



SEMI-ANNUAL REPORT



EXIT HIGHLIGHT
STORAGEVAULT CANADA INC.

SECTOR: CONSUMER DISCRETIONARY

Regina-founded StorageVault Canada Inc. owns and operates self-storage facilities that provide fixed-unit and portable storage solutions for residential or commercial use. SaskWorks fully exited its position in StorageVault through the public market in October 2020 after divesting a portion of its position in prior years. SaskWorks initially invested in StorageVault

in 2008 and made subsequent follow-on investments to fund growth initiatives. SaskWorks' investments helped StorageVault grow its business from a single self-storage facility in Saskatchewan to over 200 facilities across Canada. The investment produced a significant return for the Fund and prior to the exit was one of SaskWorks' largest holdings.

TO OUR VALUED SHAREHOLDERS,

Thank you for continuing to support SaskWorks Venture Fund, especially during what has been an exceptionally challenging year. The Fund became fully subscribed on January 11, 2021, breaking the record for the second consecutive year for the earliest Labour Sponsored Investment Fund sell out in Saskatchewan history! Your investment in SaskWorks supports local businesses and the Saskatchewan economy.

It has been just over one year since the World Health Organization officially declared the COVID-19 outbreak a pandemic. The past year has been one of learning, adjusting, and adapting. Although this crisis was not predicted, it is precisely for situations with extreme volatility and uncertainty, that we take a conservative approach to our investing and ensure strong management teams exist in our portfolio companies.

Despite the economic uncertainty that remains, we are seeing rebounds and growth in our portfolio companies and within specific industries. We have previous experience managing our portfolio in time of uncertainty and have been able to apply lessons learned to our management in 2020. Over the last half of 2020, we focused on follow-on investments with current portfolio companies. These companies are well known to the management of the Fund, have strong management teams, and generally are well positioned for success as we move toward economic recovery.

SaskWorks continues to invest in Saskatchewan companies and has refocused its subordinated debt program to allow for a greater range of Saskatchewan companies to access growth capital. The COVID-19 pandemic resulted in a variety of unique challenges for businesses in various sectors of the Saskatchewan economy and we hope that the program will provide Saskatchewan businesses with the capital needed to remain viable and grow. The Fund is well positioned to

support Saskatchewan's business community through its rebound and are excited to partner with new companies wherever possible. Refer to page 7 of this report for more information on the subordinated debt program.

On a final note, SaskWorks is celebrating its 20th anniversary! Thanks to your support, the Fund has been able to help grow Saskatchewan businesses for 20 years. SaskWorks has successfully provided a savings tool and positive returns to shareholders, withstanding economic downturns, and now a pandemic. We look forward to supporting Saskatchewan for many more years to come!

Sincerely,



Randy Beattie
President & CEO



Terry Schneider
Chair

The past year has been one of learning, adjusting, and adapting. Although this crisis was not predicted, it is precisely for situations with extreme volatility and uncertainty, that we take a conservative approach to our investing and ensure strong management teams exist in our portfolio companies.





the wireless age

INVESTEE HIGHLIGHT THE WIRELESS AGE

SECTOR: CONSUMER DISCRETIONARY

IM Wireless Communications Ltd., a SaskTel authorized dealer, is the parent company of The Wireless Age and The Wireless Source, providing cellular and telecommunications solutions, products and services across Saskatchewan with locations in Regina, Emerald Park, Saskatoon, Martensville, Humboldt, Yorkton, Esterhazy and Meadow Lake.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

(in thousands of dollars)

This interim management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of the Fund. The complete semi-annual financial statements of the Fund are included later in this semi-annual report or can be obtained, at no cost to you, by calling 1-306-791-4833, by writing to us at 1925 Victoria Avenue, 2nd Floor, Regina, Saskatchewan, S4P 0R3, or by visiting our website at www.saskworks.ca or SEDAR at www.sedar.com.

Shareholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or annual report.

The purpose of this section is to summarize the performance of SaskWorks Venture Fund Inc. ("SaskWorks" or "the Fund") for the six months ended February 28, 2021.

Unless otherwise indicated, references to amounts at February 28, 2021 or to the six-month period ended February 28, 2021 are specific to each of the Fund's Class A shares and Class R shares respectively.

SaskWorks is a publicly accountable enterprise and investment fund to which the Canadian Securities Administrators' National Instrument 81-106, "Investment Fund Continuous Disclosure" is applicable and International Financial Reporting Standards ("IFRS") apply.

Beginning January 1, 2016, the Fund offered its Class A and Class R shares in series. Class A Series A and Class R Series A shares have a sales and trailer commission associated with them while Class A Series F and Class R Series F do not.

Net assets attributable to holders of redeemable shares per share for each series is calculated at the end of each week by dividing the net assets attributable to holders of redeemable shares for each series by its outstanding shares. The net assets attributable to holders of redeemable shares of each series of a class is computed by calculating the value of the series-specific assets and series' proportionate share of the class' common assets less the series-specific liabilities and the series' proportionate share of the class' common liabilities. Income and expenses directly attributable to a series are charged to that series while common class income and expenses and realized and unrealized gains and losses are allocated to each series. A proportionate share of or allocation to each series of a class is based on that series' pro rata share of the total share capital of that class as at the latest weekly net asset valuation.

COVID-19

At February 28, 2021 the full economic impacts of the COVID-19 pandemic were not yet known. Venture investment valuations at period end reflect the effects of the pandemic to date which in most cases resulted in negative adjustments compared to 2020. However, additional adjustments after February 28, 2021 may be necessary as the full impact becomes known and is better understood. If additional adjustments are required, it is expected these will have a negative effect on the net assets of both Class A and Class R shares. Any negative adjustments because of the pandemic and any additional negative adjustments may be temporary and could reverse if the economy improves.

INVESTMENT OBJECTIVE AND STRATEGIES

The Fund invests in small and medium-sized Saskatchewan eligible businesses, with the objective of achieving long term capital appreciation. In addition, the Fund may participate in investment groups and consortia in situations where the investment opportunity involves a larger investment than the Fund is allowed or believes prudent to make by itself.

Under *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) ("the Saskatchewan Act"):

- eligible investments for the Fund ("eligible investments") are investments in eligible businesses, defined as taxable corporations or limited partnerships that carry on business in Saskatchewan, that together with related corporations or limited partnerships, do not have more than 500 employees, and that in the taxation year preceding the investment paid at least 25% of all their wages and salaries to employees of their permanent establishment in Saskatchewan.
- direct investments in public companies with a market capitalization of \$500,000 or more are prohibited. If an investment

is acquired through acquisitions or mergers and the resulting investment has over \$500,000 in capitalization, such investment must be disposed of within five years from the end of the fiscal year of the Fund of such acquisition or merger.

- new investment in agricultural land acquired primarily for rental or leasing purposes is prohibited; and
- the Fund is required to have innovation sector investment exposure of 25% of annual net capitalization defined as annual capital raised within the Fund less annual capital redeemed, multiplied by the Fund's 75% pacing requirement.

The Fund may not invest more than 10% of the net assets attributable to the holders of redeemable Class A and Class R shares of the Fund in any one eligible business and may not invest in an eligible business if the Fund and the eligible business are not at arm's length, within the meaning of the Saskatchewan Act. In respect of any investment, the Fund will take into consideration any anticipated follow-on or subsequent investment, either by way of debt or equity. Such a subsequent investment will typically be made only if the investee meets certain tests, such as timing and performance targets that were fixed at the date of the original investment in the eligible business.

The Fund will seek out eligible investments in both rural and urban centers throughout Saskatchewan.

Desirable investment opportunities for the Fund are businesses that provide an opportunity for a return on investment commensurate with the perceived risk. It is anticipated that investments will be in businesses which are at one of the following stages of development:

- **Expansion Financing.** Investments in businesses that require financing to expand sales, or to launch a new product or service.
- **Management/Employee Buyouts.** Investments where the proceeds of the

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

financing are used to acquire control of a business that has significant expansion potential that can be realized by adding new management and capital.

› **Restructurings or Turnarounds.**

Investment in businesses which have the potential to succeed if additional investment is received and/or changes in management, staffing, operations or marketing strategies are made.

- ### › **Early-Stage Investments.**
- Investments will be in businesses which have been in operation for a period but have not yet fully developed their product or service. Typically, funding will be required to address limitations or opportunities that have been identified after the initial business plan.

Prospective eligible investments will be expected to demonstrate some or all of the following characteristics:

- › a strong and experienced management team which is financially committed to and rewarded by the company's success.
- › a strong competitive position because of superior technology, innovative products, comparative cost advantage, established market position, significant barriers to entry and/or dominant distribution in its market.
- › with respect to expansion funding, a reasonable expectation of earnings growth based on past financial performance or a strong likelihood of new market success.
- › with respect to start up or early-stage funding, a sound business concept or plan which presents a convincing opportunity to establish a comparative business advantage in a growth market.
- › with respect to term debt, a reasonable level of unencumbered and disposable net asset security coverage and good interest/principal coverage being generated from current cash flows.
- › with respect to subordinated debt funding,

a satisfactory level of current cash flow interest coverage with the likelihood of near term coverage improvement; and

- › with respect to management buyout opportunities, a strong current cash flow position coupled with the opportunity for near term earnings improvement resulting from a competitively enhanced new business or operating environment.

The Fund's Class A shares will attempt to reduce overall risk by diversification of investments in various sectors within Saskatchewan as follows:

- › Value-added agricultural.
- › Manufacturing.
- › Oil and gas development and related services.
- › Industrial minerals.
- › Forestry.
- › Destination tourism; and,
- › Information technology.

The Fund's Class R shares focus on investments in the Province's resources sector - specifically oil and gas development, related services, and mining.

The form of the Fund's investments is selected and negotiated after considering the investment criteria and guidelines of the Fund, the long-term requirements of the investee business, the stage of development of the investee business, the investee business' requirements, the ability to negotiate down-side protection, and tax considerations. The Fund diversifies its investment portfolio using such instruments, among others, as common shares, convertible debentures, convertible preferred shares, debt with equity participation, secured debt, funded loan guarantees and bridge loans.

Where the Fund makes an investment by way of a loan, such investment is expected to be secured by a charge over the investee business' assets but may be subordinated to other lenders' security.

The Fund may guarantee loans of eligible businesses and in such circumstances the making of such loans would permit the growth and development of the business without the Fund being the primary investor. The aggregate of loan guarantees may not exceed 10% of the Fund's total assets at the time each loan guarantee is provided. The Fund intends to maintain a liquid reserve of 25% of the guaranteed amount on any loan guarantees. The Fund will maintain liquid reserves in high-quality government and corporate debt obligations and term deposits.

To the extent possible, investments are diversified by the expected holding period of the investment. Generally, the average holding period is expected to be five to eight years. The Fund may choose to refinance its investment through an arm's length third party where the expected return can be achieved in a shorter time frame. All investment recommendations will include an exit strategy for realization on investments made. Possible exit strategies include the following:

- › refinancing with conventional lenders or leasing companies.
- › sale of the business or investment to a third party.
- › a public offering; and,
- › sale of the investment back to the business or its principals through exercise of a put or call contractual provision included within the equity securities arrangement.

RISK (in thousands of dollars)

The primary risk related to an investment in the Fund's Class A or Class R shares is the fact that they must continually identify and evaluate investment opportunities that meet its eligibility criteria. A further risk is that many of these investments are made in small and medium sized private companies that are by their nature illiquid. In addition, the process of valuing private investments

is more complex and subjective than that of valuing publicly traded securities which are valued using available market prices.

During the six months ended February 28, 2021, the Class A shares purchased \$8,843 (2020 - \$6,852) and \$5,531 has been committed to approved, but not yet disbursed, transactions. In addition, Class A exited \$12,686 (2020 - \$1,669) at cost dispositions of venture investments over the six-month period ended February 28/29.

During the six months ended February 28, 2021, the Class R shares purchased \$1,273 (2020 - \$nil) of venture investments and \$410 has been committed to approved, but not yet disbursed, investments. Class R exited \$1,274 (2020 - \$16) at cost dispositions of venture investments over the six-month period ended February 28/29.

Regarding valuation risk, since inception, the Fund's Class A and R shares have not exited an investment, whether at a loss or for a gain, at an amount materially less than the carrying value of that investment.

RESULTS OF OPERATIONS

(in thousands of dollars)

The Class A shares venture investment

portfolio at fair value decreased by \$39,135 over the six months ended February 28, 2021.

Venture investments, at cost, made up 53.1% of Class A's net assets at February 28, 2021, as compared to 58.2% of net assets at August 31, 2020. Venture investments at fair value (cost plus/minus unrealized appreciation/depreciation) comprised 62.3% of net assets at February 28, 2021, as compared to 73.2% of net assets at August 31, 2020.

The Class A shares' cash, long-term, and short-term investments totaled \$165,215 (August 31, 2020 - \$123,904). When the objective of maintaining a proportion of share capital in investment grade securities and approved but undisbursed transactions are considered, \$114,353 of these cash, long-term, and short-term investment balances are available for investment in venture transactions. A relatively large cash balance must be maintained to support follow on investments within the portfolio of investee companies. In addition, the end of the reporting period coincides with Class A's primary fund-raising cycle. Lastly, a reserve is maintained to satisfy potential redemption requests related to shares that have matured, but which remain outstanding.

The loan receivable attributable to Class A shares decreased from \$9,625 at August 31, 2020 to \$8,582 at February 28, 2021. The loan receivable is due from Conexus which is the party responsible for administering and paying the base and additional commissions to the agent and subagents. The loan increases as commissions are paid on new share sales and decreases as Conexus makes annual repayments.

The accrued provision for incentive participation amount in Class A increased from \$35,046 at August 31, 2020 to \$36,573 in Class A at February 28, 2021. These changes are due to the performance of the portfolio over the six-month period ended February 28, 2021 and payment to the fund manager in September 2020 of a portion of the accrued bonus pertaining to realized gains that had occurred in the 2020 fiscal year. Of the total incentive participation amount as at February 28, 2021, \$13,545 relates to profitably exited investments which meet the incentive participation amount criteria, whereas the balance is an accrual amount which may change based on the future carrying values and performance of the venture investment portfolio.

Proceeds on the issue of Class A Series A

INVESTEE HIGHLIGHT PRAIRIE SOIL SERVICES INC.

SECTOR: VALUE-ADDED AGRICULTURE

Prairie Soil Services provides a variety of value-added services to farming operations in the Yorkton/Canora area, working alongside producers to streamline their input purchases and establish efficiencies in accounting and seeding processes.



INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

shares were \$25,541 during the six-month period ending February 28, 2021, a 3.7% increase over the same period in 2020. Proceeds on issue of Class A Series F shares were \$2,414 (2020 - \$1,885) for the same period.

Redemptions of Class A Series A shares were \$39,111 during the six-month period ending February 28, 2021 compared to \$34,587 during the same period in 2020. As in past years, a significant portion of the shareholders who redeemed shares during the period re-invested in the Fund.

The Class A shares revenue decreased from \$7,606 for the six months ended February 29, 2020 to \$5,536 for the same period in 2021. As a component of revenues, income from Class A's venture investments decreased from \$5,711 to \$4,127 over the reporting period. The increase/decrease in income from venture investments was a result of a change in the number of income-producing investments in the portfolio.

The expenses of the Class A shares, excluding provision for incentive participation amount, decreased from

\$8,969 for the six months ended February 29, 2020 to \$7,973 in 2021. Most of the recurring expenses are a function of net assets or share activity. As the net assets or share activity increase/decrease so do expenses increase/decrease.

The net investment loss of the Class A shares for the six-month period, before gains and losses on dispositions of venture investments, net changes in unrealized appreciation on venture investments and provision for incentive participation amount, was \$2,689 (2020 - \$1,881). Once gains and losses on dispositions of venture investments, the net change in unrealized appreciation on venture investments, and the provision for incentive participation amount are considered, the Class A shares had an increase in net assets from operations for the first six months of 2021 of \$12,547 (2020 - \$8,325). The comparative period in 2021 had significantly more realized gains, than the same period in 2020, primarily attributable to one investee.

The Class R shares increased its venture investment portfolio at fair value by \$7,814

over the six months ended February 28, 2021.

Venture investments, at cost, made up 96.8% of Class R's net assets at February 28, 2021, as compared to 103.0% of net assets at August 31, 2020. Venture investments at fair value (cost plus/minus unrealized appreciation/depreciation) comprised 98.2% of net assets at February 28, 2021, as compared to 78.7% of net assets at August 31, 2020.

The Class R shares' cash totaled \$4,826 (August 31, 2020 - \$10,736). A cash balance must be maintained to support follow on investments within the portfolio of investee companies and satisfy potential redemption requests related to shares that have matured, but which remain outstanding. Class R is assessing alternatives to generate any necessary liquidity.

The loan receivable attributable to Class R shares decreased from \$1,110 to \$784 over the six-month period ending February 28, 2021. The loan receivable is due from Conexus which is the party responsible for administering and paying the base

INVESTEE HIGHLIGHT THE ALL-FAB GROUP

SECTOR: INDUSTRIALS

All-Fab Group designs, manufacturers and distributes structural wood building components for residential, commercial and agricultural applications as well as ready-to-move homes and buildings in Canada and the United States. The Company operates under five brands: All-Fab, Olympic, Nu-Fab, Pacific, and Littfin with manufacturing facilities across Western Canada and in Minnesota.

and additional commissions to the agent and subagents. The loan increases as commissions are paid on new share sales and decreases as Conexus makes annual repayments.

The accrued provision for incentive participation amount in Class R increased from \$2,845 to \$4,714 at February 28, 2021. These changes are due to the performance of the portfolio over the six-month period ended February 28, 2021. Of the total incentive participation amount at February 28, 2021, none relates to profitably exited investments which meet the incentive participation amount criteria, whereas the balance is an accrual amount which may change based on the future carrying values and performance of the venture investment portfolio.

Proceeds on the issue of Class R Series A shares were \$599 during the six-month period ending February 28, 2021, a 31.1% decrease over 2020. Proceeds on issue of Class R Series F were \$16 (2020 - \$18) for the same period.

Redemptions of Class R Series A shares were \$5,846 during the six-month period ending February 28, 2021, as compared to \$9,354 for the same period in 2020. As

in past years, a significant portion of the shareholders who redeemed shares during the period re-invested in the Fund.

The Class R shares' revenues decreased from \$414 in 2020 to \$142 in 2021. As a component of revenues, income from venture investments decreased from \$181 to \$91 over the reporting period. The increase/decrease in income from venture investments was a result of a change in the number of income-producing investments in the portfolio.

Class R expenses, excluding provision for incentive participation amount, decreased from \$1,378 in 2020 to \$942 in 2021. Most of the recurring expenses are a function of net assets or share activity. As net assets or share activity increase/decrease so do expenses increase/decrease.

The net investment loss attributable to Class R shares for the six-month period, before gains and losses on dispositions of venture investments, net changes in unrealized appreciation on venture investments and provision for incentive participation amount, was \$819 (2020 - \$998). When gains and losses on dispositions of venture investments, the net change in unrealized appreciation on venture investments, and

the provision for incentive participation amount are factored in, the Class R shares had an increase in net assets attributable to operations for the first six months of 2021 of \$5,146 (2020 – decrease \$705). The comparative period in 2021 had significantly more unrealized gains compared to the same period in 2020.

RECENT DEVELOPMENTS

(in thousands of dollars)

At the Fund's Annual General Meeting of Shareholders held on December 18, 2020, the Fund's sponsor, as the holder of the Class B shares, resolved to re-elect Daryl Schwartz and Kathy Zwick as directors for a three-year term. The holders of Class A and R shares resolved to re-elect Brent Banda and elect Jan McLellan Folk as directors, each for a three-year term.

National Instrument 81-107 ("NI 81-107") requires an Independent Review Committee to be established which is mandated to review conflict of interest situations which may arise for a fund manager, particularly in cases where management involves different segments within a fund and/or management of related funds.

In accordance with NI 81-107, the initial

SASKWORKS INTRODUCES A SUBORDINATED DEBT PROGRAM



- ✓ Subordinated debt that works with the business's current capital providers
- ✓ For existing businesses that require financing of at least \$1 million
- ✓ Structured to meet the needs of the business
- ✓ Helps strengthen the balance sheet without giving up ownership
- ✓ Quicker turnaround to funding than equity
- ✓ Ability to support the business through follow-on investments

Contact SaskWorks Venture Fund Inc. for more information or to discuss your business' capital needs.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

members of the Independent Review Committee were appointed by SaskWorks by May 1, 2007 and full compliance with NI 81-107 was achieved by November 1, 2007. Effective May 1, 2007 the Manager established an Independent Review Committee comprised of three independent and unrelated persons, appointed on a rotating term basis. The three members of the Independent Review Committee are Berny Gross, of Regina, Saskatchewan, an entrepreneur, and owner of a mechanical contracting company, (term expires November 2022); William Johnson, Q.C., B.A., LL.B., B.C.L. (OXON), lawyer and partner of the law firm of Gerrard Rath Johnson of Regina, Saskatchewan (term expires November 2023); and Douglas Johnson, CPA, CA, of Regina, Saskatchewan (term expires November 2023).

The Independent Review Committee is responsible to report annually to shareholders and an annual committee report is required to be filed on SEDAR. This annual committee report was made available to shareholders following the August 31, 2020 fiscal year end.

The Provincial Government continues its support for the labour-sponsored program in Saskatchewan, with the provincial tax credit at 17.5% and a maximum annual sales cap of \$35,000. The federal tax credit remains at 15%.

RELATED PARTY TRANSACTIONS (in thousands of dollars)

The manager (PFM Venture Capital Operations Inc.), as compensation to manage and administer the business affairs of SaskWorks, including management of its venture investment portfolio, receives an annual management fee equal to 2.5% of the aggregate net asset value of the Class A Series A, Class A Series F, Class R Series A and Class R Series F shares, as at each weekly valuation date. The fee is calculated and payable monthly in arrears.

The manager is also entitled to an incentive participation amount, subject to satisfying certain conditions, equal to 20% of the return, before expenses, based on realized gains and cumulative

performance of individual venture investments. An incentive participation amount is due only upon realization of an individual venture investment and payable on an annual basis.

The manager was paid \$4,836 (2020 - \$5,291) in management fees related to Class A shares in the six months ended February 28, 2021. In addition, the provision for the incentive participation amounts payable to the manager, subject to the fulfillment of specific payment criteria, increased by \$4,211 for the first six months of the 2021 fiscal year, to a total provision of \$36,573.

With respect to Class R shares, the manager was paid \$520 (2020 - \$757) in management fees in the six months ended February 28, 2021. In addition, the provision for the incentive participation amounts payable to the manager, subject to the fulfillment of specific payment criteria, increased \$1,869 for the first six months of the 2021 fiscal year, to a total provision of \$4,714.

WE'RE GOING GREEN. SIGN UP NOW TO WIN!

SaskWorks continues to offer paperless delivery of fund documents. Sign up for electronic delivery of materials and access all of your SaskWorks information using your Shareholder Portal at saskworks.ca.

Sign up for electronic delivery and be entered for a chance to win a SaskWorks prize package! A draw will be made for every 100 shareholders who sign up.



FINANCIAL HIGHLIGHTS

(in thousands of dollars except number of shares/per share amounts)

The following tables show selected key financial information about the Fund's share class series and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's unaudited semi-annual and audited annual financial statements.

The Fund's Net Assets per Class A Shares

Series A	2021 Interim	2020	2019	2018	2017
Net Assets, beginning of period ⁽¹⁾	\$ 19.99	\$ 21.07	\$ 20.79	\$ 18.24	\$ 15.82
Increase (decrease) from operations: ⁽²⁾					
Total revenue	\$ 0.30	\$ 0.67	\$ 0.60	\$ 0.65	\$ 0.57
Total expenses	\$ (0.65)	\$ (0.88)	\$ (1.19)	\$ (1.84)	\$ (1.61)
Realized gains (losses) for the period	\$ 1.99	\$ 0.64	\$ 0.61	\$ 3.97	\$ 1.45
Unrealized (losses) gains for the period	\$ (0.96)	\$ (1.48)	\$ 0.26	\$ (0.24)	\$ 2.02
Total increase (decrease) from operations	\$ 0.68	\$ (1.05)	\$ 0.28	\$ 2.54	\$ 2.43
Net Assets, end of period ⁽¹⁾	\$ 20.67	\$ 19.99	\$ 21.07	\$ 20.79	\$ 18.24

Series F	2021 Interim	2020	2019	2018	2017
Net Assets, beginning of period ⁽¹⁾	\$ 22.23	\$ 23.04	\$ 22.20	\$ 18.96	\$ 16.01
Increase (decrease) from operations: ⁽²⁾					
Total revenue	\$ 0.51	\$ 0.63	\$ 2.21	\$ 0.80	\$ 1.02
Total expenses	\$ (1.12)	\$ (0.83)	\$ (4.43)	\$ (2.26)	\$ (2.84)
Realized gains (losses) for the period	\$ 3.41	\$ 0.61	\$ 2.28	\$ 4.88	\$ 2.56
Unrealized (losses) gains for the period	\$ (1.65)	\$ (1.40)	\$ 0.96	\$ (0.29)	\$ 3.57
Total increase (decrease) from operations	\$ 1.15	\$ (0.99)	\$ 1.02	\$ 3.13	\$ 4.31
Net Assets, end of period ⁽¹⁾	\$ 23.24	\$ 22.23	\$ 23.04	\$ 22.20	\$ 18.96

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim (if applicable) financial statements.

⁽²⁾ Net assets is based on the actual number of shares outstanding at the relevant time. The increase from operations is based on the weighted average number of shares outstanding over the financial period.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

Ratios and Supplemental Data - Class A Shares

Series A	2021 Interim	2020	2019	2018	2017
Total net asset value (000's) ⁽¹⁾	\$ 355,673	\$ 357,227	\$ 391,481	\$ 395,181	\$ 348,978
Number of shares outstanding ⁽¹⁾	17,203,295	17,869,854	18,576,382	19,006,174	19,128,069
Management expense ratio ⁽²⁾	6.70%	4.29%	6.06%	9.29%	9.64%
Management expense ratio excluding IPA ⁽³⁾	4.39%	4.29%	4.22%	4.25%	4.32%
Trading expense ratio ⁽⁴⁾	0.00%	0.00%	0.01%	0.07%	0.40%
Net asset value per share	\$ 20.67	\$ 19.99	\$ 21.07	\$ 20.79	\$ 18.24

Series F	2021 Interim	2020	2019	2018	2017
Total net asset value (000's) ⁽¹⁾	\$ 12,744	\$ 9,811	\$ 8,131	\$ 5,756	\$ 2,966
Number of shares outstanding ⁽¹⁾	548,454	441,402	352,955	259,165	156,362
Management expense ratio ⁽²⁾	4.94%	3.10%	5.26%	7.82%	7.81%
Management expense ratio excluding IPA ⁽³⁾	3.18%	3.10%	3.64%	3.53%	3.43%
Trading expense ratio ⁽⁴⁾	0.00%	0.00%	0.01%	0.07%	0.40%
Net asset value per share	\$ 23.24	\$ 22.23	\$ 23.04	\$ 22.20	\$ 18.96

⁽¹⁾ This information is provided as at end of fiscal period shown.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

⁽³⁾ Management expense ratio excluding Incentive Participation Amount (IPA) is based on total expenses, less incentive participation amount, for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the period.

The Fund's Net Assets per Class R Shares

Series A	2021 Interim	2020	2019	2018	2017
Net Assets, beginning of period ⁽¹⁾	\$ 9.46	\$ 11.65	\$ 11.57	\$ 11.43	\$ 11.85
Increase (decrease) from operations: ⁽²⁾					
Total revenue	\$ 0.03	\$ 0.14	\$ 0.18	\$ 0.16	\$ 0.17
Total expenses	\$ (0.67)	\$ (0.14)	\$ (0.76)	\$ (0.85)	\$ (0.70)
Realized gains (losses) for the period	\$ (0.40)	\$ -	\$ 1.45	\$ (0.32)	\$ 0.48
Unrealized (losses) gains for the period	\$ 2.26	\$ (2.02)	\$ (0.79)	\$ 1.15	\$ (0.37)
Total increase (decrease) from operations	\$ 1.22	\$ (2.02)	\$ 0.08	\$ 0.14	\$ (0.42)
Net Assets, end of period ⁽¹⁾	\$ 10.78	\$ 9.46	\$ 11.65	\$ 11.57	\$ 11.43

Series F	2021 Interim	2020	2019	2018	2017
Net Assets, beginning of period ⁽¹⁾	\$ 10.45	\$ 12.16	\$ 11.96	\$ 11.73	\$ 12.03
Increase (decrease) from operations: ⁽²⁾					
Total revenue	\$ 0.04	\$ 0.13	\$ 0.54	\$ 0.26	\$ 0.23
Total expenses	\$ (0.72)	\$ (0.13)	\$ (2.29)	\$ (1.40)	\$ (0.94)
Realized gains (losses) for the period	\$ (0.43)	\$ -	\$ 4.34	\$ (0.53)	\$ 0.65
Unrealized (losses) gains for the period	\$ 2.44	\$ (1.82)	\$ (2.35)	\$ 1.89	\$ (0.49)
Total increase (decrease) from operations	\$ 1.33	\$ (1.82)	\$ 0.24	\$ 0.22	\$ (0.55)
Net Assets, end of period ⁽¹⁾	\$ 11.69	\$ 10.45	\$ 12.16	\$ 11.96	\$ 11.73

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim (if applicable) financial statements.

⁽²⁾ Net assets is based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

Ratios and Supplemental Data - Class R Shares

Series A	2021 Interim	2020	2019	2018	2017
Total net asset value (000's) ⁽¹⁾	\$ 40,237	\$ 40,352	\$ 61,118	\$ 70,004	\$ 73,411
Number of shares outstanding ⁽¹⁾	3,732,894	4,266,594	5,245,264	6,052,222	6,425,411
Management expense ratio ⁽²⁾	14.28%	1.40%	6.82%	7.50%	6.07%
Management expense ratio excluding IPA ⁽³⁾	4.78%	4.71%	4.69%	4.85%	4.79%
Trading expense ratio ⁽⁴⁾	0.00%	0.00%	0.03%	0.08%	0.00%
Net asset value per share	\$ 10.78	\$ 9.46	\$ 11.65	\$ 11.57	\$ 11.43

Series F	2021 Interim	2020	2019	2018	2017
Total net asset value (000's) ⁽¹⁾	\$ 167	\$ 135	\$ 135	\$ 78	\$ 50
Number of shares outstanding ⁽¹⁾	14,400	12,912	11,072	6,582	4,321
Management expense ratio ⁽²⁾	10.14%	1.00%	5.51%	5.89%	4.49%
Management expense ratio excluding IPA ⁽³⁾	3.36%	3.27%	3.80%	3.81%	3.53%
Trading expense ratio ⁽⁴⁾	0.00%	0.00%	0.03%	0.08%	0.00%
Net asset value per share	\$ 11.69	\$ 10.45	\$ 12.16	\$ 11.96	\$ 11.73

⁽¹⁾ This information is provided as at end of fiscal period shown.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

⁽³⁾ Management expense ratio excluding Incentive Participation Amount (IPA) is based on total expenses, less incentive participation amount, for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the period.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

PAST PERFORMANCE

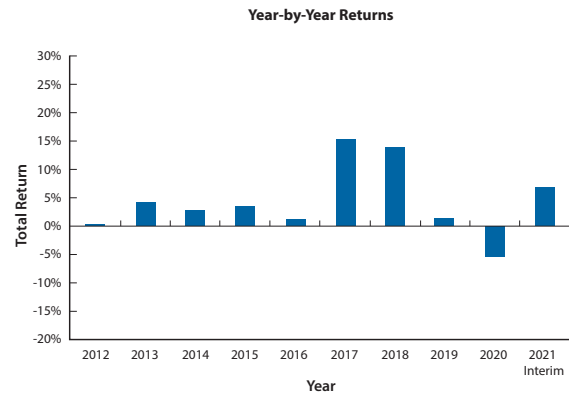
General

The past performance of the Fund does not necessarily indicate how the Fund will perform in the future.

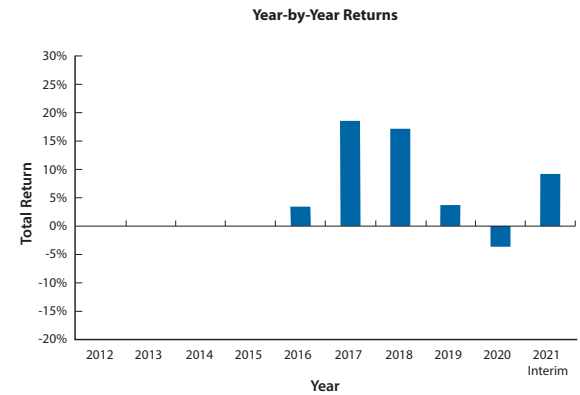
The charts below illustrate:

- › the annualized performance of each series of shares for the periods shown, and how the series' performance has changed from period to period (September 1 to August 31 or September 1 to February 28/29 for interim); and
- › in percentage terms, how much an investment made in each series of shares on the first day of each fiscal period (September 1) would have increased or decreased by the last day of the fiscal period (August 31 or February 28/29 for interim).

Class A Series A Shares

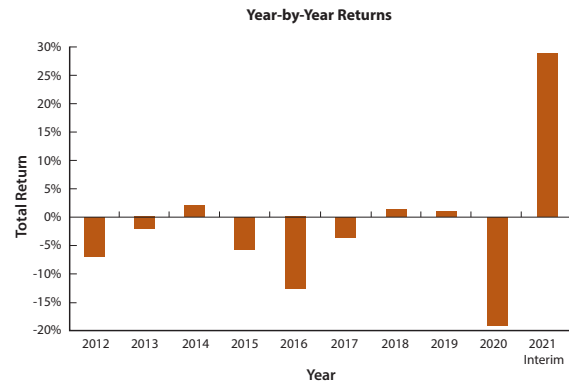


Class A Series F Shares



Class A Series F shares were first available for sale beginning January 1, 2016.

Class R Series A Shares



Class R Series F Shares



Class R Series F shares were first available for sale beginning January 1, 2016.

SUMMARY OF INVESTMENT PORTFOLIO

(in thousands of dollars)

The table below summarizes the 25 largest investment holdings of the Fund's Class A Shares.

Investee	Coupon	Description of Security/Maturity	Investment at cost	% of net asset value
1 Steel Reef Infrastructure Fund		Class A common, voting shares	\$ 39,690	10.77%
2 Auctus Property Fund LP		Partnership units	14,845	4.03%
3 Agco Ag Ventures LP		Partnership units	12,605	3.42%
4 All-Fab Building Components Inc.		Class A common, voting shares	11,685	3.17%
5 Caltex Resources Ltd.		Class A common, voting shares	8,836	2.40%
6 TAM International Inc.		Class A common, voting shares	8,770	2.38%
7 Hi-Tec Profiles Inc.		Class A common, voting shares	8,126	2.21%
8 Firesky Energy Inc.		Class A common, voting shares	7,480	2.03%
9 James Hill Road Villa LP		Partnership units	7,208	1.96%
10 Vendasta Technologies Inc.		Preferred shares	6,664	1.81%
11 James Hill Road Villa LP	4.05%	Term loan	5,429	1.47%
12 Concentra Bank Term Deposit	1.26%	26-Apr-22	5,000	1.36%
13 Conexus Credit Union Term Deposit	2.00%	13-Jun-22	5,000	1.36%
14 Affinity Credit Union Term Deposit	1.25%	14-Sep-22	5,000	1.36%
15 Concentra Bank Term Deposit	1.35%	26-Oct-22	5,000	1.36%
16 Conexus Credit Union Term Deposit	1.70%	13-Mar-21	5,000	1.36%
17 Concentra Bank Term Deposit	2.92%	23-Apr-21	5,000	1.36%
18 Cornerstone Credit Union Term Deposit	1.87%	17-Jun-21	5,000	1.36%
19 New Community Credit Union Term Deposit	3.15%	9-Jul-21	5,000	1.36%
20 Conexus Credit Union Term Deposit	2.83%	29-Aug-21	5,000	1.36%
21 Conexus Credit Union Term Deposit	1.85%	13-Sep-21	5,000	1.36%
22 Concentra Bank Term Deposit	2.99%	25-Oct-21	5,000	1.36%
23 Concentra Bank Term Deposit	1.20%	26-Nov-21	5,000	1.36%
24 Weyburn Credit Union Term Deposit	2.75%	18-Dec-21	5,000	1.36%
25 New Community Credit Union Term Deposit	3.25%	9-Jan-22	5,000	1.36%
			\$ 201,338	54.69%

The following table provides a breakdown of the Fund's Class A Shares venture investment portfolio by industry sector.

Sector	Cost	% of Venture Portfolio
Energy	\$ 83,662	42.78%
Industrials, Information Technology, Telecommunications and Consumer Staples	45,963	23.50%
Financials	45,091	23.06%
Consumer Discretionary	20,839	10.66%
	\$ 195,555	100.00%

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

The table below summarizes the investment holdings of the Fund's Class R Shares.

Investee	Coupon	Description of Security/Maturity	Investment at cost	% of net asset value
1 Firesky Energy Inc.		Class A common, voting shares	\$ 9,166	22.69%
2 Avalon Oil & Gas Ltd.		Class A common, voting shares	5,670	14.03%
3 Caltex Resources Ltd.		Class A common, voting shares	5,378	13.31%
4 Stampede Drilling Inc.		Class A common, voting shares	4,735	11.72%
5 Steel Reef Infrastructure Fund		Class A common, voting shares	3,735	9.24%
6 Karve Energy Inc.		Class A common, voting shares	3,000	7.42%
7 Spur Petroleum Ltd.		Class A common, voting shares	2,999	7.42%
8 Chronos Resources Ltd.		Class A common, voting shares	1,474	3.65%
9 Burgess Creek Exploration Inc.		Class A common, voting shares	1,430	3.54%
10 Sun Country Well Servicing Inc.		Class A common, voting shares	1,000	2.47%
11 Terra Grain Fuels Inc.	12.00%	Subordinated loan	250	0.62%
12 TAM International Inc.		Class A common, voting shares	186	0.46%
13 Gidon Royalty Coirp.		Class A common, voting shares	74	0.18%
			\$ 39,097	96.75%

The following table provides a breakdown of the Fund's Class R Shares venture investment portfolio by industry sector.

Sector	Cost	% of Venture Portfolio
Energy	\$ 39,097	100.00%
	\$ 39,097	100.00%

SASKWORKS VENTURE FUND INC.

INTERIM FINANCIAL STATEMENTS

As at February 28, 2021 and for the six-month period ended February 28, 2021

To the Shareholders of SaskWorks Venture Fund Inc.:

The attached statements of financial position of SaskWorks Venture Fund Inc. (the "Fund") as at February 28, 2021, statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the periods ended February 28, 2021 and February 29, 2020 and statements of investment portfolio as at February 28, 2021 were not audited. The Fund's auditor has not performed a review of these interim financial statements.

SASKWORKS VENTURE FUND INC.
(Incorporated under the laws of Saskatchewan)

STATEMENT OF FINANCIAL POSITION - CLASS A

(in thousands of dollars except number of shares and per share amounts)

Unaudited

	<u>February 28, 2021</u>	<u>August 31, 2020</u>
Assets		
Venture investments (Note 5)	\$ 229,707	\$ 268,842
Loan receivable (Note 6)	8,582	9,625
Long-term investments	20,000	30,000
Short-term investments	57,000	52,000
Other assets	92	80
Accounts receivable and accrued income	3,114	2,787
Cash	88,215	41,904
	<u>406,710</u>	<u>405,238</u>
Liabilities		
Accrued provision for incentive participation amount	36,573	35,046
Accounts payable and accrued liabilities	1,720	3,154
	<u>38,293</u>	<u>38,200</u>
Net assets attributable to holders of redeemable shares	<u>\$ 368,417</u>	<u>\$ 367,038</u>
Shares outstanding (Note 7)		
Series A	17,203,295	17,869,854
Series F	548,454	441,402
Net assets attributable to holders of redeemable shares		
Series A	\$ 355,673	357,227
Series F	12,744	9,811
Net assets attributable to holders of redeemable shares per share		
Series A	\$ 20.67	19.99
Series F	23.24	22.23

Commitments (Note 15)

See accompanying notes to the financial statements

On behalf of the Board:  Director

 Director

STATEMENT OF COMPREHENSIVE INCOME - CLASS A

For the Six-Month Period Ended

(in thousands of dollars except per share amounts)

Unaudited

	February 28, 2021	February 29, 2020
Income		
Investment income - Dividends and distributions	\$ 2,960	\$ 4,768
Interest income - Cash, long-term, and short-term investments	1,398	1,878
Investment income - Interest	1,167	943
Other income	11	17
	<u>5,536</u>	<u>7,606</u>
Expenses		
Management fees (Note 8)	4,836	5,291
Service fees	1,260	1,372
Trailer commissions	894	985
Shareholder recordkeeping and marketing	439	531
Provision for incentive participation amount (Note 8)	252	518
Professional fees	182	307
Shareholder reporting	166	175
Legal fees	59	139
Custodial fees	37	46
Directors fees and expenses	37	42
Other	31	52
Audit fees	31	28
Independent review committee fees	1	1
	<u>8,225</u>	<u>9,487</u>
Net investment loss	(2,689)	(1,881)
Realized gain on disposition of venture investments	54,609	11,707
Realized loss on disposition of venture investments	(17,472)	-
Net change in unrealized appreciation of venture investments	(17,942)	2,035
Provision for incentive participation amount (Note 8)	(3,959)	(3,536)
	<u>12,547</u>	<u>8,325</u>
Increase in net assets attributable to holders of redeemable shares from operations	\$ 12,547	\$ 8,325
Increase in net assets attributable to holders of redeemable shares from operations		
Series A	\$ 12,017	8,052
Series F	530	273
Increase in net assets attributable to holders of redeemable shares from operations per average share outstanding		
Series A	\$ 0.69	0.44
Series F	1.07	0.69

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES - CLASS A

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	<u>February 28, 2021</u>	<u>February 29, 2020</u>
Series A		
Operating activities		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 12,017	\$ 8,052
Capital transactions		
Proceeds on issue of shares	25,541	24,641
Redemption of shares	(39,111)	(34,587)
	<u>(13,570)</u>	<u>(9,946)</u>
Decrease in net assets attributable to holders of redeemable shares	(1,553)	(1,894)
Net assets attributable to holders of redeemable shares, beginning	357,226	391,480
Net assets attributable to holders of redeemable shares, ending	\$ <u>355,673</u>	\$ <u>389,586</u>
Series F		
Operating activities		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 530	\$ 273
Capital transactions		
Proceeds on issue of shares	2,414	1,885
Redemption of shares	(10)	(4)
	<u>2,404</u>	<u>1,881</u>
Increase in net assets attributable to holders of redeemable shares	2,934	2,154
Net assets attributable to holders of redeemable shares, beginning	9,810	8,130
Net assets attributable to holders of redeemable shares, ending	\$ <u>12,744</u>	\$ <u>10,284</u>

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS - CLASS A

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	<u>February 28, 2021</u>	<u>February 29, 2020</u>
Cash provided by (used in):		
Operating activities		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 12,547	\$ 8,325
Purchases of venture investments	(8,843)	(6,852)
Repayments from venture investments	2,664	208
Repayments on disposition of venture investments	10,022	1,461
Purchase of long-term and short-term investments	(20,000)	(45,000)
Matured long-term and short-term investments	25,000	32,151
Items not affecting cash:		
Realized loss on disposition of venture investments	17,472	-
Net amortization of discount/premium on venture investment debt	(122)	(90)
Net change in unrealized appreciation of venture investments	17,942	(2,035)
Net change in balances other than cash and investments (Note 9)	795	(649)
	<u>57,477</u>	<u>(12,481)</u>
Financing activities		
Proceeds on issue of shares	27,955	26,526
Redemption of shares	(39,121)	(34,591)
	<u>(11,166)</u>	<u>(8,065)</u>
Increase (decrease) in cash	46,311	(20,546)
Cash, beginning	41,904	45,524
Cash, ending	\$ <u>88,215</u>	\$ <u>24,978</u>

See accompanying notes to the financial statements

Interest received	\$ 836	\$ 677
Dividends received	1,158	2,221

STATEMENT OF INVESTMENT PORTFOLIO - CLASS A SHARES

As at February 28, 2021 (in thousands of dollars)

Unaudited

Venture Investments

Investee	Instrument	Interest Rate	Maturity Date	Outstanding at Cost	Fair Value
Energy					
Avalon Oil & Gas Ltd.	Class A common, voting shares			\$ 2,726	
Burgess Creek Exploration Inc.	Class A common, voting shares			1,430	
Caltex Resources Ltd.	Class A common, voting shares			8,836	
Chronos Resources Ltd.	Class A common, voting shares			3,300	
Firesky Energy Inc.	Class A common, voting shares			7,480	
Gidon Royalty Corp.	Class A common, voting shares			151	
Karve Energy Inc.	Class A common, voting shares			3,000	
Stampede Drilling Inc.	Class A common, voting shares			1,729	
Spur Petroleum Ltd.	Class A common, voting shares			3,134	
Steel Reef Infrastructure Fund	Class A common, voting shares			39,690	
TAM International Inc.	Class A common, voting shares			8,770	
Terra Grain Fuels Inc.	Subordinated loan	12.00%		3,416	
				\$ 83,662	\$ 103,828

Financials

255 2nd Ave. North Properties Ltd.	Class A common, voting shares			\$ 590	
	Subordinated loan	8.75%	1-Sep-21	4,050	
Agco Ag Ventures LP	Partnership units			12,605	
Auctus Property Fund LP	Partnership units			14,845	
Elgin Development GP Inc.	Subordinated loan	14.00%	On demand	770	
	Class A common, voting shares			28	
Elgin Development LP	Partnership units			176	
Foundation Developments Inc.	Class A common, voting shares			1,164	
	Subordinated loan	12.00%	1-Jun-22	3,990	
Parkside Townhomes	Class B preferred, cumulative, non-voting shares			292	
	Class A common, voting shares			2,915	
Urban Heights Inc.	Preferred shares			911	
	Class A common, voting shares			2,530	
Yorkterra Development LP	Partnership units			225	
				\$ 45,091	\$ 59,471

STATEMENT OF INVESTMENT PORTFOLIO - CLASS A SHARES (CONTINUED)

As at February 28, 2021 (in thousands of dollars)

Unaudited

Venture Investments

Investee	Instrument	Interest Rate	Maturity Date	Outstanding at Cost	Fair Value
Consumer Discretionary					
James Hill Road Villa LP	Partnership units			7,208	
	Subordinated loan	15.00%	1-Dec-21	1,751	
	Subordinated loan	2.45%	On demand	175	
	Subordinated loan	15.00%	On demand	196	
	Term loan	4.05%	On demand	5,429	
	Partnership units			2,223	
	Promissory note	0.00%	On demand	35	
	Promissory note	0.00%	On demand	900	
Pines Power Sports & Marine Ltd.	Class A common, voting shares			300	
	Subordinated loan	12.00%	31-Dec-20	1,869	
	Subordinated loan	6.00%	31-Dec-20	718	
Village Care Home Inc.	Class A common, voting shares			35	
Visima Holdings Inc.	Class A common, voting shares			-	
				\$ 20,839	\$ 11,615

Industrials, Information Technology, Telecommunications and Consumer Staples

54e Dev Studios Inc.	SAFE Note			\$ 108	
7shifts Inc.	Preferred shares			589	
All-Fab Building Components Inc.	Class A common, voting shares			11,685	
Biktrix Enterprises Inc.	Preferred shares			1,000	
	Subordinated loan	10.00%	7-Feb-26	1,053	
Coconut Software Inc.	Preferred shares			1,650	
Community Electric Ltd.	Subordinated loan	11.50%	31-May-23	1,750	
Curatio Networks Inc.	Preferred shares			325	
Hi-Tec Profiles Inc.	Class A common, voting shares			8,126	
Hi-Tec Profiles Limited Partnership	Partnership units			445	
Hi-Tec Holdings Inc.	Promissory note	4.45%		445	
IM Wireless Communications Ltd.	Class A common, voting shares			194	
	Subordinated loan	7.00%	15-Nov-24	723	
Jobbox	Preferred shares			108	
Lazar Equipment Ltd.	Class A common, voting shares			892	
Moody's Equipment Partnership	Partnership units			617	
Prairie Soil Services Inc.	Subordinated loan	12.00%	24-Mar-21	2,790	
	Class A common, voting shares			4,359	
SafetyTek Software Ltd.	Convertible debenture	4.00%	19-Sep-21	217	
SalonScale Technology Inc.	Convertible debenture	4.00%	22-Jul-21	93	
Switch Power	Convertible debenture	8.00%	12-Nov-22	2,000	
TaiV Inc.	Convertible debenture	4.00%	13-Nov-23	130	
Vendasta Technologies Inc.	Preferred shares			6,664	
				\$ 45,963	\$ 54,793
Total venture investments				\$ 195,555	\$ 229,707

STATEMENT OF INVESTMENT PORTFOLIO - CLASS A SHARES (CONTINUED)

As at February 28, 2021 (in thousands of dollars)

Unaudited

Long-term Investments

Issuer	Interest Rate	Maturity Date	Cost	Fair Value
Concentra Bank Term Deposit	1.26%	26-Apr-22	\$ 5,000	
Conexus Credit Union Term Deposit	2.00%	13-Jun-22	5,000	
Affinity Credit Union Term Deposit	1.25%	14-Sep-22	5,000	
Concentra Bank Term Deposit	1.35%	26-Oct-22	5,000	
Total long-term investments			\$ 20,000	\$ 20,000

Short-term Investments

Issuer	Interest Rate	Maturity Date	Cost	Fair Value
Conexus Credit Union Term Deposit	1.70%	13-Mar-21	\$ 5,000	
Concentra Bank Term Deposit	2.92%	23-Apr-21	5,000	
New Community Credit Union Term Deposit	3.25%	15-May-21	2,000	
Cornerstone Credit Union Term Deposit	1.87%	17-Jun-21	5,000	
New Community Credit Union Term Deposit	3.15%	9-Jul-21	5,000	
Conexus Credit Union Term Deposit	2.83%	29-Aug-21	5,000	
Conexus Credit Union Term Deposit	1.85%	13-Sep-21	5,000	
Concentra Bank Term Deposit	2.99%	25-Oct-21	5,000	
Concentra Bank Term Deposit	1.20%	26-Nov-21	5,000	
Weyburn Credit Union Term Deposit	2.75%	18-Dec-21	5,000	
New Community Credit Union Term Deposit	3.25%	9-Jan-22	5,000	
Concentra Bank Term Deposit	1.57%	18-Feb-22	5,000	
Total short-term investments			\$ 57,000	\$ 57,000

STATEMENT OF INVESTMENT PORTFOLIO - CLASS A SHARES

As at February 28, 2021 (in thousands of dollars)

Unaudited

The venture investments of the Fund were comprised of the following:

as at February 28, 2021

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 83,662	\$ 103,828	42.8	45.2
Industrials, Information Technology, Telecommunications and Consumer Staples	45,963	54,793	23.4	23.8
Financials	45,091	59,471	23.1	25.9
Consumer Discretionary	20,839	11,615	10.7	5.1
	\$ 195,555	\$ 229,707	100.0	100.0

as at August 31, 2020

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 87,808	\$ 102,218	41.1	34.9
Industrials, Information Technology, Telecommunications and Consumer Staples	51,930	46,932	24.3	16.0
Financials	46,043	62,053	21.6	21.2
Consumer Discretionary	27,748	81,790	13.0	27.9
	\$ 213,529	\$ 292,993	100.0	100.0

The venture investments of the Fund were comprised of the following:

as at February 28, 2021

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 161,326	\$ 202,360	82.5	88.1
Private debt securities	32,500	26,313	16.6	11.5
Publicly traded equity securities	1,729	1,034	0.9	0.4
	\$ 195,555	\$ 229,707	100.0	100.0

as at August 31, 2020

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 177,336	\$ 212,309	83.1	72.5
Private debt securities	25,629	16,222	12.0	5.5
Publicly traded equity securities	10,564	64,462	4.9	22.0
	\$ 213,529	\$ 292,993	100.0	100.0

SASKWORKS VENTURE FUND INC.
(Incorporated under the laws of Saskatchewan)

STATEMENT OF FINANCIAL POSITION - CLASS R

(in thousands of dollars except number of shares and per share amounts)

Unaudited

	<u>February 28, 2021</u>	<u>August 31, 2020</u>
Assets		
Venture investments (Note 5)	\$ 39,684	\$ 31,870
Loan receivable (Note 6)	784	1,110
Other assets	17	17
Cash	4,826	10,736
	<u>45,311</u>	<u>43,733</u>
Liabilities		
Accrued provision for incentive participation amount	4,714	2,845
Accounts payable and accrued liabilities	193	401
	<u>4,907</u>	<u>3,246</u>
Net assets attributable to holders of redeemable shares	<u>\$ 40,404</u>	<u>\$ 40,487</u>
Shares outstanding (Note 7)		
Series A	3,732,894	4,266,594
Series F	14,400	12,912
Net assets attributable to holders of redeemable shares		
Series A	\$ 40,237	\$ 40,352
Series F	167	135
Net assets attributable to holders of redeemable shares per share		
Series A	\$ 10.78	\$ 9.46
Series F	11.69	10.45

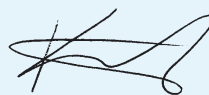
Commitments (Note 15)

See accompanying notes to the financial statements

On behalf of the Board:



Director



Director

STATEMENT OF COMPREHENSIVE INCOME - CLASS R

For the Six-Month Period Ended

(in thousands of dollars except per share amounts)

Unaudited

	<u>February 28, 2021</u>	<u>February 29, 2020</u>
Income		
Investment income - Dividends and distributions	\$ 91	\$ 181
Interest income - Cash	50	230
Other income	1	3
	<u>142</u>	<u>414</u>
Expenses		
Management fees (Note 8)	520	757
Service fees	163	238
Trailer commissions	99	145
Shareholder recordkeeping and marketing	80	122
Shareholder reporting	30	40
Provision for incentive participation amount (Note 8)	19	34
Professional fees	14	20
Legal fees	11	23
Custodial fees	7	11
Audit fees	6	6
Directors fees and expenses	6	9
Other	5	6
Independent review committee fees	1	1
	<u>961</u>	<u>1,412</u>
Net investment loss	(819)	(998)
Realized loss on disposition of venture investments	(1,682)	-
Net change in unrealized appreciation of venture investments	9,497	481
Provision for incentive participation amount (Note 8)	(1,850)	(188)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	\$ <u>5,146</u>	\$ <u>(705)</u>
Increase (decrease) in net assets attributable to holders of redeemable shares from operations		
Series A	\$ 5,130	\$ (704)
Series F	16	(1)
Increase (decrease) in net assets attributable to holders of redeemable shares from operations per average share outstanding		
Series A	\$ 1.28	\$ (0.14)
Series F	1.17	(0.02)

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES - CLASS R

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	<u>February 28, 2021</u>	<u>February 29, 2020</u>
Series A		
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	\$ 5,130	\$ (704)
Capital transactions		
Proceeds on issue of shares	599	869
Redemption of shares	(5,846)	(9,354)
	<u>(5,247)</u>	<u>(8,485)</u>
Decrease in net assets attributable to holders of redeemable shares	(117)	(9,189)
Net assets attributable to holders of redeemable shares, beginning	40,354	61,118
Net assets attributable to holders of redeemable shares, ending	<u>\$ 40,237</u>	<u>\$ 51,929</u>
Series F		
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	\$ 16	\$ (1)
Capital transactions		
Proceeds on issue of shares	16	18
Redemption of shares	-	-
	<u>16</u>	<u>18</u>
Increase in net assets attributable to holders of redeemable shares	32	17
Net assets attributable to holders of redeemable shares, beginning	135	135
Net assets attributable to holders of redeemable shares, ending	<u>\$ 167</u>	<u>\$ 152</u>

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS - CLASS R

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	<u>February 28, 2021</u>	<u>February 29, 2020</u>
Cash provided by (used in):		
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	\$ 5,146	\$ (705)
Purchases of venture investments	(1,273)	-
Repayments from venture investments	1,272	16
Repayments on disposition of venture investments	2	-
Items not affecting cash:		
Realized loss on disposition of venture investments	1,682	-
Net change in unrealized appreciation of venture investments	(9,497)	(481)
Net change in balances other than cash and investments (Note 9)	1,989	(1,231)
	<u>(679)</u>	<u>(2,401)</u>
Financing activities		
Proceeds on issue of shares	615	887
Redemption of shares	(5,846)	(9,354)
	<u>(5,231)</u>	<u>(8,467)</u>
Decrease in cash	(5,910)	(10,868)
Cash, beginning	10,736	23,657
Cash, ending	\$ <u>4,826</u>	\$ <u>12,789</u>

See accompanying notes to the financial statements

Interest received	\$ -	\$ -
Dividends received	91	163

STATEMENT OF INVESTMENT PORTFOLIO - CLASS R SHARES

As at February 28, 2021 (in thousands of dollars)

Unaudited

Venture Investments

Investee	Instrument	Interest Rate	Maturity Date	Outstanding at Cost	Fair Value
Energy					
Avalon Oil & Gas Ltd.	Class A common, voting shares			\$ 5,670	
Burgess Creek Exploration Inc.	Class A common, voting shares			1,430	
Caltex Resources Ltd.	Class A common, voting shares			5,378	
Chronos Resources Ltd.	Class A common, voting shares			1,474	
Firesky Energy Inc.	Class A common, voting shares			9,166	
Gidon Royalty Coirp.	Class A common, voting shares			74	
Karve Energy Inc.	Class A common, voting shares			3,000	
Stampede Drilling Inc.	Class A common, voting shares			4,735	
Spur Petroleum Ltd.	Class A common, voting shares			2,999	
Steel Reef Infrastructure Fund	Class A common, voting shares			3,735	
Sun Country Well Servicing Inc.	Class A common, voting shares			1,000	
TAM International Inc.	Class A common, voting shares			186	
Terra Grain Fuels Inc.	Subordinated loan	12.00%		250	
Total venture investments				\$ 39,097	\$ 39,684

STATEMENT OF INVESTMENT PORTFOLIO - CLASS R SHARES

As at February 28, 2021 (in thousands of dollars)

Unaudited

as at February 28, 2021

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 39,097	\$ 39,684	100.0	100.0

as at August 31, 2020

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 41,697	\$ 42,703	100.0	100.0

as at February 28, 2021

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 34,112	\$ 36,851	87.3	92.9
Publicly traded equity securities	4,735	2,833	12.1	7.1
Private debt securities	250	-	0.6	-
	\$ 39,097	\$ 39,684	100.0	100.0

as at August 31, 2020

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 35,744	\$ 39,503	85.7	92.5
Publicly traded equity securities	4,735	3,187	11.4	7.5
Private debt securities	1,218	13	2.9	-
	\$ 41,697	\$ 42,703	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

As at February 28, 2021 and for the Six-Month Period ended February 28, 2021

(in thousands of dollars except number of shares and per share amounts)

Unaudited

1. Status of the corporation

SaskWorks Venture Fund Inc. ("SaskWorks" or the "Fund") was incorporated under the laws of the Province of Saskatchewan by articles of incorporation dated September 1, 1999 under the name Prairie Ventures Fund Inc. Effective December 18, 2000 the articles of the Fund were amended to change its corporate designation to Crown Ventures Fund Inc. and effective March 16, 2005 the articles of the Fund were amended to change its corporate designation to SaskWorks Venture Fund Inc. The Fund has received approval for registration as a labour-sponsored venture capital corporation under *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) (the "Act"). The Fund commenced active operations on January 29, 2001.

In February 2006 the Fund began offering a second class of shares, Class R, in addition to its Class A shares, for sale to the public.

Beginning January 1, 2016, the Fund offered its Class A and Class R shares in series. The existing Class A and Class R shares were renamed Class A Series A and Class R Series A shares respectively. New shares, Class A Series F and Class R Series F, began sale to the public. Class A Series A and Class R Series A have a sales and trailer commission associated with them while Class A Series F and Class R Series F do not.

A separate net asset value is calculated for each of the Class A Series A, Class A Series F, Class R Series A and Class R Series F shares. The holders of Class A Series A, Class A Series F, Class R Series A, and Class R Series F shares have recourse only to the net assets attributable to the capital raised through the issuance of Class A Series A, Class A Series F, Class R Series A, and Class R Series F shares respectively.

The Fund was formed to make debt and equity investments in Saskatchewan small and medium-sized businesses. The objective of the Fund is to realize long-term capital appreciation from its investments. Targeted investment opportunities include early stage and mature businesses with substantial growth prospects as well as restructurings and management buy-out opportunities that offer superior investment return prospects.

PFM Venture Capital Operations Inc. ("PFMV" or the "Manager") is responsible for the management of the Fund and has engaged TBW Holdings Inc. and PFM Capital (2010) Inc. to assist it to carry out its management obligations.

2. Basis of presentation and adoption of IFRS

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Fund's significant accounting policies under IFRS are presented in Note 3.

The financial statements of the Fund were approved by the Board of Directors' on April 1, 2021.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investments at fair value through profit or loss ("FVTPL") which are measured at fair value.

(c) Investment entity

The Fund has determined that it meets the definition of investment entity and as a result, it measures subsidiaries at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgement that the Fund has made in determining that it meets this definition is that fair value is used as the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

(d) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Fund's functional currency, and all values are rounded to the nearest thousand dollars except where otherwise indicated.

(e) Use of judgements and estimates

The preparation of financial statements requires management to use judgement in applying policies and to make estimates and assumptions about the future. The following are the most significant accounting judgements and estimates that the Fund has made in preparing the financial statements:

Fair value of investments not quoted in an active market

The Fund holds financial instruments for which no public market exists ("private companies"). Fair values of such instruments are determined using valuation techniques. Where no market data is available, the Fund will value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used for private companies are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Investment entity

In determining whether the Fund is an investment entity, the Fund may be required to make significant judgments about whether the Fund has the typical characteristics of an investment entity. The Fund primarily obtains funds from investors for the purpose of providing investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.

3. Significant accounting policies

The following policies are considered significant:

(a) Financial instruments

Initial recognition and measurement

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Financial assets are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets are recognized on the date on which they originated. The Fund's venture investments are measured at FVTPL, including investments in debt instruments which have been designated at FVTPL. All other financial assets and liabilities, including redeemable shares, are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its venture investments are identical to those used in measuring its net asset value ("NAV") for transactions with shareholders.

Fair value measurement

The fair values of venture investments in eligible businesses, having quoted market values and being publicly traded on a recognized stock exchange ("publicly traded companies"), are recorded at values based on the closing bid price on the last Thursday of each month, except August, and on the last business day of August.

The fair value of the Fund's venture investments for which no public market exists ("private companies") is determined as at the last business day of each fiscal quarter based on policies and procedures established by the Board for determining the fair value of such investments. These valuations are updated monthly to take into account any material changes in the investments of the Fund since the most recent quarterly valuation.

In determining the fair value of equity investments in private companies ("shares") material changes would include, but are not limited to: a subsequent round of financing; an independent valuation; where performance varies adversely relative to the Fund's expectations; where performance indicates the value of the investment has changed; or, a share transaction by an independent third party. Equity investments are carried at fair value and an estimate of fair value is determined on the basis of the expected realizable value of the shares if they were disposed of in an orderly manner over a reasonable period. Fluctuations in fair value are recorded as unrealized appreciation or depreciation until disposal of the equity investment.

Investments in debt instruments ("loans") are carried at fair value. For loans an estimate of fair value is determined using a discounted cash flow methodology with fluctuations in the fair value recorded as a premium or discount, through unrealized appreciation, that is amortized to income using the effective interest method. If a loan is impaired because there is no longer reasonable assurance of the timely collection of the full amount of principal a write-down or other provision is established, through unrealized depreciation, to reduce the carrying value to the estimated fair value of the underlying security.

(b) Investments in associates, joint ventures and subsidiaries

An associate is defined as an investee over whom the Fund has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control). Significant influence exists when the Fund owns between 20% and less than a majority of the voting rights of the investee.

Joint control involves contractually agreed sharing of control and arrangements subject to joint control are classified as a joint venture.

A subsidiary is defined as an investee over whom the Fund has the ability to control. The Fund controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control over an investee:

- exists when the Fund owns a majority of the voting rights of the investee; or
- exists when the Fund has a majority position in any borrowings of the investee and the conditions attached to the borrowings confer on it the right to assume control of the investee in the event of default.

The Fund meets the criteria required to be considered an “investment entity” under IFRS 10 – *Consolidated Financial Statements* and, as such, it accounts for subsidiaries at fair value. Associates and joint ventures have been designated at FVTPL.

Information about the Fund’s interest in associates or unconsolidated subsidiaries is as follows:

Class A

Investee	Relationship	Ownership & voting interest %	Senior debt
255 2nd Ave. Properties Ltd.	Associate	50.00%	Yes
All-Fab Building Components Inc.	Associate	33.21%	-
Elgin Development	Associate	25.81%	Yes
Foundation Developments	Associate	30.40%	Yes
Hi-Tec Profiles Inc.	Associate	39.96%	-
James Hill Road Villa LP	Subsidiary	70.05%	-
Lazar Equipment Ltd.	Subsidiary	53.94%	-
Moody’s Equipment LP	Subsidiary	71.37%	-
Parkside Townhomes	Subsidiary	84.26%	-
Pines Sports & Marine Ltd.	Subsidiary	44.55%	Yes
Prairie Soil Services Inc.	Subsidiary	68.65%	Yes
TAM International Inc.	Associate	43.85%	-
Urban Heights Inc.	Subsidiary	79.93%	-
Yorkterra Development LP	Associate	32.37%	-

All investee companies have Canada as their principal place of business and country of incorporation.

All investee companies for which the Fund is a subordinate lender may have restrictions on dividend and loan repayments if the investee is not within covenants imposed on it by its senior lender(s).

With respect to the above associates and unconsolidated subsidiaries:

- subject to senior lender covenants, if any, there are no significant restrictions on the ability of the associates or subsidiaries to transfer funds to the Fund in the form of cash dividends or to repay loans or advances made to the associates or subsidiaries by the Fund;
- there are no current commitments or intentions to provide financial or other support to the subsidiaries, including commitments or intentions to assist them in obtaining financial support;
- the Fund has not, without the contractual obligation do so, provided any financial or other support to the subsidiaries; and
- other than the original amount approved for investment, there are no contractual arrangements that would require the Fund to provide financial support to the subsidiaries.

(c) Cash

Pending venture investments being made, subscription proceeds are invested in interest bearing accounts yielding interest at the rate of prime minus 1.50% to 1.65%.

(d) Redeemable shares

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The shares, which are classified as financial liabilities and measured at redemption amount, provide shareholders with the right to request redemption, subject to available liquidity.

See Note 7 for details of the Fund's shares.

(e) Net assets attributable to holders of redeemable shares per share

The net assets attributable to shareholders per Class A Series A, Class A Series F, Class R Series A and Class R Series F share is determined by dividing the net assets attributable to shareholders of Class A Series A, Class A Series F, Class R Series A and Class R Series F shares by the number of Class A Series A, Class A Series F, Class R Series A and Class R Series F shares outstanding as at that date.

(f) Increase in net assets attributable to holders of redeemable shares from operations per average share outstanding.

The increase in net assets attributable to holders of redeemable shares from operations per average Class A Series A, Class A Series F, Class R Series A and Class R Series F share outstanding is calculated by dividing the increase in net assets attributable to holders of redeemable Class A Series A, Class A Series F, Class R Series A and Class R Series F shares from operations by the average number of Class A Series A, Class A Series F, Class R Series A and Class R Series F shares outstanding during the period.

(g) Revenue recognition

Revenue related to the Fund's productive venture investments is recorded on an accrual basis. Negotiation fees are recognized upon receipt. A loan on which payments are in arrears for 90 days or more is usually classified as income impaired. Recognition of interest income ceases on income impaired loans until interest is received. Recognition of interest income ceases on principal impaired loans with all cash received applied first to principal, until fully recovered, and then as income.

(h) Short-term and long-term investments

Pending venture investments being made, a portion subscription proceeds are invested in high-quality government and corporate debt obligations or other investments permitted under the Act. Purchases and sales of long-term and short-term investments are recorded on a trade date basis. Term deposits are valued at cost, which approximates fair value.

(i) Commissions

A sales commission, based on the value of a subscription, is paid to the selling agent on the sale of Class A Series A and Class R Series A shares.

An annual trailer commission, based on net assets attributable to the holders of redeemable shares, is paid quarterly to the selling agent for each year that a subscription for Class A Series A and Class R Series A shares is maintained.

An annual additional commission, based on the total value of all subscriptions, is paid annually to the agent for the Fund for subscriptions to Class A Series A, Class A series F, Class R Series A, and Class R Series F shares.

(j) Incentive participation amount

As described in Note 8, an incentive participation amount ("IPA") will accrue on unrealized eligible venture investments and be paid annually only upon realization of the eligible venture investment.

This amount is an estimate and can vary significantly from year to year. It will be paid, subject to the eligible investment and the investment portfolio as a whole meeting certain minimum return thresholds, only on gains that arise on the realization of an eligible venture investment and the income earned from an eligible venture investment over its life..

(k) Income taxes

SaskWorks uses the liability method of tax allocation for accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities, and measured using the tax rates and laws that will be in effect when differences are expected to reverse.

(l) Transaction costs

Transaction costs associated with an investment (incremental costs that are directly attributable to acquisition or disposition) are, in most cases, borne by the investee. In those cases where the Fund pays these costs they are expensed in the Statements of Comprehensive Income.

(m) Application of new and revised International Financial Reporting Standards

The following new and revised standards are not considered significant to the Fund:

- New IFRS 17, *Insurance Contracts*
- Amendments to IAS 1, *Presentation of Financial Statements*
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendments to IFRS 3, *Business Combinations*
- Amendments to IAS 16, *Property, Plant and Equipment (PPE) – Proceeds before Intended Use*

4. Financial instruments

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable for the asset or liability.

As at February 28, 2021 and for the Six-Month Period ended February 28, 2021 • (in thousands of dollars except number of shares and per share amounts)

Class A

As at February 28, 2021

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 1,034	\$ -	\$ 202,360	\$ 203,394
Debt investments	-	-	26,313	26,313
	\$ 1,034	\$ -	\$ 228,673	\$ 229,707

As at August 31, 2020

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 60,127	\$ -	\$ 186,154	\$ 246,281
Debt investments	-	-	22,561	22,561
	\$ 60,127	\$ -	\$ 208,715	\$ 268,842

Class R

As at February 28, 2021

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 2,833	\$ -	\$ 36,851	\$ 39,684
Debt investments	-	-	-	-
	\$ 2,833	\$ -	\$ 36,851	\$ 39,684

As at August 31, 2020

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 1,133	\$ -	\$ 30,737	\$ 31,870
Debt investments	-	-	-	-
	\$ 1,133	\$ -	\$ 30,737	\$ 31,870

The table below summarizes the changes in Level 3 venture investments at fair value using unobservable inputs.

	2021		August 31, 2020	
	Class A	Class R	Class A	Class R
Balance, beginning	\$ 208,715	\$ 30,737	\$ 228,531	\$ 39,515
Venture investments purchased	8,301	1,272	7,695	-
Venture investments repaid	(3,309)	(1,274)	(4,351)	(913)
Realized loss on disposition of venture investments	(17,472)	(1,682)	(3)	-
Net change in unrealized appreciation of venture investments	32,438	7,798	(23,157)	(7,865)
Balance, ending	\$ 228,673	\$ 36,851	\$ 208,715	\$ 30,737

For the purposes of the following tables, that disclose Level 3 investment details, debt investments that are current with respect to principal and interest are classified as productive and those that are not current are classified as non-productive. With respect to equity investments, those investments on which the Fund expects to recover the full amount of capital invested are classified as productive while those equity investments on which the Fund does not expect to recover the full amount of capital invested are classified as non-productive.

Class A

As at February 28, 2021

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-	
Productive debt	\$ 26,313	Discounted cash flow	Discounted rate	6.29%	1%	\$ 265/\$ (265)	
Productive equity	163,500	% Discount to expected value	% Discount	25%	10%	14/(14)	
			Capitalization rate	NOI cap rate	6.75%	0.25%	1,033/(954)
			Cost	% variance	100%	11%	879/(879)
			Multiple of cash flow	Cash flow multiple	4.4x	0.5x	2,476/(2,583)
			Multiple of EBITDA	EBITDA multiple	6.8x	0.5x	4,900/(4,900)
			Multiple of revenue	Revenue multiple	8.0x	0.5x	794/(794)
			NAV/unit	% variance	100%	10%	2,998/(2,998)
			Net asset value	% variance	90% of inventory	5%	130/(129)
Non-productive equity	38,864	% Discount to expected value	% variance	0%	10%	-(/62)	
			Adjusted NAV	% variance	100%	10%	378/(378)
			Capitalization rate of NOI	NOI cap rate	6.25%	0.25%	2,281/(2,120)
			Multiple of cash flow	Cash flow multiple	5.3x	0.5x	216/(259)
			Multiple of EBITDA	EBITDA multiple	4.5x	0.50x	2,697/(2,774)
			Multiple of production	EV/boe multiple	\$ 23/boe/d	\$ 5/boe/d	57/(57)
			Multiple of reserves	EV/boe multiple	\$0.004/boe	\$0 001/boe	35/(-)

boe = Barrels of oil equivalent

EBITDA = Earnings before interest, taxes, depreciation and amortization

EV = Enterprise value

NAV = Net asset value

NOI cap rate = Net operating income capitalization rate

As at August 31, 2020

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-	
Productive debt	\$ 22,561	Discounted cash flow	Discounted rate	10.78%	1%	\$ 229/\$ (229)	
Non-productive debt	-	Estimated realizable value	Impairment provision	25%	25%	2,298/(-)	
Productive equity	146,173	% discount to expected value	% discount	25%	10%	14/(14)	
			Capitalization rate	NOI cap rate	6.75%	0.25%	1,025/(961)
			Cost	% variance	100%	10%	746/(746)
			Multiple of cash flow	Cash flow multiple	4.3x	0.5x	1,915/(2,164)
			Multiple of EBITDA	EBITDA multiple	6.8x	0.5x	5,051/(5,051)
			Multiple of production	EV/boe multiple	\$30/boe/d	\$5/boe/d	341/(341)
			Multiple of revenue	Revenue multiple	7.20x	0.50x	584/(584)
			NAV/unit	% variance	100%	10%	3,100/(3,100)
Non-productive equity	39,981	% discount to expected value	% variance	0%	10%	-(/62)	
			Adjusted NAV	% variance	100%	10%	371/(371)
			Capitalization rate of NOI	NOI cap rate	6.25%	0.25%	2,277/(2,077)
			Multiple of cash flow	Cash flow multiple	5.0x	0.5x	234/(191)
			Multiple of EBITDA	EBITDA multiple	4.5x	0.5x	1,350/(1,349)
			Multiple of production	\$/boe/d multiple	\$22/boe/d	\$5/boe/d	319/(319)
			Multiple of reserves	EV/boe multiple	\$.004	\$.001	35/(-)

boe = Barrels of oil equivalent

boe/d = Barrels of oil equivalent per day

EBITDA = Earnings before interest, taxes, depreciation and amortization

EV = Enterprise value

NAV = Net asset value

NOI = Net operating income

As at February 28, 2021 and for the Six-Month Period ended February 28, 2021 • (in thousands of dollars except number of shares and per share amounts)

Class R

As at February 28, 2021

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-
Productive equity	\$33,647	Cost	% variance	1.0x	0.1x	\$7/\$(7)
		Multiple of cash flow	Cash flow multiple	4.4x	0.5x	1,853/(1,911)
		Multiple of EBITDA	EBITDA multiple	8.4x	0.5x	611/(611)
Non-productive equity	3,204	Multiple of cash flow	Cash flow multiple	5.3x	0.5x	280/(280)
		Multiple of production	EV/boe multiple	\$23/boe/d	\$5/boe/d	57/(57)
		Multiple of reserves	EV/boe multiple	\$ 0.004/boe	\$ 0.001/boe	75/(-)
		Multiple of TBV	TBV multiple	0.3x	0.1x	45/(-)

boe = Barrels of oil equivalent

EBITDA = Earnings before interest, taxes, depreciation and amortization

EV = Enterprise value

TBV = Tangible book value

As at August 31, 2020

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-
Non-productive debt	\$ -	Estimated realizable value	Impairment provision	25%	25%	\$ 63/\$ (-)
Productive equity	26,052	Multiple of cash flow	Cash flow multiple	5.1x	0.5x	1,213/(1,356)
		Multiple of EBITDA	EBITDA Multiple	10.0x	0.5x	638/(638)
		Multiple of production	EV/boe multiple	\$30/boe/d	\$5/boe/d	901/(901)
Non-productive equity	4,685	Multiple of cash flow	Cash flow multiple	5.0x	0.5x	320/(262)
		Multiple of production	EV/boe/multiple	\$22/boe/d	\$5/boe/d	190/(190)
		Multiple of reserves	EV/boe multiple	\$.004/boe	\$.001/boe	73/(-)
		Multiple of TBV	TBV multiple	0.3x	0.1x	45/(-)

boe = Barrels of oil equivalent

EBITDA = Earnings before interest, taxes, depreciation and amortization

EV = Enterprise value

TBV = Tangible book value

5. Venture investments

Venture investments are comprised of the following:

	2021		August 31, 2020	
	Class A	Class R	Class A	Class R
Equity instruments at cost	\$ 163,054	\$ 38,850	\$ 184,752	\$ 39,580
Debt instruments at cost	32,500	250	32,117	1,203
Venture investments at cost	195,554	39,100	216,869	40,783
Unrealized appreciation (depreciation)	34,153	584	51,973	(8,913)
Venture investments at fair value	\$ 229,707	\$ 39,684	\$ 268,842	\$ 31,870

During the year, venture investments changed as follows:

	2021		August 31, 2020	
	Class A	Class R	Class A	Class R
Venture investments at fair value, beginning	\$ 268,842	\$ 31,870	\$ 292,993	\$ 42,703
Venture investments purchased	8,843	1,273	8,389	-
Venture investments repaid	(12,686)	(1,274)	(5,045)	(914)
Realized loss on disposition of venture investments	(17,472)	(1,682)	(3)	-
Net increase/(decrease) in unrealized appreciation of venture investments	(17,942)	9,497	(27,688)	(9,919)
Amortization of discount on venture investment debt	122	-	196	-
Venture investments at fair value, ending	\$ 229,707	\$ 39,684	\$ 268,842	\$ 31,870

6. Loan receivable

Beginning February 1, 2004, the Fund engaged Conexus Credit Union to pay the base commission and additional commission on the sale of shares. The Fund has invested sufficient money in Conexus in the form of non-interest bearing promissory notes to enable it to pay these commissions.

The loan receivable balance is subject to a maximum total limit of \$21,350 (August 31, 2020 - \$22,750) and consists of eight non-interest-bearing promissory notes each repayable in eight equal annual instalments, based on the balance of the note on December 31 of the year issued, beginning January 10 of the year following issuance.

Loan receivable at August 31 is comprised of the following:

Note issued	Instalment	2021		August 31, 2020	
		Class A	Class R	Class A	Class R
January 1, 2013	485	\$ -	\$ -	\$ 383	\$ 103
January 1, 2014	352	290	62	580	123
January 1, 2015	318	530	106	795	159
January 1, 2016	319	806	152	1,075	203
January 1, 2017	324	1,135	162	1,419	203
January 1, 2018	335	1,560	117	1,871	141
January 1, 2019	314	1,900	101	2,078	118
January 1, 2020	234	1,572	68	1,424	60
January 1, 2021	TBD	789	16	-	-
		\$ 8,582	\$ 784	\$ 9,625	\$ 1,110

As remuneration to Conexus for managing the payment of commissions, the Fund has agreed to pay a service fee equal to an annual percentage-based payment of 0.875% (0.750% after December 31, 2020) of the gross proceeds raised in any calendar year on the sale of Class A Series A and Class R Series A shares and 0.125% (0% after December 31, 2020) of the gross proceeds raised in any calendar year on the sale of Class A Series F and Class R Series F shares over eight consecutive years.

7. Share capital and net assets

Subscription proceeds from the issuance of Class A and Class R shares will be used to make eligible venture investments of that respective class of shares. Venture investments made by each class of shares are held only within that class of shares. Income or losses attributable to a particular venture investment are allocated only to the specific class of shares within which the venture investment is held.

Net asset value per share for each series is calculated at the end of each week by dividing the net asset value of each series by its outstanding shares. The net asset value of each series of a class is computed by calculating the value of the series-specific assets and series' proportionate share of the class' common assets less the series-specific liabilities and the series' proportionate share of the class' common liabilities. Income and expenses directly attributable to a series are credited to that series while common class income and expenses and realized and unrealized gains and losses are allocated to each series. A proportionate share of or allocation to each series of a class is based on that series' pro rata share of the total share capital of that class as at the latest available weekly net asset valuation.

Venture investments (Class A and Class R) and share subscription activity (Class A Series A, Class A Series F, Class R Series A, and Class R Series F) have a separate accounting such that the net assets attributable to each of the Class A Series A, Class A Series F, Class R Series A, and Class R Series F shares are reflected individually in these financial statements.

Class A Series A, Class A Series F, Class R Series A and Class R Series F shares have, in all material respects, the same rights, redemption features, tax credit eligibility, and attributes except for the following:

- The net proceeds from the issuance of Class A shares will be invested in Saskatchewan eligible businesses in a broad section of the economy whereas the net proceeds from the issuance of Class R shares will be invested in Saskatchewan eligible businesses in the energy and mining sectors;
- Class A Series A and Class R Series A shares have sales and trailer commissions associated with them while Class A Series F and Class R Series F do not;
- A separate net asset value is calculated for each of the Class A Series A, Class A Series F, Class R Series A and Class R Series F shares. The holders of Class A Series A, Class A Series F, Class R Series A, and Class R Series F shares have recourse only to the net assets attributable to the capital raised through the issuance of Class A Series A, Class A Series F, Class R Series A, and Class R Series F shares respectively.

The authorized share capital of the Fund is:

Class A Series A, Class A Series F, Class R Series A and Class R Series F – Unlimited number of Class A Series A, Class A Series F, Class R Series A and Class R Series F shares. The shares are voting, entitled to receive non-cumulative dividends at the discretion of the directors, entitled to elect all of those directors who are not elected by the holder of the Class B shares and have restrictions on redemption. Such restrictions include a provision that the Fund is not required to redeem Class A Series A, Class A Series F, Class R Series A or Class R Series F shares if total redemptions in the fiscal year exceed 50% of the Class A Series A, Class A Series F, Class A Series A or Class R Series F shares' net earnings after tax for the previous fiscal year. In the event of a redemption before the eighth anniversary of issue, holders of Class A Series A or Class R Series A shares are charged a redemption fee of 1% of the net asset value per Class A Series A or Class R Series A share for each year or part year remaining before the eighth anniversary of the date of issue, and the Fund is required to withhold and remit to the applicable authorities an amount equal to the Federal tax credit and Saskatchewan tax credit, if any, on the Class A Series A, Class A Series F, Class R Series A or Class R Series F shares.

Class B – 10 Class B shares. Issuable only to the sponsor of the Fund. The shares are voting, redeemable at the purchase price and entitled to elect a simple majority of the directors of the Fund, including replacing or removing any directors elected by the sponsor.

Class C – Unlimited number of Class C shares. The shares are issuable in series with rights, privileges, restrictions and conditions subject to directors' resolution. No Class C shares have been issued.

Issued share capital at the end of the period is:

	2021		August 31, 2020	
	Shares	\$	Shares	\$
Class A Series A				
Balance, beginning	17,869,854	292,895	18,576,382	292,131
Issued	1,267,747	25,541	1,440,397	30,455
Redeemed (at cost)	(1,934,306)	(27,531)	(2,146,925)	(29,691)
Balance, ending	17,203,295	290,905	17,869,854	292,895
Class A Series F				
Balance, beginning	441,402	8,898	352,955	6,829
Issued	107,513	2,414	89,022	2,080
Redeemed (at cost)	(461)	(9)	(575)	(11)
Balance, ending	548,454	11,303	441,402	8,898
Class R Series A				
Balance, beginning	4,266,594	57,475	5,245,264	72,254
Issued	62,210	599	122,422	1,099
Redeemed (at cost)	(595,910)	(8,542)	(1,101,092)	(16,078)
Balance, ending	3,732,894	49,532	4,266,594	57,475
Class R Series F				
Balance, beginning	12,912	155	11,072	133
Issued	1,491	16	1,845	22
Redeemed (at cost)	(3)	-	(5)	-
Balance, ending	14,400	171	12,912	155
Class B				
Balance, ending	10	1	10	1

At the end of the period the net assets attributable to the holders of the Fund's Class A Series A redeemable shares consist of issued share capital of \$290,095 (August 31, 2020 - \$292,895) and retained earnings of \$64,768 (August 31, 2020 - \$64,332). The net assets attributable to the holders of the Fund's Class A Series F redeemable shares consist of issued share capital of \$11,303 (August 31, 2020 - \$8,898) and retained earnings of \$1,441 (August 31, 2020 - \$913).

At the end of the period the net assets attributable to the holders of the Fund's Class R Series A redeemable shares consist of issued share capital of \$49,532 (August 31, 2020 - \$57,475) and deficit of \$9,295 (August 31, 2020 - \$17,123). The net assets attributable to the holders of the Fund's Class R Series F redeemable shares consist of issued share capital of \$171 (August 31, 2020 - \$155) and deficit of \$4 (August 31, 2020 - \$20).

The value of redeemed shares is treated as a reduction of share capital and adjustment to retained earnings or deficit. The original cost of the shares is a reduction of share capital. The difference between redemption value and original cost of the shares is treated as either a decrease to retained earnings or increase to deficit, if redemption value exceeds original cost, or an increase to retained earnings or decrease to deficit, if redemption value is less than original cost.

8. Related party transactions

The Fund has retained the Manager as the fund manager to manage and administer the business affairs of the Fund, including, among other duties, the management of the Fund's eligible venture investments and short-term and long-term investments and determining the fair value of the Fund's venture investment portfolio. The officers of the Fund are the principals of the Manager and shareholders in the Fund.

The Manager receives an annual management fee, calculated and payable monthly in arrears, equal to 2.5% of the aggregate net assets attributable to holders of redeemable shares of the Class A Series A, Class A Series F, Class R Series A and Class R Series F shares, as at each weekly valuation date.

With respect to Class A Series A and Series F shares \$4,606 (2020 - \$5,039) in management fees, plus applicable taxes, was earned, pursuant to the management agreement, by the Fund Manager.

With respect to Class R Series A and Series F shares \$495 (2020 - \$721) in management fees, plus applicable taxes, was earned, pursuant to the management agreement, by the Fund Manager.

IPA is a provision for fees payable to the Manager and is based on the realized/unrealized gains and income earned from eligible venture investments and is payable annually only upon disposition of an eligible venture investment. Before any IPA is paid on the realization of an eligible venture investment, the Fund must have:

- (a) earned sufficient income, on all eligible venture investments, to generate a rate of return, before expenses, greater than the five-year average GIC rate plus 1% on an annualized basis. The income on eligible venture investments includes investment gains and losses (realized and unrealized) earned and incurred since the inception of the Fund, and negotiation fees, interest, dividends, royalties, distributions and earnings of any other kind from eligible venture investments;
- (b) earned sufficient income from the particular eligible venture investment to provide a cumulative investment return, before expenses, at an average annual rate in excess of 10% since investment; and
- (c) fully recouped an amount from the eligible venture investment, through income earned, liquidation of the investment, or otherwise, equal to or greater than the entire principal invested in the particular eligible investee.

Subject to satisfying all of the above conditions, the IPA is equal to 20% of the return derived from the eligible venture investment.

For Class A shares \$2,556 (2020 - \$3,747), plus applicable taxes, of IPA was paid to the Fund Manager.

For Class R shares \$nil (2020 - \$1,531), plus applicable taxes, of IPA was paid to the Fund Manager.

For Class A shares the accrued provision for incentive participation amount is \$36,573 (August 31, 2020 - \$35,046), a net increase, after payments, of \$1,527 (2020 - decrease \$3,221). In respect of realized and unrealized gains, the provision for IPA increased by \$3,959 (2020 - \$3,536) and in respect of income earned, the provision for IPA increased by \$252 (2020 - \$518) during the year.

For Class R shares the accrued provision for incentive participation amount is \$4,714 (August 31, 2020 - \$2,845), a net increase, after payments, of \$1,869 (2020 - decrease \$3,221). In respect of realized and unrealized gains, the provision for IPA increased by \$1,850 (2020 - \$188) and in respect of income earned, the provision for IPA increased by \$19 (2020 - \$34) during the year.

Other amounts and transactions due to (from) related parties are described separately in these financial statements.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. Net change in balances other than cash and investments

	2021		February 29, 2020	
	Class A	Class R	Class A	Class R
Loan receivable	\$ 1,043	\$ 326	\$ 787	\$ 469
Accounts receivable and accrued income	(327)	-	(357)	2
Other assets	(12)	-	(11)	-
Accrued provision for incentive participation amount	1,527	1,869	120	(1,386)
Accounts payable and accrued liabilities	(1,434)	(206)	(1,188)	(316)
	<u>\$ (797)</u>	<u>\$ 1,989</u>	<u>\$ (649)</u>	<u>\$ (1,231)</u>

10. Risks associated with financial instruments

The Fund's financial instruments consist primarily of cash, accounts receivable and accrued income, loan receivable, short-term and long-term investments, venture investments, provision for accrued incentive participation amount, and accounts payable and accrued liabilities. Short-term and long-term investments consist of term deposits. Venture investments in public and private companies consist of equity and debt instruments. The Fund focuses on investing in eligible Saskatchewan businesses with emphasis on expansion financing, management buyouts, restructurings, turnarounds, and early-stage investments. There is no assurance that the Fund will be able to find enough suitable investment opportunities and the Fund may face competition from other funds and investors.

There is no guarantee that an investment in shares of the Fund will earn a specified rate of return or any return in the short or long term. The shares are not eligible for resale and are subject to redemption restrictions resulting in a longer commitment than for freely tradable securities.

SaskWorks' primary business is the raising of capital from Saskatchewan residents and placing these funds in new and expanding Saskatchewan businesses. This entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SaskWorks' ability to redeem its Class A Series A, Class A Series F, Class R Series A and Class R Series F shares when required.

Market Risk

The market risk faced by SaskWorks is the risk that the fair value of its venture investments may decline due to a reduction in the anticipated earnings generated by the businesses in which SaskWorks invests or a decrease in the quoted market share price of publicly-traded venture investments held by SaskWorks. Class A shares invest in a diversified portfolio of companies in various sectors of the economy while Class R shares invest in the oil & gas sector. Some of the companies in which SaskWorks invests are dependent upon a single product or industry. SaskWorks manages these risks through careful due diligence prior to committing funds to the investment, ensuring that the overall portfolio is properly diversified across various industry sectors, and investing no more than 10% of the Class A shares' and Class R shares' total net assets attributable to holders of redeemable shares in any one eligible business.

The Fund's venture investments in publicly traded companies are companies which were private when the Fund made its initial investment and which became publicly traded shares through initial public offerings, reverse takeovers or acquisitions by public companies. The fair values of these venture investments in publicly traded companies are based on movements in the stock market and to the success or failure of the companies. In some circumstances, it may prove difficult for the Fund to quickly liquidate investments in restricted or thinly traded publicly traded securities without unduly affecting the market prices of those securities. For these publicly traded companies, the Fund attempts to limit its exposure to fluctuations in market prices through managing the sales of these shares on the open market.

Credit Risk

Credit risk arises from the potential that a venture investment will fail to perform its obligations. SaskWorks conducts a thorough due diligence process prior to committing to the venture investment and actively monitors the financial health of its investments on an on-going basis. Changes in commodity prices and foreign currency exchange rates may significantly affect the financial position of investee companies. SaskWorks manages credit risk by diversifying its investments among industries. Although all investee companies are based primarily in Saskatchewan, most of the companies have significant sales in other provinces and/or international markets thereby mitigating most of the economic risks specific to Saskatchewan.

The maturity of each debt investment is disclosed in the respective share class Statement of Investment Portfolio. Such debt investments represent the main concentration of credit risk for the respective share class and, accordingly, represent the maximum credit risk exposure of the respective share class.

The principal and interest associated with Fund's long-term and short-term investments are 100% guaranteed by the Credit Union Deposit Guarantee Corporation of Saskatchewan.

Interest Rate Risk

Interest rate risk reflects the risk that SaskWorks' earnings will be affected by fluctuations in interest rates. SaskWorks primary interest rate risk relates to the investment of cash in short-term investments, long-term investments, and venture investment debt instruments.

Based on average cash balances and holdings of long-term and short-term investments held during the period, a 1% increase/decrease in interest rates (with all other variables held constant) would have resulted in an increase/decrease in net assets of \$879 (2020 - \$684) with respect to Class A shares. The effective of a change in interest rates on venture debt investments is detailed in Note 4.

Based on average cash balances and holdings of long-term and short-term investments held during the period, a 1% increase/decrease in interest rates (with all other variables held constant) would have resulted in an increase/decrease in net assets of \$45 (2020 - \$98) with respect to Class R shares. The effective of a change in interest rates on venture debt investments is detailed in Note 4.

SaskWorks manages the risk of interest rate changes by matching the duration of short-term investments, long-term investments, and venture debt investments to known liquidity requirements.

Liquidity Risk

Liquidity risk is the risk that SaskWorks will encounter difficulty in liquidating its venture investments at an amount close to fair value at the time it requires liquidity to satisfy requests by holders of Class A Series A, Class A Series F, Class R Series A and Class R Series F shares for redemption. There is no assurance that any venture investment will be able to successfully complete its business plan or sustain operations over the short term or an extended period. The Fund manages liquidity risk by becoming, if necessary, actively involved in their venture investments and continually monitoring the value of their investments. In the event of difficulty in liquidating its venture investments, SaskWorks may be required to delay the redemption of Class A Series A, Class A Series F, Class R Series A and Class R Series F shares tendered for redemption.

The financial liabilities of the Fund mature in less than one year with the exception of accrued provision for incentive participation amount. The maturity of accrued provision for incentive participation amount is uncertain and is dependent upon realization of venture investments.

11. Restrictions

Under the Act:

- Eligible businesses for the Fund are investments in businesses, defined as taxable corporations or limited partnerships that carry on business in Saskatchewan, that together with related corporations or limited partnerships, do not have more than 500 employees, and that in the taxation year preceding the investment, paid at least 25% of all their wages and salaries to employees of their permanent establishment in Saskatchewan;
- An amount equal to the tax credits paid by the Saskatchewan government, being 17.5% of the capital raised by the sale and issuance of Class A Series A, Class A Series F, Class R Series A and Class R shares to Saskatchewan residents, must be set aside until the Fund has met its pacing requirement. In 2021 and 2020 the Fund did not set aside any funds as it met the investment requirement throughout the periods;
- Direct investments in public companies with a market capitalization of \$500,000 or more are prohibited. If an investment is acquired through acquisitions or mergers and the resulting investment has over \$500,000 in capitalization, such investment must be disposed of within five years from the end of the fiscal year of the Fund of such acquisition or merger;
- New investment in agricultural land acquired primarily for rental or leasing purposes is prohibited; and
- The Fund is required to maintain a level of innovation sector investment exposure of 25% of annual net capitalization defined as annual capital raised within the Fund less annual capital redeemed, multiplied by the Fund's 75% pacing requirement. The Fund did meet its innovation pacing requirement at February 28, 2021 and August 31, 2020. If the fund does not meet its innovation pacing requirement any new investments will not count towards the Fund's overall 75% pacing requirement until the Fund is onside with the innovation pacing requirement.

The Fund may not invest more than 10% of the Class A Series A, Class A Series F, Class R Series A and Class R Series F shares' total net assets attributable to holders of redeemable shares in any one eligible business, and may not invest in an eligible business if the Fund and the eligible business are not at arm's length;

Class A Series A, Class A Series F, Class R Series A and Class R Series F shares issued by the Fund can be redeemed at the option of the holder after a specific hold period, or earlier in limited circumstances. Class A Series A and Class R Series A shares redeemed before expiration of the hold period may be subject to a redemption fee.

As part of its banking relationship with Conexus Credit Union, the Fund is required to maintain a minimum of \$21,350 (August 31, 2020 - \$22,750) on deposit.

The Fund is in compliance with all the above restrictions.

12. Management expense ratio

The ratios of all fees and other expenses paid or payable by the Class A Series A, Class A Series F, Class R Series A and Class R Series F shares expressed as a percentage of the average net assets attributable to the holders of redeemable Class A Series A, Class A Series F, Class R Series A and Class R Series F shares respectively during the period are:

	2021		February 29, 2020	
	IPA included	IPA excluded	IPA included	IPA excluded
Class A Series A	6.70%	4.39%	6.49%	4.47%
Class A Series F	4.94%	3.18%	5.12%	3.49%
Class R Series A	14.28%	4.78%	5.55%	4.78%
Class R Series F	10.14%	3.36%	4.17%	3.59%

13. Income taxes

Under the Income Tax Act (Canada), no income taxes are payable by the Fund on dividends received from Canadian corporations, and income taxes payable on capital gains will be fully refundable on a formula basis when Class A Series A, Class A Series F, Class R Series A or Class R Series F shares of the Fund are redeemed or capital gains dividends are paid or deemed to be paid by the Fund to its Class A Series A, Class A Series F, Class R Series A or Class R Series F shareholders. Income taxes payable on investment income are partially refundable upon the payment or deemed payment of taxable dividends.

The Fund's Class A Series A, Class A Series F, Class R Series A and Class R Series F shares record the refundable portion of their income taxes as an asset, as they intend to recover all of the refundable income taxes through the deemed payment of a dividend by capitalizing the appropriate amount of its income or realized capital gains pro-rata to the stated capital account for its Class A Series A, Class A Series F, Class R Series A or Class R Series F shares. If the Fund increases the stated capital of the Class A Series A, Class A Series F, Class R Series A or Class R Series F shares, the holder of the Class A Series A, Class A Series F, Class R Series A or Class R Series F shares will be deemed to have received a dividend or a realized capital gain and the adjusted cost base of the shareholders' Class A Series A, Class A Series F, Class R Series A or Class R Series F shares will be increased by the amount of any deemed dividend.

The Fund's Class A and Class R shares have estimated non-capital losses that may be carried forward and used to reduce taxable income in future years. These losses, if not utilized, expire as follows:

	Class A	Class R
2031	\$ -	\$ 806
2032	-	1,786
2033	-	3,282
2034	-	2,677
2035	-	7,234
2036	-	7,728
2039	10,293	-
2040	11,842	1,966
	<u>\$ 22,135</u>	<u>\$ 25,479</u>

The potential income tax benefit of these losses has not been recognized in the financial statements.

14. Non-monetary transactions

The Fund, as part of regular purchases and dispositions of venture investments, will at times receive non-monetary consideration on the disposition of some venture investments. The non-monetary consideration can be debt instruments, shares in a publicly traded company, shares in a private company, or, on occasion, a combination of them. Non-monetary transactions are measured at the fair value of the asset received unless the fair value of the item given up is more clearly measurable. There were no non-monetary transactions during the period.

15. Commitments

The Fund has committed to advance \$4,959 (August 31, 2020 - \$4,571) of additional financing to existing Class A investees, provided certain conditions are met.

The Fund has committed to advance \$537 (August 31, 2020 - \$537) of additional financing to Class R existing investees, provided certain conditions are met.

16. Capital management

Share capital is the source of capital for the Fund. The Province of Saskatchewan has authorized the Fund to issue up to \$35,000 (2020 - \$35,000) of share capital during the period from April 1, 2021 to March 31, 2022 and annually thereafter.

The Fund's capital management objectives are to enhance the net assets of the Fund through managing its funds to maximize cash flows from investments and for sufficient liquidity to:

- fund venture investments in new eligible companies and follow-on investments in existing companies;
- meet the annual investment obligations required in The Labour-sponsored Venture Capital Corporations Act (Saskatchewan);
- fund the redemption of shares requested by shareholders; and
- fund ongoing operations.

The Fund actively monitors the cash position and financial performance of the Fund to ensure there are sufficient resources to meet venture investment requirements and shareholder redemptions. However, in the event of insufficient resources, SaskWorks may be required to delay the redemption of Class A Series A, Class A Series F, Class R Series A and Class R Series F shares tendered for redemption.

There were no changes in capital management policies during the year.

17. Net assets of the Fund

As part of the annual 2020 and 2019 audits, the Fund's auditors, MNP LLP, Chartered Professional Accountants, reviewed the fair value of the Fund's portfolio in the aggregate, as presented in the Statements of Investment Portfolio, to determine that such fair value is, in all material respects, reasonable. No such review was performed for this interim period.

18. COVID-19

At February 28, 2021 the full economic impacts of the COVID-19 pandemic were not yet known. Venture investment valuations at period end reflect the effects of the pandemic to date which in most cases resulted in negative adjustments compared to 2020. However, additional adjustments after February 28, 2021 may be necessary as the full impact becomes known and is better understood. If additional adjustments are required, it is expected these will have a negative effect on the net assets of both Class A and Class R shares. Any negative adjustments because of the pandemic and any additional negative adjustments may be temporary and could reverse if the economy improves.

CORPORATE INFORMATION

DIRECTORS

Terry Schneider

Chair

Brent Banda ²

Vice-Chair

Ron Carlson ^{2,3}

Jan McLellan Folk ¹

Doug Frondall ^{1,3}

David Meyers

Daryl Schwartz ²

Kevin Stangeland ^{1,2}

Kathy Zwick ³

¹ Audit/Valuation Committee

² Investment Committee

³ Governance and Nominating
Committee

OFFICERS

Randy Beattie

President & Chief Executive Officer

Rob Duguid

*Vice President, Chief Financial Officer,
& Corporate Secretary*

Chris Selness

Vice President

Mike Merth

Chief Compliance Officer

Jeff Linner

Chief Investment Officer

AGENT

iA Private Wealth Inc.

Saskatoon, Saskatchewan

AUDITORS

MNP LLP

Regina, Saskatchewan

LEGAL COUNSEL

MLT Aikins LLP

Regina, Saskatchewan

REGISTRAR & TRANSFER AGENT

Prometa Fund Support Services Inc.

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