

IN THE MATTER OF: THE SECURITIES ACT

-and-

IN THE MATTER OF: THE CROCUS INVESTMENT FUND

**AND IN THE MATTER OF: Charles Curtis, Peter Olfert, Waldron
(Wally) Fox-Decent, Lea Baturin, Albert
Beal, Ron Waugh, Diane Beresford, Sylvia
Farley, Robert Hilliard, Robert Ziegler**

**STATEMENT OF ALLEGATIONS OF STAFF OF THE
MANITOBA SECURITIES COMMISSION**

**STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, INTER ALIA,
THAT:**

A. BACKGROUND

The Crocus Investment Fund

1. The Crocus Investment Fund ("Crocus") is a labour-sponsored venture capital corporation created by The Crocus Investment Fund Act, C.C.S.M. c. C308 (the "Crocus Act").
2. Crocus has been a reporting issuer in Manitoba since 1992. During the relevant time, Crocus was engaged in a continuous offering of its Class A Common Shares under a Prospectus dated January 21, 2004 for which a receipt was issued by the Director (the "Crocus Prospectus"), as amended by Amendment No. 1 dated October 14, 2004 for which a receipt was issued by the Director (the "Prospectus Amendment").
3. The Crocus Prospectus contains a certificate which is signed by two officers of Crocus and by two members of the Board of Directors on behalf of all the Board of Directors, that the prospectus constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus as required by Part VII of The Securities Act (Manitoba) and the regulations thereunder and does not contain any misrepresentations.
4. The Prospectus Amendment contains a certificate which is signed by two officers of Crocus and by two members of the Board of Directors on behalf of all the Board of Directors, that the prospectus constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus as required by Part VII of The Securities Act (Manitoba) and the regulations thereunder and does not contain any misrepresentations.

5. All capitalized terms which are not defined in this document have the same meaning as in the Crocus Prospectus and the Prospectus Amendment.

The Board of Directors

6. During the material times, the Crocus Board of Directors consisted of:

Name	Elected/Appointed by
Charles Curtis	Common Shareholders
Peter Olfert	Class L Shareholders
Waldron (Wally) Fox-Decent	Class I (Series Two) Shareholders
Lea Baturin	Class L Shareholders
Albert Beal	Class L Shareholders
Ron Waugh	Class G Shareholders
Diane Beresford	Class L Shareholders
David Friesen	Common Shareholders
Paul Soubry Jr.	Appointed by Board of Directors
Sylvia Farley	Class L Shareholders
Robert Hilliard	Class L Shareholders
John Clarkson	Class G Shareholders
Robert Ziegler	Class L Shareholders

7. Of the Board members listed above:

- a) Ron Waugh replaced John Clarkson (who resigned in April 2004) as the government representative effective July 22, 2004
- b) Sylvia Farley joined the Crocus Board October 12, 2004
- c) Robert Ziegler joined the Crocus Board October 12, 2004
- d) Robert Hilliard resigned from the Crocus Board September 23, 2004
- e) Waldron (Wally) Fox-Decent resigned the Crocus Board December 9, 2004
- f) David Friesen resigned from the Crocus Board November 19, 2004
- g) Paul Soubry, Jr. resigned the Crocus Board December 14, 2004.

B. DETAILS

1. Crocus offers Class A Common Shares (the "A Shares") to the public by prospectus.
2. The subscription process for A Shares is described in the Crocus Prospectus.
3. On every Valuation Date (every Friday), Crocus calculates a Pricing NAV per Common Share (the "A Share Price") as at 3:00 pm on the Valuation Date. The A Share Price is the price at which one A Share can be purchased or redeemed on the Valuation Date. All subscriptions for A Shares and requests for redemption of A Shares which have been received since the last

valuation date are processed on the Valuation Date using the A Share Price. All purchases, including purchases made through payroll deductions or pre-arranged purchase plans, are processed in this manner.

4. The Crocus Prospectus discloses the manner in which the A Share Price is established starting at p.27. Appendix A sets out the relevant portions of the prospectus. The process in brief is:

a) On each Valuation Date the Board is required to determine the fair value of the A Shares.

b) The Board must follow a specific set of rules for determining the fair value of the Shares. This requires the Board to determine the value of the investment assets of the Fund on each valuation date.

c) There are specific rules for determining the value of the investment assets based upon whether or not the investment assets have a public market (e.g. are listed on a stock exchange).

d) If, on a valuation date the Board has determined there is a change which may have a material effect on the value of any investment asset the Board shall cause a revaluation of that investment asset or investment assets as at the valuation date.

e) The Board in 1999 delegated the setting of the A Share Price to any two directors of the Board who were authorized to sign a share price valuation certificate on behalf of the board as a whole.

5. The prospectus disclosure is consistent with the requirements in The Crocus Investment Fund Act. The relevant provision is section 15 and reproduced in Appendix B.

Valuation Process

6. The Board established a process for determining the value of the investee companies to establish a Net Realizable Value for the portfolio.

7. The staff valuation committee prepared the valuation for each investee company in the portfolio. Valuations were prepared at least annually where there was no public market for the securities of the investee company.

8. A valuation was not accepted unless all the members of the staff valuation committee agreed on a value.

9. Once valuations were completed they would go to the Valuation Sub-committee of the Board which consisted of two or three board members and an external valuator who would do a limited review of the valuations and advise the Valuation Sub-committee.

10. The Valuation Sub-committee was scheduled to meet monthly. If valuations were not available to be considered the meeting would be cancelled.

11. Between April, 2004 and September 2004 there were no meetings of the Valuation Sub-committee. Meetings which were scheduled during this time were cancelled as valuations were not completed or available for consideration until September 14, 2004. The Board of Directors expressed no concerns that the Valuation Sub-committee had no meetings during this time.

September 2004 Portfolio Writedown

12. In September 2004, the senior officers of Crocus were in a position to bring forward valuations 23 of the 50 investee companies. Based upon the valuations and the wide ranging review, certain senior officers were of the view that the net realizable value of the portfolio needed to be adjusted downward by approximately \$15 million.

13. Valuations which supported this writedown were brought forward at meetings of the Valuation Sub-committee on September 14, September 20 and September 23, 2004. The recommendations of the senior officers were accepted by the Valuation Sub-committee, which in turn made a report to the meeting of the full board on September 23, 2004 recommending the board accept the valuations as presented.

14. At the Board meeting on September 23, 2004, the senior officers indicated that the valuations presented at that time were fair based upon the information they had, but that the portfolio had other risks which were still being reviewed.

15. The Board members were advised of significant risks managing the portfolio as well as the actual investee companies. The Board however took no specific steps, nor did it give specific directions to Crocus staff on what was expected in dealing with these issues.

November 2004 Risk Analysis

16. The Board did not turn any attention to the further risks in the portfolio until a special meeting of the Board on Thursday, November 18, 2004.

17. Prior to the Board meeting on Thursday, November 18, 2004, certain of the senior officers completed and provided a summary of a risk analysis done on the portfolio to the other officers of Crocus. The risk analysis suggested another significant writedown was necessary. However, as valuations were not completed for various investees the senior officers could not agree as to the extent of the potential writedown, other than to know it would be significant.

18. On Monday, November 15, 2004 the Finance & Audit committee of the Board met to discuss finalizing the annual audited financial statement. At this meeting the Finance & Audit Committee of the Board was advised that there was an issue on valuations, but the extent of the issue or any potential writedown was not yet known.

19. On that same date, Albert Beal and Charles Curtis, two of the Board members who attended the meeting of the Finance & Audit committee of the Board, signed share valuation certificates to approve the staff prepared valuations dated September 24, 2004, October 1, 2004, October 8, 2004, October 15, 2004, October 22, 2004, October 29, 2004, November 5, 2004 and November 12, 2004.

Share Sales And Redemptions Using A Price Which Had Not Been Approved By The Board

20. Prior to the Board approval of the share price, the following sales and redemptions of A Shares occurred at the indicated price which had been set by Crocus employees:

Date	Share Price	Sales	Redemptions
September 24, 2004	10.61	26,395.62	35018.79
October 1, 2004	10.61	46,539.76	40,133.93
October 8, 2004	10.59	20,765.24	40,988.30
October 15, 2004	10.58	55,216.89	25,655.88
October 22, 2004	10.56	36,152.80	52,619.30
October 29, 2004	10.55	31,853.66	34,529.06
November 5, 2004	10.54	9,186.72	44,498.06
November 12, 2004	10.53	29,256.53	75,341.24
TOTAL		\$255,367.22	\$348,784.56

21. On Thursday, November 18, 2004, at a special meeting of the Board, the board received a summary of the risk analysis which suggested a further writedown of at least \$23.5 million was imminent. The senior officers of crocus had differing views as to the size of the writedown and the timing of when it would become incorporated into the portfolio value.

22. The Board was aware that certain senior officers believed a substantial writedown was required to properly value the portfolio. Other senior officers felt a writedown was likely, but did not agree on the amount.

23. On Friday, November 19, 2004, the A Shares were valued at \$10.50 by Crocus employees. Based on that price, there were sales of \$46,684 and redemptions of \$38,051.52 of A Shares. This did not take into account the information which had been presented to the Board on November 18, 2004. The price for the A Shares was not approved by the Board until some time after December 3, 2004.

24. A further presentation was made to interested board members on Tuesday, November 23, 2004 during a meeting of the Investment Sub-committee which gave greater detail to the information presented on November 18, 2004 to the full board.

25. On Friday, November 26, 2004, the A Shares were valued at \$10.48 by Crocus employees. Based on that price, there were sales of \$35,969.55 and redemptions of \$33,378.83 of A Shares. This did not take into account the information which had been presented to the Board on November 18, 2004 or November 23, 2004. The price for the A Shares was not approved by the Board until some time after December 3, 2004.

26. On Tuesday, November 30, 2004 a full board meeting was held to discuss various options going forward. A presentation was made by one of the senior officers which presented a different view on the valuation of the portfolio and other issues identified at the Board meeting of November 18, 2004 and the Investment Committee meeting on November 23, 2004.

27. The Board held an in camera meeting after this presentation. It was determined at that time they needed to resolve the valuation issues which had been raised and gave directions to the Valuation Sub-committee and a senior officer of Crocus to look into retaining an independent valuator. There were no discussions concerning whether to suspend trading.

28. On Thursday, December 2, 2004 a full board meeting was held in camera to discuss various issues including the roles of senior management. The Board was advised that fee quotes would be sought out for independent valuers and brought back to a December 8, 2004 meeting of the Valuation Sub-committee. There was discussion that re-pricing of the A Shares be considered for the following Friday. There was no discussion concerning whether to suspend trading. Rather, the Board was concerned about the upcoming sales season and the impact of any potential writedown on sales.

29. On Friday, December 3, 2004, the A Shares were valued at \$10.45 by Crocus employees. Based on that price, there were sales of \$27,067.25 and redemptions of \$67,249.75 of A Shares. This did not take into account the information which had been presented to the Board on November 18, 2004 or November 23, 2004, nor any board discussions after those dates. The price for the A Shares was not approved by the Board until some time after December 3, 2004.

30. On Saturday, December 4, the Board tasked the Executive & Personnel Committee to talk to two of the senior officers to determine what their intentions were concerning the fund going forward.

31. On Sunday, December 5, 2004 a conference call was held between the Executive & Personnel Committee and two of the senior officers. During the course of the call one board member (Wally Fox-Decent) indicated that the Board members were not comfortable with the size of the proposed devaluation and asked whether the senior officers would sign the prospectus if the valuation was a lesser amount that the board was more comfortable with. The senior officers indicated they would not.

32. On Monday, December 6, 2004 the Board met in camera. Amongst other things, the Executive & Personnel Committee reported on their telephone call with the two senior officers on December 5, 2004. The report indicated that the senior officers were committed to the fund and would not sign a prospectus until they felt that the valuation of the portfolio was fair.

33. Peter Olfert expressed concerns that valuations and a renewal prospectus would not be ready for the sales season. He confirmed these matters needed to be moved forward as quickly as possible. There was some concern that if the valuations were not completed on a timely basis that the Commission would direct the fund to stop selling shares until a share price was determined.

34. On Wednesday, December 8, 2004 there was a meeting between senior officers and Board members relative to how to proceed. There was discussion at this time that it would be appropriate to request a suspension of trading after the senior officers confirmed they were not prepared to sign certificates on the renewal prospectus until valuations had been determined.

35. On Thursday, December 9, 2004 the Board confirmed that a change of share price was imminent and it would be irresponsible to continue sales and redemptions until a share price was calculated. The Board directed a delegation meet with Crocus' underwriters, Crocus' auditors and the Commission concerning the intention to stop trading the A Shares.

Actual Process For Board Approval Of A Share Prices

36. During the period that the Crocus Prospectus was current, the procedure for setting the A Share Price was as follows:

a) The calculation to determine price was prepared by the Controller or Assistant Controller each Friday (the Valuation Day) prior to 3 p.m.

b) Once determined by the Controller or Assistant Controller, the share price was disseminated by e-mail to Crocus staff and financial information providers.

c) A share valuation certificate was prepared for signature of two directors.

d) The certificate and a spreadsheet supporting the calculations was sent the week following the Valuation Date by regular mail to Robert Hilliard, the Chairman of the Board until September 2004, to his offices at the Manitoba Federation of Labour (the "MFL") with a request to sign it and forward it to Peter Olfert, who also had an office at the MFL for the second signature. A reply envelope was provided to mail the certificate and the supporting calculations to Crocus.

37. Prior to receiving the certificate and supporting spreadsheet for signing, the board member would not know what the A Share Price was for the Valuation Date, nor the basis of the calculation.

38. Between September 28, 2004 and December 3, 2004 the Crocus staff person who normally prepared the certificates and sent them for signature was absent.

39. The certificates for November 19, November 26 and December 3 were likewise not prepared for signature until after December 3, 2004, after which time arrangements were made to have them signed by two Directors, Peter Olfert and Sylvia Farley.

40. Between January 23, 2004 and December 3, 2004, Crocus had gross sales of \$16,539,060.29 A Shares, and gross redemptions of \$8,039,217.21.

C. ALLEGATIONS

1. Staff of the Commission allege that:

a) The Crocus Prospectus did not contain full plain and true disclosure concerning the A Share Price, in that the Board routinely and consistently failed to determine the fair value of the Class "A" Common Shares of the Fund as at each valuation date.

b) The Board of Crocus acted in a manner contrary to the public interest in failing to comply with its statutory obligations, as disclosed in the prospectus, that the fair value of the Class "A" Common Shares of the Fund shall be determined by the Board as at each valuation date.

c) The Crocus Prospectus did not contain full plain and true disclosure concerning the A Share Price, in that contrary to the disclosure in the Crocus Prospectus, Crocus accepted subscriptions and paid out redemptions for A Shares using an A Share Price which had not been approved by the Board as at each valuation date.

d) Crocus acted in a manner contrary to the public interest in accepting subscriptions and paying out redemptions for A Shares using an A Share Price which had not been approved by the Board as at each valuation date.

e) The Board of Crocus acted in a manner contrary to the public interest in failing to establish appropriate procedures to ensure compliance with its statutory obligations, as disclosed in the prospectus, that the fair value of the Class "A" Common Shares of the Fund shall be determined by the Board as at each valuation date.

f) The Board of Crocus acted in a manner contrary to the public interest when, between the April, 2004 and September 2004, it failed to ensure valuations were completed in a timely manner.

g) The Board of Crocus acted in a manner contrary to the public interest in failing seek a suspension of trading for the A Shares on November 18, 2004 when they became aware of a change which may have a material effect on the value of any investment asset of the Fund.

h) The Board of Crocus acted in a manner contrary to the public interest when they became aware of a change which may have a material effect on the value of any investment asset of the Fund, and took no steps to cause a revaluation of the investment asset or investment assets affected by the change as at that valuation date (being Friday November 19, 2004).

i) Robert Hilliard, Peter Olfert, Charles Curtis, Sylvia Farley and Albert Beal, all members of the board, acted in a manner contrary to the public interest when they executed share valuation certificates to signify the Board approved the A Share Price after the Valuation date in question and after the price had been set by Crocus staff and used for the purposes of sales and redemptions of A Shares which were completed prior to the Board Members approving the share price.

j) Charles Curtis and Albert Beal, both members of the Board, acted in a manner contrary to the public interest in executing 8 share valuation certificates indicating Board approval of the A Share Price on November 15, 2004 after the price had been set by Crocus staff and used for the purposes of sales and redemptions of A Shares which were completed prior to the Board Members approving the share price.

k) Charles Curtis and Albert Beal, both members of the Board, acted in a manner contrary to the public interest in executing 8 share valuation certificates indicating Board approval of the A Share Price on November 15, 2004 after being told at a Finance and Audit Committee meeting that there was a material change to the valuation of the portfolio.

l) Peter Olfert and Sylvia Farley, both members of the Board, acted in a manner contrary to the public interest by signing 3 share valuation certificates indicating Board approval of the A Share Price of November , 2004 after being aware that there was a material change to the valuation of the portfolio.

m) Waldron Fox-Decent a member of the Board, acted in a manner contrary to the public interest in asking senior officers whether they would sign the certificates to the prospectus using a valuation for the portfolio which did not reflect a fair valuation of the Fund's portfolio.

DATED at Winnipeg, Manitoba this 4th day of April, 2005.

Director, Legal and Enforcement

**TO: Fillmore Riley LLP
Peter Davey
Counsel to Crocus Investment Fund**

**And to: D'Arcy & Deacon LLP
Ken Filkow, Q.C.
Special Counsel to the Board Members**

**And to: Tadman & Tadman
Martin Tadman
Counsel to Robert Hilliard**

Appendix A

5. VALUATION

5.01 Introduction.

The largest source of the Fund's capital has and is expected to continue to come from the issue of Common Shares. The Fund also will be the principal purchaser of issued Common Shares. Since the Fund will be both selling and redeeming Common Shares on a regular basis, the manner in which shares are sold and redeemed is an important aspect of the Fund's business operation. It is also important that the price at which the Common Shares are sold and redeemed is a fair price for both the Fund and its shareholders.

The Fund is required to issue Common Shares and to redeem Common Shares pursuant to Permitted Redemptions at the Pricing NAV Per Common Share determined as of the relevant Valuation Date. Generally, the Pricing NAV Per Common Share at any particular Valuation Date will be the quotient obtained by dividing the net asset value of the Fund plus the amount of unamortized deferred sales charges (less any amount that would be paid in priority to the other classes of shares on a liquidation, dissolution or winding-up) by the aggregate number of Common Shares and Class I Shares other than Series Three Shares outstanding at such time. Due to the nature of the Fund's Investment Assets, however, the Pricing NAV Per Common Share will be an approximation that is subject to uncertainty. See Section 15.09 "Risk Factors – Valuations".

The Fund calculates its Pricing NAV Per Common Share in accordance with its valuation methodology as detailed in the prospectus, in accordance with the rules set out in the Crocus Act and in the Valuation Policies.

...

To ensure the consistent application of a fair mechanism for determining the Pricing NAV Per Common Share and the NAV, the Fund has adopted procedures for determining these values and has adopted the Valuation Policies with respect to the valuation of its Investment Assets that are sufficiently flexible to allow any unusual circumstances to be taken into account by the Board of Directors.

5.02 Valuation of Fund Assets.

General. The net asset value of the Fund generally represents an amount equal to the difference between the value of the assets of the Fund and the amount of the debts of the Fund. The net asset value of the Fund will be determined as at each Valuation Date. For this purpose, the value of the Fund's assets generally will be the aggregate of:

- in respect of Investment Assets for which a published market value exists, except in certain circumstances discussed below, the published market value as at the relevant Valuation Date;

- in respect of Investment Assets for which no published market value exists, the net realizable value of such Investment Assets determined in accordance with the Crocus Act and the Valuation Policies (which, in the first twelve months following the acquisition of an Investment Asset is the cost of such Investment Asset to the Fund, subject to the requirement to revalue such asset in certain circumstances as discussed below); and

- in respect of any asset that is not an Investment Asset, the cost of such asset less any accumulated depreciation or amortization applicable to it as determined by the Board of Directors in consultation with the auditors of the Fund.

In each case where an Investment Asset is to be valued at its net realizable value determined in accordance with the Crocus Act and the Valuation Policies, net realizable value means the amount which would be received by the Fund from the sale of the Investment Asset on an orderly basis over a reasonable period of time in an arm's length sale between the Fund and an informed, knowledgeable and willing purchaser, acting without restraint.

...

Valuation of Investment Assets for Which No Published Market Exists. An Investment Asset for which there is no published market value will be valued at its cost for the first twelve months following the date such Investment Asset was acquired by the Fund. The Board of Directors will require a revaluation to be made of an Investment Asset within this twelve month period if it is of the opinion that there has been a change which may have a material effect on the value of the Investment Asset. After the initial twelve month period, such Investment Asset will be valued at its net realizable value, as determined by the Board of Directors annually in accordance with the Crocus Act and the Valuation Policies.

In order to assist the Board of Directors in valuing Investment Assets for which no published market exists, or for which a published market exists but the Board of Directors has determined that such Investment Assets could not be readily disposed of through such market at the applicable Valuation Date, it will obtain a report by such qualified person as the Board of Directors has approved, which may be the staff valuation committee, giving an opinion of the fair value of such Investment Assets as of the respective anniversary dates of the acquisition of such Investment Assets or, if approved by the Board of Directors, as of the financial year end of each respective investee company. Where on any Valuation Date the Board of Directors determines that there has been a change which may have a material effect on the value of any Investment Asset, it shall cause a revaluation of any such Investment Asset.

...

The Valuation Policies provide that the Board of Directors may cause a qualified person, which may be the auditor of the Fund, to review from time to time as the Board of Directors may deem appropriate the methodologies used by the Fund in valuing its Investment Assets to ensure that the Fund has appropriate systems in place to properly value its Investment Assets in the manner contemplated by the Valuation Policies.

...

5.04 Calculation of Pricing NAV Per Common Share.

Subject to Section 5.05 below, the Pricing NAV Per Common Share on each Valuation Date will be the fair value of a Common Share determined in accordance with the Crocus Act and the Valuation Policies. To assist in determining the fair value of a Common Share at a Valuation Date, the Board of Directors will have an independent qualified person (the "valuator") prepare a report setting out an opinion as to the manner in which the fair value of a Common Share should be calculated by the Fund's internal accountants as at such date. Presently, the valuator retained for this purpose is KPMG LLP. Such report is to be prepared at each Valuation Date, unless the Board of Directors determines that since the preceding Valuation Date there has been no change in the assets or liabilities of the Fund which could have a material effect on the manner of calculating the fair value of a Common Share, in which case the preparation of the report may be dispensed with for such Valuation Date and the calculation determining the value of the Common Shares as at such Valuation Date shall be done by the internal accountants of the Fund in accordance with the previous report.

Appendix B

Valuation

15(1) The fair value of the Class "A" Common Shares of the Fund shall be determined by the Board as at each valuation date.

Asset valuation

15(2) For the purpose of determining the fair value of the Class "A" Common Shares of the Fund as at any valuation date, the value of the investments assets of the Fund on that valuation date shall be determined by the Board in accordance with the following rules:

(a) investment assets held by the Fund for which there is a published market value shall be valued at their published market value as at the valuation date;

(b) if, despite the existence of a published market value for particular investment assets of the Fund,

(i) in the opinion of the Board such investment assets could not readily be disposed of through such market at the valuation date, the Board may adjust the value of those assets to reflect the amount which would likely be realized from their sale, or

(ii) it was the intention of the Board at the time such assets were acquired to hold them as a fixed income security until maturity, the Board may value those assets at cost, adjusted to reflect the amortized portion of the discount or premium, as the case may be;

(c) for each valuation date preceding the first anniversary of the date on which it was acquired by the Fund, an investment asset held by the Fund for which there is no published market value shall be valued at its cost unless the Fund is required

by subsection (6) to revalue the assets prior to the expiration of that one year period;

(d) for each valuation date following the first anniversary of the date on which it was acquired by the Fund, each investment asset held by the Fund for which there is no published market value shall be valued at its net realizable value as at that date;

(e) assets of the Fund other than investment assets shall be valued at cost less any depreciation applicable to them as determined by the Board in consultation with the auditors of the Fund.

Definition of "net realizable value"

15(3) In this section, "net realizable value", means the amount which would be received by the Fund from the sale of the investment asset on an orderly basis over a reasonable period of time in an arm's-length sale between the Fund and an informed, knowledgeable and willing purchaser, acting without restraint.

Report of valuation

15(4) For the purpose of determining the net realizable value of an investment asset, the Board shall cause a person qualified to make an evaluation of the investment asset to prepare a report annually, as at each anniversary date of the acquisition of the investment asset, giving his or her opinion as to the fair value of the investment asset.

Duty of Board in determining value

15(5) In determining the net realizable value of an investment asset the Board shall have regard to the report under subsection (4), to any other bona fide arm's-length transactions respecting the investment asset which in the opinion of the Board provide a valid indication of the net realizable value of the investment asset and to such other factors as the by-laws of the Fund may provide.

Revaluation

15(6) If on any valuation date the Board determines that there has been a change which may have a material effect on the value of any investment asset of the Fund, the Board shall cause a revaluation of the investment asset or investment assets affected by the change as at that valuation date.

Duty of the Board in determining value

15(7) Subject to subsection (8), for the purpose of assisting it in determining the value of the Class "A" Common Shares at a valuation date, the Board shall cause a person qualified to make an evaluation of the Fund to prepare a report stating his or her opinion as to the manner in which the value of the Class "A" Common Shares should be calculated by the accountants to the Fund

at such valuation date on the assumption that the values of the investment assets of the Fund at that valuation date are the values determined in accordance with the rules set out in this section.

Exception

15(8) If on any valuation date the Board determines that since the preceding valuation date there has been no change in the assets or liabilities of the Fund which could have a material effect upon the manner of calculating the value of the Class "A" Common Shares of the Fund, the Board may dispense with the report as to the manner in which the value of the Class "A" Common Shares should be calculated, and, when it does so, the calculation determining the value of the Class "A" Common Shares shall be done by the accountants to the Fund in accordance with the last report prepared by the person qualified to make an evaluation of the Fund.