A. Richardson	President and Director	Mr. Richardson founded the Manager in 1996 and has served as the President of the Manager since it was founded.
Thomas W. R. Lunan	Vice-President and Chief Compliance Officer	Mr. Lunan joined the Manager in 2000 in the role of Vice-President and Chief Compliance Officer for the Manager.
Mark D. Donatelli	Vice-President	Mr. Donatelli joined the Manager in 2017 in the role of Vice- President of the Manager. Prior to joining the Manager, Mr. Donatelli worked as a Manager, Finance at Wave HQ and as a Senior Analyst at Northbridge, a Fairfax Company.

Custodian of Portfolio Securities

CIBC Mellon Trust Company (“**CIBC Mellon**” or, the “**Custodian**”) was appointed the custodian of the Fund, effective October 22, 2018. CIBC Mellon acts as the custodian of the portfolio securities of the Fund under an agreement with the Manager (the “**Custodian Agreement**”). Pursuant to the Custodian Agreement, CIBC Mellon, and its sub-custodians and agents, provide the Manager with custodial services regarding the securities and/or cash and any other portfolio assets of the Fund, including certain earnings, profits or accruals (minus payments and disbursements) which are lodged with CIBC Mellon.

CIBC Mellon, as custodian of the Fund, maintains its head office at 1 York Street, Toronto, Ontario M5J 0B6, and offers a variety of services to institutional investors including trustee and custodial services. CIBC Mellon is authorized to appoint sub-custodians, who may be affiliates, provided that arrangements under which a subcustodian is appointed are such that the Fund may either enforce rights directly or require the Custodian or any sub-custodian to enforce rights to the Property held by such sub-custodian. The Custodian may also direct a

sub-custodian to appoint a sub-sub-custodian. Any sub-custodian or sub-sub-custodian must be an entity permitted to act as a mutual fund custodian pursuant to NI 81-102.

Auditor

The auditor of the Fund is BDO Canada LLP, Chartered Professional Accountants, 222 Bay Street, Suite 2200, Toronto, Ontario, M5K 1J7.

Registrar and Transfer Agent

BEST has an agreement with TSX Trust Company whereby TSX Trust Company acts as the registrar and transfer agent for the Shares. The registers of transfer of the Shares are kept in the City of Toronto.

FUND GOVERNANCE

Independent Review Committee

The Manager has established the IRC in accordance with NI 81-107 with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of the Fund. The IRC is responsible for overseeing the Manager's decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between the Fund and other funds, and any change of the auditor of the Fund. Subject to any corporate and securities law requirements, no Shareholder approval will be obtained in such circumstances, but Shareholders will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, Shareholder approval may be required to approve certain mergers.

The IRC has three members: Alexandar Daskalovic, Paul Bernards and Roland Austrup each of whom is independent of the Manager.

The IRC prepares and files a report to Shareholders each fiscal year that describes the IRC and its activities for Shareholders as well as contains a complete list of the standing instructions. These standing instructions enable the Manager to act in a particular conflict of interest matter on a continuing basis provided the Manager complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter. This report to the Shareholders is available on the SEDAR website at www.sedar.com or, at no cost, by contacting the Manager at info@bestfunds.ca.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. The main components of compensation are an annual retainer and a fee for each committee meeting attended. The chair of the IRC is entitled to an additional fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses. Please see “Remuneration of the Members of the IRC” for additional information.

Code of Ethics and Standards of Professional Responsibility

The Manager has a Code of Ethics and Standards of Professional Conduct (the “Code”) which applies to all of its employees. The Code is in place to protect the interest of all of the Manager’s clients. The Code provides policies governing the conduct of business including conflicts of interest, privacy issues and confidentiality.

The Manager is under a statutory duty imposed by the *Securities Act* (Ontario) to act honestly and in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances.

Policies and Practices

The Manager has policies and practices in place in order to comply with applicable securities laws, regulations and rules, including rules on sales practices.

(1) *Policies and Proxy Voting*

(a) Policies and Procedures

Subject to compliance with the provisions of applicable securities legislation, the Manager, in its capacity as portfolio advisor, acting on the Fund’s behalf, receives proxies from the issuers held on behalf of the Fund. Proxies provide Shareholders voting rights on proposals brought forth by the issuer or other groups associated with the issuer. Proxies may include proposals such as the election of the board of directors, the approval of stock and compensation plans as well as special company events such as mergers and acquisitions.

In many cases, the issuer’s management provides a voting recommendation for each proxy proposal. The Manager has retained the services of an independent firm to provide further analysis and recommendation on the proxies it receives as portfolio advisor to the Fund. The Manager assesses each proxy including the recommendations of the independent proxy provider and votes such proxies in the best interests of the Fund.

On occasion, the Manager may abstain from voting a proxy or a specific proxy item when it is concluded that the potential benefit of voting the proxy of that issuer is outweighed by the cost of voting the proxy. In addition, the Manager will not vote proxies received for issuers of portfolio securities which are no longer held in the Fund’s account. Pursuant to the requirements of securities legislation, the Manager, on behalf of the Fund, will not vote any of the securities the Fund holds in underlying funds managed by the Manager or any of its

affiliates or associates (as such terms are defined in the *Securities Act (Ontario)*). However, the Manager, in its sole discretion, may arrange for Shareholders of the Fund to vote their share of those securities of the underlying fund. During 2018, the Manager did not exercise any of the voting rights attached to securities of underlying funds managed by the Manager and held by the Fund.

(b) Conflicts of Interest

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interest of the Fund in voting proxies with the desire to avoid the perception of a conflict of interest, the Manager has instituted procedures to help ensure that the Fund's proxy is voted in accordance with the business judgment of the person exercising the voting rights on behalf of the Fund, uninfluenced by considerations other than the best interests of the Fund.

The procedures for voting issuers' proxies where there may be a conflict of interest include escalation of the issue to members of the IRC, all of whom are independent of the Manager, for its consideration and advice, although the responsibility for deciding how to vote the Fund's proxies and for exercising the vote remains with the Manager.

The Manager has adopted conflict of interest procedures in the event it receives a voting proxy from a related party. The Manager has referred these procedures to the IRC of the Fund. All proxies voted with respect to related parties are reported to the IRC for further review and recommendation.

(c) Disclosure of Proxy Voting Guidelines and Record

A copy of the Manager's proxy voting guidelines will be available on the Manager's website at www.bestfunds.ca. The proxy voting record for the Fund for the most recent period ended August 31 of each year will be available on the Fund's website at www.bestfunds.ca, or will be sent, upon request, to Shareholders of the Fund, at any time after August 31st of that year.

(2) *Short Term Trading*

The Fund has no policies and procedures relating to the monitoring, detection and deterrence of short-term trades by Shareholders.

CONFLICTS OF INTEREST

Principal Holders of Securities

To the knowledge of the Fund, as at November 25, 2022, the persons who beneficially own, or control or direct, directly or indirectly, more than 10% of any class of voting shares of the Fund are as follows:

Name of Person or Company that Owns Shares	Designation of Class of Shares Owned	Type of Ownership	Number of Shares Owned	Percentage of Class Owned
Christian Labour Association of Canada	Class B Shares	Beneficial and of Record	2	50%
United Brotherhood of Carpenters and Joiners of America	Class B Shares	Beneficial and of Record	1	25%
UNITE HERE Canada	Class B Shares	Beneficial and of Record	1	25%

Pursuant to the Management Agreement, the Services Agreement and the Principal Distributor Agreement, the Fund has retained the Manager to provide various services to the Fund. See “RESPONSIBILITY FOR OPERATIONS OF THE FUND – The Manager’s Role” and

“RESPONSIBILITY FOR OPERATIONS OF THE FUND – Duties and Services Provided by the Manager”.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Federal Act, provided the Class A Shares are listed on a “designated stock exchange” for purposes of the Federal Act (which currently includes the CSE) or the Fund is otherwise a “public corporation” for purposes of the Federal Act, the Class A Shares, if issued on the date hereof, would be on such date qualified investments under the Federal Act for trusts governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a tax-free savings account (“TFSA”), a registered education savings plan (“RESP”), a registered disability savings plan (“RDSP”) or a deferred profit-sharing plan within the meaning of the Federal Act (each, a “Registered Plan”).

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Class A Shares held by such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such Class A Shares are a “prohibited investment” for such Registered Plan for the purposes of the Federal Act. The Class A Shares will not be a “prohibited investment” for trusts governed by a such a Registered Plan unless the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of an RESP, as applicable, does not deal at arm’s length with the Fund for purposes of the Federal Act, or has a “significant interest” as defined in the Federal Act in the Fund.

Notwithstanding the foregoing, the Class A Shares will not be a “prohibited investment” if the Class A Shares are “excluded property” as defined in the Federal Act for trusts governed by an RRSP, RRIF, TFSA, RDSP or RESP.

Federal Tax Proposals were released by the Department of Finance on November 4, 2022 to implement tax measures applicable to first home savings accounts, as defined therein (“**FHSAs**”) which were first proposed by the 2022 Federal Budget (Canada) (such amendments, the “**FHSA Amendments**”). Provided the FHSA Amendments are enacted in the form proposed, the Class A Shares will be a qualified investment for a trust governed by an FHSA provided they satisfy one of the requirements noted above in respect of Registered Plans. The rules in respect of prohibited investments for a TFSA, RDSP, RRSP, RRIF or RESP are expected to apply to FHSAs and the holders thereof. The FHSA Amendments are proposed to come into force on April 1, 2023.

Holders, annuitants and subscribers should consult their own tax advisors with respect to whether Class A Shares would be a prohibited investment in their particular circumstances, including with respect to whether Class A Shares would be excluded property.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Introduction

The following is a summary of the principal Canadian federal income tax considerations generally applicable to holders of Class A Shares who, for the purposes of the Federal Act are individuals (other than trusts) resident in Canada, hold their Shares as capital property, and deal at arm’s length and are not affiliated with the Fund. Generally, Class A Shares will be capital property to the holder thereof unless the holder is a trader or dealer in securities or has acquired the Class A Shares as part of an adventure or concern in the nature of trade. A holder to whom the Class A Shares might not constitute capital property may make, in certain circumstances, the irrevocable election permitted by subsection 39(4) of the Federal Act to have the Class A Shares, and all other “Canadian securities” held by such person, treated as capital property. Holders considering making such election should first consult their own tax advisors.

This summary does not apply to a holder of Class A Shares (i) that has entered or will enter into, with respect to the Class A Shares, a “derivative forward agreement” or “synthetic disposition arrangement”, each as defined in the Federal Act, or (ii) that receives dividends on its Class A Shares under or as part of a “dividend rental arrangement” as defined in the Federal Act. Such holders should consult their own tax advisors with respect to an investment in Class A Shares. In addition, this summary does not address the deductibility of interest by a holder of Class A Shares who has borrowed money or otherwise incurred debt in connection with the acquisition of the Class A Shares.

This summary is based on the current provisions of the Federal Act and the regulations thereunder (the “**Tax Regulations**”) and the current published administrative and assessing policies and practices of the CRA publicly available as of the date hereof. This summary also takes into account all specific proposals to amend the Federal Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Federal Tax Proposals**”). This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative action and does not, unless otherwise stated, take into account provincial, territorial or foreign income tax legislation or considerations. This summary assumes that the Federal Tax Proposals will be enacted as

proposed, however no assurances can be provided that the Federal Tax Proposals will be enacted in the form currently proposed or at all.

This summary is of a general nature only, is not exhaustive of all possible federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder. Therefore, holders should consult their own tax advisors with respect to their individual circumstances.

Status of the Fund

The Fund is registered as an LSIF Corporation under the Ontario Act and an LSVCC under the Federal Act. As an LSVCC, the Fund is a “mutual fund corporation” for the purposes of the Federal Act, provided the Fund cannot reasonably be considered to have been established or maintained primarily for the benefit of non-resident persons. This summary is based on the assumptions that the Fund is, and at all material times will be, a “mutual fund corporation” and both an LSIF Corporation and LSVCC and has not been established and will not be maintained primarily for the benefit of non-resident persons. This summary also assumes the Class A Shares are at all relevant times listed on a designated stock exchange (which includes the CSE) and that no new Class A Shares are issued on or after the date hereof. If the foregoing assumptions are not satisfied at all times, the income tax considerations described in this summary would, in some respects, be materially different.

Federal Taxation of the Fund

As a corporation resident in Canada, the Fund is required to calculate its income or loss for each taxation year, file income tax returns and is subject to income tax on its net income and no refund will be available in respect thereof. The Fund is also required to file a LSVCC return estimating any tax and penalties payable under the provisions of the Federal Act that apply to the Fund. The taxation year of the Fund ends on August 31 of each year.

Dividends

Taxable dividends received by the Fund from taxable Canadian corporations will generally not be subject to Part I tax and are not subject to Part IV tax.

Capital Gains and Losses

The Fund has elected, in accordance with the Federal Act, to have each of its “Canadian securities” (as defined in subsection 39(6) of the Federal Act) treated as capital property. Such an election is intended to ensure that gains or losses realized by the Fund on the disposition of Canadian securities are treated as capital gains or capital losses.

When the Fund sells, or otherwise disposes of a capital property, the Fund will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the Fund of the property and any reasonable costs of disposition. One-half of any capital gain or capital loss will be the Fund’s taxable capital gain or allowable capital loss, as the case may be. Taxable capital gains must be included in computing the Fund’s income. Allowable capital losses may normally be deducted against

taxable capital gains of the Fund for the year. Allowable capital losses in excess of taxable capital gains for the year may generally be carried back three years and carried forward indefinitely for deduction against taxable capital gains realized in those years.

As a mutual fund corporation, the Fund will be entitled to maintain a capital gains dividend account in respect of its net realized capital gains and from which it may elect to pay dividends (“**Capital Gains Dividends**”) which are treated as capital gains in the hands of holders of Class A Shares (see “Federal Taxation of Class A Shareholders” below). Also, as a mutual fund corporation, the Fund will be entitled, in certain circumstances, to a refund of tax paid by it in respect of its net realized capital gains determined on a formula basis that is based in part on the redemption of the Class A Shares and payment (including deemed payment) of Capital Gains Dividends.

Interest and Other Income

Interest and other income (other than taxable capital gains and dividends in respect of shares of taxable Canadian corporations) will be included, net of reasonable expenses, in calculating the Fund’s income subject to income tax and no refund will be available in respect thereof.

Capitalization of Capital Gains and Dividend Refunds

The Fund may elect under the Federal Act (as described below) to enable it to capitalize annually sufficient amounts of its capital gains to minimize taxes payable by the Fund. The capitalization will be effected, with the approval of the Shareholders of the Fund, by increasing the paid-up capital of the Class A Shares on a pro rata basis. To the extent that the Fund increases the paid-up capital of the Class A Shares, (a) the Fund will be deemed to have paid a dividend on the Class A Shares and a holder of Class A Shares will be deemed to have received a dividend equal to the amount of the paid-up capital increase in respect of his or her Class A Shares, and (b) the adjusted cost base of the holder’s Class A Shares will be increased by the amount of the deemed dividend.

The Fund may designate as a Capital Gains Dividend the amount (not exceeding the aggregate of its capital gains dividend account) of a dividend or a deemed dividend resulting from an increase in the paid-up capital of the Class A Shares. See “Certain Canadian Federal Income Tax Considerations – Federal Taxation of Class A Shareholders – Dividends” below.

The amount of any deemed dividend or deemed Capital Gains Dividend resulting from an increase in the paid-up capital of the Class A Shares will entitle the Fund to a refund of tax otherwise payable on its realized capital gains as discussed above.

Federal Taxation of Class A Shareholders

Dividends

Dividends (other than Capital Gains Dividends) paid on Class A Shares and received or deemed to be received by an individual will be included in computing the individual’s income subject to the gross-up and dividend tax credit rules in the Federal Act applicable to dividends

from taxable Canadian corporations. The Fund may designate dividends as “eligible dividends” which are subject to a reduced effective tax rate when received by individuals.

The amount of a Capital Gains Dividend received by an individual who holds Class A Shares will be deemed to be a capital gain of the holder from a disposition of capital property for the year in which the dividend is received, subject to the general rules relating to the taxation of capital gains described below. One-half of any capital gain will be included in the Class A Shareholder’s income for purposes of the Federal Act. To the extent any Capital Gains Dividend is paid in respect of capital gains of the Fund from dispositions of capital property, the Fund will disclose to the holder in prescribed form the amount of the dividend in respect of such capital gains.

If and to the extent that the Fund increases the paid-up capital of the Class A Shares as discussed above under the heading “Federal Taxation of the Fund - Capital Gains and Dividend Refunds and Capitalization of Income”, an individual who holds Class A Shares will be deemed to have received a dividend equal to the amount of the paid-up capital increase in respect of his or her Class A Shares. If the Fund does not designate the resulting deemed dividend as a Capital Gains Dividend, a holder’s share of the deemed dividend will be included in the holder’s income as a dividend subject to the usual gross-up and dividend tax credit rules contained in the Federal Act and discussed above. To the extent the deemed dividend is designated as a Capital Gains Dividend by the Fund, the dividend will be subject to the treatment applicable to Capital Gains Dividends discussed above.

A holder of a Class A Share will not receive any cash distribution in respect of a deemed dividend or a deemed Capital Gains Dividend. Accordingly, an individual holder may be liable to pay tax in respect of the deemed dividend or a deemed Capital Gains Dividend even though the holder will not have received a cash distribution from the Fund with which to pay the tax.

Disposition of Class A Shares

A Class A Shareholder will generally realize a capital gain (or capital loss) on the disposition of a Class A Share, including on a redemption of a Class A Share, or deemed disposition to the extent that the proceeds of disposition of the Class A Share exceed (or are less than) the adjusted cost base to the Class A Shareholder and any reasonable costs of disposition.

The adjusted cost base to the holder of a particular Class A Share will be determined by averaging the cost of that Class A Share with the adjusted cost base of all Class A Shares held as capital property at that time by the holder. The adjusted cost base of Class A Shares of the holder will be increased by the amount of any deemed dividend or deemed Capital Gains Dividend arising as a result of the increase in the paid-up capital of Class A Shares as described above under “Federal Taxation of the Fund - Capitalization of Capital Gains and Dividend Refunds”. The adjusted cost base of Class A Shares will not be reduced by the Federal Tax Credit or an Ontario Tax Credit received, if any, by the Class A Shareholder.

A capital loss that would otherwise arise on the disposition of a Class A Share will be reduced by the amount of the Federal Tax Credit and the Ontario Tax Credit, if any, received in respect of the Class A Share by the Class A Shareholder (or by a person with whom the holder does

not deal at arm's length) to the extent that the amount of any such tax credit has not previously reduced a capital loss in respect of the Class A Share.

One-half of any capital gain is included in computing the holder's taxable capital gain and one-half of any capital loss is an allowable capital loss which is deducted against taxable capital gains for the year. Generally, any excess of allowable capital losses over taxable capital gains for a particular year may be carried back three years and carried forward indefinitely for deduction against taxable capital gains realized in those other years.

Alternative Minimum Tax

Taxable dividends and Capital Gains Dividends received, or deemed to be received, from the Fund and capital gains realized on the disposition of Class A Shares may increase a Class A Shareholder's liability for alternative minimum tax. Holders should consult their own tax advisors in this regard.

Taxation of Registered Plans

A holder of a Class A Share which is a Registered Plan, will generally be exempt from tax on the amount of any dividends received from the Fund (including deemed dividends and Capital Gains Dividends) as well as tax on the amount of any gains arising on a disposition of the Class A Share, provided the Class A Share continues to be a qualified investment as discussed under "Eligibility for Investment". Moreover, the alternative minimum tax under the Federal Act does not apply to Registered Plans. Withdrawals from such plans (other than a TFSA and certain withdrawals from an RESP, RDSP and FHSA (assuming the FHSA Amendments are enacted as currently proposed)) are generally subject to tax under the Federal Act. Holders should consult their own advisers regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

If the FHSA Amendments are enacted in the form proposed, a trust governed by an FHSA will generally be subject to the rules in the Tax Act described above applicable to Registered Plans. The FHSA Amendments are proposed to come into force on April 1, 2023

Federal Penalty Taxes Potentially Applicable to the Fund

The Fund will be subject to certain penalty taxes if it fails to comply with the requirements of the Federal Act applicable to registered labour-sponsored venture capital corporations.

The Fund will be subject to taxes and penalties under the Federal Act if it fails to maintain a minimum level of its investments in eligible investments. The Fund may be entitled to a refund of certain of such taxes and penalties if it is able to demonstrate subsequent compliance with the investment requirements in the manner prescribed in the Federal Act.

The Fund must pay a penalty tax under the Federal Act equal to the amount of any provincial tax payable by the Fund prior to the discontinuance of its venture capital business as a consequence of a failure of the Fund to acquire sufficient properties of a character described in the applicable provincial statute.

Revocation of Registration under the Federal Act

The Minister of National Revenue may revoke the registration of the Fund as an LSVCC under the Federal Act if:

- its articles do not comply with certain provisions of the Federal Act;
- it does not comply with certain provisions in its articles;
- it does not file the proper forms or returns or does not pay any special taxes or penalties required of it under the Federal Act;
- it does not issue the proper Information Returns within the prescribed time to purchasers of Class A Shares;
- its financial statements are not prepared in accordance with generally accepted accounting principles;
- it does not obtain proper independent valuations of its Class A Shares within the time prescribed by the Federal Act;
- it has been liable for penalty taxes for failure to meet the investment requirements under the Federal Act for a prescribed period of time;
- it has provided a guarantee of a debt that is an eligible investment and has failed to maintain the reserve required under the Federal Act in respect of the guarantee;
- it has paid a fee or commission in excess of a reasonable amount in respect of the offering for sale or sale of its shares; or
- it has a monthly deficiency in 18 or more months in any 36-month period.

The Minister of National Revenue must give notice to the Fund of any proposal to revoke the Fund's registration. The Fund will have an opportunity to appeal any proposal to revoke its registration.

Revocation of the Fund's registration under the Federal Act could, in certain circumstances, result in the Fund being liable to pay a penalty tax based on the number of years, up to eight, that the Class A Shares were outstanding.

CERTAIN ONTARIO INCOME TAX CONSIDERATIONS

Introduction

The following is a summary of the principal Ontario income tax considerations generally applicable to holders of Class A Shares who, for the purposes of the relevant income tax legislation, are individuals (other than trusts) resident in Ontario at the end of a particular year, hold their Class A Shares as capital property, and deal at arm's length and are not affiliated with the Fund. Generally, Class A Shares will be capital property to the holder

thereof unless the holder is a trader or a dealer in securities or has acquired the Class A Shares as part of an adventure or concern in the nature of trade. The Fund is registered as an LSIF Corporation under the Ontario Act and an LSVCC under the Federal Act. This summary assumes that the Fund will continue to be so registered at all relevant times and the Fund and its officers, directors and shareholders conduct their business and affairs at all relevant times in a manner that is not contrary to the spirit and intent of the Ontario Act. In addition, this summary is subject to the same qualifications and assumptions as described under “Certain Canadian Federal Income Tax Considerations”.

This summary is based on the current provisions of the Ontario Act and the *Taxation Act, 2007* (Ontario), as amended (the “**Ontario Tax Act**”), the regulations under such statutes, and counsel’s understanding of the current published administrative and assessing policies and practices of the Ontario provincial taxation authorities publicly available as of the date hereof. This summary also takes into account all proposed amendments to the Ontario Act and the Ontario Tax Act announced prior to the date hereof (the “**Ontario Tax Proposals**”) but does not take into account or anticipate any other changes in law, whether by judicial, governmental or legislative act and has not taken into account foreign income tax legislation or considerations. This summary assumes that the Ontario Tax Proposals will be enacted as proposed, however no assurances can be provided that the Ontario Tax Proposals will be enacted in the form currently proposed or at all.

This summary is of a general nature only, is not exhaustive of all possible Ontario provincial income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder. Therefore, holders should consult their own tax advisors with respect to their individual circumstances.

Ontario Taxation of Class A Shareholders

Under the Ontario Tax Act, an individual who is resident in Ontario on the last day of a taxation year is generally liable for Ontario tax at rates that are a specified percentage of the individual’s taxable income as computed under the Ontario Tax Act. Taxable income of an individual for the purposes of the Ontario Tax Act is generally calculated based on the provisions of the Federal Act.

Ontario Taxation of the Fund

For the purposes of provincial corporate income tax, the Fund’s aggregate income will be attributed to, and taxable in, those provinces in which it is earned. Notwithstanding the foregoing, none of the income of the Fund will be subject to tax in a particular province unless the Fund carries on business in such province through a permanent establishment as defined in the provincial corporate tax statute applicable to the particular province. The Fund does not intend to carry on business through a permanent establishment in any province other than Ontario and accordingly, all of the taxable income of the Fund will be attributable to its permanent establishment in Ontario.

The taxation of the Fund under the Ontario Tax Act will generally parallel the taxation of the Fund under the Federal Act.

Ontario Penalty Taxes Potentially Applicable to the Fund

The Fund may be subject to a penalty tax under the Ontario Act in respect of any period during which it failed to meet or maintain minimum and maximum levels of venture investments as described under "Investment Restrictions".

Under the Ontario Act, the annual determination as to the compliance with the minimum and maximum required investment levels is to be calculated on a formula basis as at December 31 in each year. See "Investment Restrictions".

If at the end of a particular calendar year the Fund does not satisfy the minimum eligible investment requirements, the Fund is required to pay a penalty tax in respect of that particular calendar year. The tax payable is equal to the amount by which the greater of:

- i) 15% of the amount by which the Fund's equity capital received on the issue of its Class A Shares that is required to be maintained in venture investments as of the end of the calendar year exceeds the cost to the Fund of its venture investments at the end of such calendar year; and
- ii) the aggregate of, (i) 15% of the amount by which the cost of the investments by the Fund during the calendar year in eligible businesses that are listed companies exceeds the limit on investments in listed companies imposed by the Ontario Act, and (ii) 15% of the amount by which the equity capital received on the issue of Class A Shares after May 6, 1996 that is required to be invested at the end of the calendar year in eligible businesses that are small businesses exceeds the total of all amounts each of which is a cost to the Fund of its eligible investment in such eligible small business at the end of the calendar year,

exceeds the amount of any such tax, other than an amount described in paragraph (b)(i) above, paid by the Fund in any prior year that has not been rebated to the Fund.

The Fund may qualify for a rebate of this penalty tax (without interest) if an application is received by the Minister of Finance (Ontario) within 3 years after the end of the particular calendar year for which the penalty tax was imposed and the Minister of Finance (Ontario) is satisfied that the Fund is maintaining the required investment in venture investments.

Revocation of Registration Under the Ontario Act

The Minister of Finance (Ontario) may revoke the registration of the Fund under the Ontario Act for certain reasons, including if the Fund:

- does not comply with the restrictions in its articles of incorporation, including those relating to the redemption and transfer of Class A Shares;
- fails to maintain the minimum level of eligible investments;
- in the opinion of the Minister of Finance (Ontario), is conducting its affairs in a manner contrary to the spirit and intent of the Ontario Act; or

- does not comply with the requirements of the Ontario Act or the regulations thereunder, including filing the proper forms and returns and paying any special taxes or penalties, or preparing in a timely way proper valuations of its Class A Shares.

If the Ontario registration of the Fund is revoked, the Fund must pay to the Minister of Finance (Ontario) an amount generally equal to the total of all Ontario Tax Credits in respect of all outstanding Class A Shares that were issued (or deemed to be issued) in the eight years immediately preceding the date of revocation of the registration. If the fair market value of such shares on the date of revocation is less than the actual issue price of the shares, the amount to be paid by the Fund is reduced to the amount determined as though the tax credit were calculated based on such fair market value.

A similar amount must be paid to the Minister of Finance (Ontario) in the event that the Fund voluntarily surrenders its registration or proposes to wind-up or dissolve unless such actions are related to a business combination among LSIF Corporations.

The Minister of Finance (Ontario) must provide notice to the Fund of any proposal to revoke the Fund's registration. The Fund will then have an opportunity, within 60 days of the notice of the proposal, to file a notice of objection to the proposal.

INTERNATIONAL INFORMATION REPORTING REQUIREMENTS

The Federal Act includes provisions which implement the Organization for Economic Co-operation and Development Common Reporting Standard and the Canada-United States Enhanced Tax Information Exchange Agreement (the "**International Information Exchange Legislation**"). Pursuant to the International Information Exchange Legislation, certain "Canadian financial institutions" (as defined in the International Information Exchange Legislation) are required to have procedures in place to identify accounts held by tax residents of foreign countries or by certain entities the "controlling persons" of which are tax resident in a foreign country (or, in the case of the United States, of which the holder or any such controlling person is a citizen) and to report required information to the CRA. Such information is exchanged on a reciprocal, bilateral basis with the countries in which the account holder or any such controlling person is tax resident (or of which such holder or person is a citizen, where applicable), where such countries (including the United States) have agreed to a bilateral information exchange with Canada to which the International Information Exchange Legislation applies. Under the International Information Exchange Legislation, holders of Class A Shares may be required to provide certain information regarding their tax status for the purpose of such information exchange unless the investment is held within a Registered Plan. The FHSA Amendments do not address whether FHSAs would be treated in the same way as Registered Plans for these purposes.

REMUNERATION OF DIRECTORS, OFFICERS AND MEMBERS OF THE IRC

Remuneration of Directors and Officers

Directors of the Fund, other than directors who also are officers of the Fund or officers of BEST are entitled to receive \$2,500 per annum plus \$1,000 per meeting of the Board attended. The committee members of the Board receive an additional fee of \$500 per committee

meeting attended. The Chairman of each committee of the Board is entitled to receive \$750 per committee meeting. The Chairman of the Board also received an additional \$4,250 per annum. All directors are also entitled to be reimbursed for expenses incurred in attending Board and committee meetings. No other remuneration, including equity compensation, has been paid by the Fund to any of its directors and officers and no pension or retirement benefits have been paid to any such directors or officers. During the financial year ended August 31, 2022, the directors of the Fund earned compensation as follows: J.D. Alkema earned \$8,000, Geoffrey Bedford earned \$10,750, Harold Jones earned \$8,000 and Brent Bere earned \$8,750.

Other than as set forth above, no other remuneration, including equity compensation, has been paid by the Corporation to any of its directors and officers and no pension or retirement benefits have been paid to any such directors or officers.

Remuneration of the Members of the IRC

Each member of the IRC receives a fee for attending each meeting of the IRC and each meeting held for education or information purposes, as well as an annual retainer and is reimbursed for reasonable expenses incurred. For the financial year ending August 31, 2022, the aggregate compensation paid by the Fund to the IRC was \$20,812.

For a description of the role of the IRC see the “FUND GOVERNANCE - Independent Review Committee” section earlier in this document.

ADDITIONAL INFORMATION ABOUT THE FUND

The Sponsors

The initial sponsors of the Fund were the United Food and Commercial Workers International Union, Canadian Region (“UFCW”) and the Labourers International Union of North America (“LIUNA”). In October, 1994 the United Brotherhood of Carpenters and Joiners of America and the Union of Needletrades, Industrial and Textile Employees (now, “UNITE HERE Canada”) became joint sponsors of the Fund. UNITE HERE Canada was formed in 1995 through the merger of the Amalgamated Clothing and Textile Workers Union and the International Ladies Garment Workers Union. On February 28, 2019, the Christian Labour Association of Canada (“CLAC”) purchased the Class B shares owned by UFCW and LIUNA. Through its ownership of the Class B shares, CLAC became a sponsor of the Fund. LIUNA and UFCW cease to be sponsors on the effective date of the sale of the Class B shares. The United Brotherhood of Carpenters and Joiners of America and UNITE HERE Canada remain Class B Shareholders and sponsors of the Fund.

The Sponsors hold all of the issued and outstanding Class B Shares and are entitled to elect a majority of the directors of the Fund. The board of directors has the power to determine the number of directors of the Fund that constitutes a majority. The number of directors of the Fund is currently fixed at eight. The holders of the Class B Shares, as a class, are currently entitled to elect seven directors and the holders of the Class A Shares are entitled to elect one director. The Sponsors have agreed that they will elect as directors of the Fund five representatives of the Sponsors and two persons designated by management of the Fund.

MATERIAL CONTRACTS

The Fund has entered into the following contracts which are presently material to investors:

Articles of Incorporation

The Fund is a corporation incorporated dated January 11, 1993 under the laws of Canada by articles of incorporation dated January 11, 1993, as amended. The principal and registered office of the Fund is 56 The Esplanade, Suite 503, Toronto, Ontario, M5E 1A7.

The Fund is currently registered as a LSIF Corporation under the Ontario Act and is a registered LSVCC under the Federal Act.

Although the Fund is a “mutual fund” as defined in the securities legislation applicable in the Province of Ontario and is a “mutual fund corporation” as defined under the Federal Act, it is not subject to certain statutory requirements which otherwise govern mutual funds. In this respect, certain of the statutory requirements applicable to the incorporation and capitalization of mutual fund corporations, the frequency of determining net asset value and the suspension of redemptions do not apply to the Fund. In addition, the Fund is not subject to some of the investment restrictions applicable to mutual fund investments, including restrictions in respect of illiquid investments, the borrowing or lending of monies or the provision of guarantees for the debts or obligations of other persons or companies.

Under the *Canada Business Corporations Act*, the Fund may be dissolved by special resolution of the Shareholders. See “DESCRIPTION OF SECURITIES – Class A Shares - Dissolution” and “DESCRIPTION OF SECURITIES – Class B Shares - Dissolution” for more information.

Management Agreement

Under the terms of the Acquisition, BEST was appointed as manager of the Fund pursuant to the Management Agreement, dated November 13, 1996, as amended. The terms of the Management Agreement stipulate that BEST shall provide management, investment advisory and administrative services and facilities to the Fund (other than those services and facilities being provided to the Fund pursuant to the Services Agreement), which include: (i) making investment decisions in respect of the investment assets of the Fund and carrying out portfolio transactions in respect of the investment assets of the Fund; (ii) administering and supervising closings in respect of investments by the Fund; (iii) providing research, information and data with respect to investment by the Fund; (iv) serving as the investment and financial advisor to the Fund, including assisting the Fund in formulating and modifying its investment policies, objectives and restrictions; (v) negotiating and administering all borrowings of the Fund; (vi) marketing and advertising the Fund; and (vii) negotiating with investment dealers and other persons, institutions or investors for public or private sales of securities of the Fund and arranging for distribution of securities of the Fund.

The Management Agreement was renewed on October 31, 2017. The Management Agreement automatically renews for additional terms of five years each unless at least 60 days prior to any such automatic renewal the Fund has given written notice to the Manager of the Fund’s intention to not renew the Management Agreement. The Management

Agreement also may be terminated by the Fund, if approved by a resolution of the holders of the Class A Shares, upon not less than 90 days' written notice to the Manager in the event of the commission by the Manager of any material fraudulent act thereunder or any material deliberate misrepresentation thereunder, or the persistent failure of the Manager to perform its duties and discharge its obligations thereunder, or the continuing malfeasance or misfeasance of the Manager in the performance of its duties thereunder or if the Manager becomes bankrupt or insolvent, passes a resolution for its winding-up or dissolution or is ordered dissolved or makes a general assignment for the benefit of its creditors. The Manager is entitled to resign from its appointment under the Management Agreement on not less than 60 days' prior written notice to the Fund.

Services Agreement

Under the terms of the Acquisition, BEST was appointed as administrator of the Fund pursuant to the Services Agreement, dated August 1, 1996, as amended. The terms of the Services Agreement stipulate that BEST shall provide the Fund with certain administration services support under the Services Agreement, which include: (i) administering the day to day operations of the Fund and obtaining and supervising the performance of the accounting and other clerical and administrative functions in connection with the management and administration of the Fund; (ii) obtaining for the Fund such services as may be required in owning investments including custodial, corporate fiduciary and banking services; (iii) obtaining or providing registrar and transfer agency services; (iv) supervising the maintenance of books and records of the Fund; and (v) conducting day to day relations on behalf of the Fund with other persons, including Shareholders, consultants, borrowers, lenders, finders and other investment participants, accountants, technical advisers, lawyers, underwriters, escrow agents, depositories, banks, investors and other investment participants.

See "RESPONSIBILITY FOR OPERATIONS OF THE FUND - Duties and Services Provided by the Manager - Services Agreement" for a description of services provided under the Services Agreement earlier in this document.

The Services Agreement was renewed on October 31, 2017. The Services Agreement automatically renews for additional terms of five years each unless at least 60 days prior to any such automatic renewal the Fund has given written notice to the Manager of the Fund's intention to not renew the Services Agreement. The Services Agreement also may be terminated by the Fund, if approved by a resolution of the holders of the Class A Shares, upon not less than 90 days' written notice to the Manager in the event of the commission by the Manager of any material fraudulent act thereunder or any material deliberate misrepresentation thereunder, or the persistent failure of the Manager to perform its duties and discharge its obligations thereunder or the continuing malfeasance or misfeasance of the Manager in the performance of its duties thereunder or if the Manager becomes bankrupt or insolvent, passes a resolution for its winding-up or dissolution or is ordered dissolved or makes a general assignment for the benefit of its creditors. However, the Fund is not entitled to terminate or not renew the Services Agreement at any time that the Management Agreement continues to be in effect. The Manager is entitled to resign from its appointment under the Services Agreement on not less than 30 days' prior written notice to the Fund.

Transfer Agency Agreement

TSX Trust Company acts as the registrar and transfer agent for the Fund, from its principal offices in Toronto, Ontario, pursuant to a transfer agency agreement dated November 17, 2022 (the “**Transfer Agency Agreement**”). The terms of the Transfer Agency Agreement stipulate that TSX Trust Company shall provide services that include, but are not limited to: (i) Shareholder record-keeping; and (ii) financial transaction processing.

The Transfer Agency Agreement may be terminated by any of the parties on three months’ written notice or by TSX Trust Company for non-payment of fees on two months’ written notice.

Administrative Services Agreement

The Fund Administrator provides administrative services for the Fund, from its principal offices in Toronto, Ontario, pursuant to an administrative services agreement dated October 19, 2018 (the “**Administrative Services Agreement**”). The terms of the Administrative Services Agreement stipulate that the Fund Administrator shall provide services that include, but are not limited to: (i) trust accounting; (ii) fund valuation; (iii) fund reporting; (iv) investor and fund taxation; and (v) annual and monthly financial reporting.

The Administrative Services Agreement may be terminated by any of the parties in the event that any party: (i) becomes insolvent, files an assignment in bankruptcy, fails to have dismissed any petition seeking to have it declared bankrupt within 30 days after the filing thereof, or if a receiver is appointed for it and is not discharged within 30 days after his appointment; or (ii) commits or permits any material breach of any of the provisions of the administrative services agreement, which is not cured within 30 days of being notified of such breach by the other party.

Custodian Agreement

CIBC Mellon was appointed the custodian of the Fund, effective October 22, 2018. Pursuant to the Custodian Agreement, CIBC Mellon, and its sub-custodians and agents, provide the Manager with custodial services regarding the securities and/or cash and any other portfolio assets of the Fund, including certain earnings, profits or accruals (minus payments and disbursements) which are lodged with CIBC Mellon. The Custodian Agreement may be terminated with respect of the Fund by either the Custodian or the Manager, as applicable, by giving 90 days’ written notice to the other party. The Manager, as applicable, may terminate the Custodian Agreement immediately if the Custodian becomes insolvent, makes an assignment for the benefit of creditors or a petition in bankruptcy is filed by or against the Custodian and is not discharged within 90 days or proceedings for the appointment of a receiver for the Custodian are commenced and not discontinued within 90 days.

Principal Distribution Agreement

Pursuant to the Principal Distribution Agreement, the Manager acts as principal distributor of the Class A Shares. The Principal Distribution Agreement may only be terminated with the written consent of both parties. The Manager is entitled to resign from its appointment

under the Principal Distribution Agreement on not less than 60 days' prior written notice to the Fund.

Copies of the foregoing contracts may be inspected during regular business hours at the principal place of business of the Manager in Toronto.

DESIGNATED WEBSITE

The Fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Fund can be found at www.bestfunds.ca.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Manager is not aware of any material legal or administrative proceedings outstanding, threatened, pending or contemplated by or against the Fund, the Manager or the principal distributor.

OTHER MATERIAL INFORMATION

Additional financial information is provided in the Fund's financial statements for the year ended August 31, 2022 contained in the Fund's annual report. Reference is also made to the annual Management Report of Fund Performance of the Fund, for the year ended August 31, 2022.

You can get a copy of: (a) this annual information form; (b) the Fund's Annual Report for the period ended August 31, 2022 which contains the Fund's annual financial statements as at and for the year ended August 31, 2022 or (c) the Fund's interim financial reports subsequent to the annual financial statement for its most recently completed financial year, at no cost by calling 416-203-7331, by emailing BEST at info@bestfunds.ca, at www.sedar.com or by contacting your dealer.

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