

## **MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE YEAR ENDED JANUARY 31, 2018**

This Management's Discussion and Analysis ("MD&A") for CIC Capital Fund Ltd. ("CIC Fund or the Company") is a review of the results of operations and the liquidity and capital resources. The MD&A should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2018, all of which are prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS").

**The effective date of this report is October 5, 2018.**

### **FORWARD LOOKING STATEMENTS**

Certain information included in this discussion may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

### **APPROVAL**

The Board of Directors of CIC Capital Fund Ltd. has approved the disclosure contained in this MD&A.

### **ADDITIONAL INFORMATION**

Additional information related to the Company can be found on the Company's website at [www.CICCapitalFund.com](http://www.CICCapitalFund.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **PART 1. OPERATIONAL OVERVIEW**

### **1.1 Year to date highlights**

CIC Fund is in the final phase of re-organization as a regulated close-ended public fund and effectively restricted its operations to two clients to prove up its investment strategy and dividend in *Specie* model to shareholders.

- CIC Fund during the fiscal year significantly progressed the public listing of its various securities as a final phase of its re-organization as follows:
  - i) Common share re-admission to Canadian Exchange and future co-list on regulated European Exchange; and
  - ii) Regulated listing of Special Series B Class Shares Non-Voting (main fund).
- CIC Fund continued to provide CIC Capital Limited and CIC Gold Group Limited convertible loans as part of proving up CIC Fund's business model and investment strategy.
- Strengthened the Company's advisors in Europe in particular Luxembourg and Germany with the appointment of expanded legal-council and regulated corporate finance firms. This is to support the Company's intension to have regulated listed security products on European Stock Exchanges in the future.
- Maintained and expanded the Company's fund investment subscribers to continue to support the company with funds for convertible loans and working capital without the reliance of brokers.
- Expanded into middle east, building on established relationships with appointment of exclusive representative to aid in the development of financial products sharia-compliant finance and new clients seeking Islamic finance.
- Maintained future client relationships to ensure a pipe line of deal flow following completion of re-organization
- Developed in house share registrar capability for the Company and client company's (pre-listing).

During the course of the year the Company has completed a significant number of milestones of the Company's re-organization (refer Part 1 Item 1.2).

CIC Fund remains principally in a holding mode as it proves up convertible loans and completes its re-organization.

CIC Fund is independent from Promoters or Sponsors to effect capital raising "road shows". CIC Fund, through its shareholder base, has a solid capacity to raise what CIC Fund requires and reflects the many years of development since 2004 into the ability to self-raise capital as needed.

## 1.2 History of CIC Fund

CIC Fund is a public company incorporated on 20 June 2003 under the Canada Business Corporations Act. CIC Fund subsequently de-listed its shares from trading on the Canadian National Stock Exchange (CNSX) on 24 June 2011, following listing on the AIM Market of the London Stock Exchange, but remained a reporting issuer in Canada.

CIC Fund was an investment and advisory company, operating primarily in the mining and energy infrastructure sectors. On 2 May 2014, CIC Fund delisted on the AIM Market of the London Stock Exchange to **re-organize CIC Fund as a pure public close-ended fund** providing convertible loans to selected companies. The advisory business was farmed out to form a standalone company, CIC Capital Limited. The re-organization was necessary as CIC Fund had tremendous strength in self-raising significant capital as well as strong deal flow derived from many years in the maintenance of key relationships.

CIC Fund principally seeks equity interests in client companies in return for its capital. CIC Fund also issues in part or whole equity it receives from loan conversion to its shareholder's pro-rata as a dividend in *Specie*. CIC Fund is a reporting issuer in British Columbia, Alberta and Ontario.

CIC Fund is to re-admit its common shares on a Canadian exchange and a future dual list in the EU. CIC Fund also will seek a regulated listing of its Special Series B Class Non-Voting Shares ("B Class"), which will form the main capital-raising fund.

A diagram showing farm-out of advisory services business now conducted independently by CIC Capital Limited is given below:



### 1.3 Re-organization of CIC Fund to that of a Close Ended Regulated Fund

#### **Re-organization of CIC Fund to a close-ended fund**

The re-organization phases commenced in 2014 is focused on each phase completion and is not time based.

#### **Phase 1 Spinout the Advisory Services Business** **100% Achieved**

On 1 December 2014, it changed its name to CIC Capital Fund Ltd. as part of re-organization process and spun-out its advisory business to a newly incorporated company in Seychelles, CIC Capital Limited with a separate independent board (not a controlled company). On 12 January 2015, CIC Fund distributed one share in CIC Fund to one share in CIC Capital by way of an in-Specie dividend to its shareholders on a pro-rata basis.

#### **Phase 2 - Corporate Governance** **100% Achieved**

CIC Fund established that its client's home states would be predominantly Canada, European Union, Asia, Middle East and North America. CIC Fund adopted in full the Corporate Governance Codes in of those jurisdictions. Golwings UK was engaged in 2014 to produce a detailed Corporate Governance Manual for the Companies Board to follow. In addition, CIC Fund, has adopted in full all the principals of the UK Stewardship Code, and is a signatory to the code with the Financial Reporting Council. These principals strengthen the focus on managing risk to CIC Fund clients providing capital to CIC Fund. CIC Fund's Stewardship Code is available from CIC Fund's web site.

#### **Phase 3 – Create Client Shareholder Base** **100% Achieved**

CIC Fund has an exceptional shareholder base of over 380 shareholders developed since 2004 by CIC Group founder Stuart J. Bromley. Each shareholder is individually known. The shareholder base is also valuable to clients wishing to create a new company structure with a view to becoming a public issuer on a regulated stock exchange. This also provides clients through the shareholder base, high trading distribution on admission. CIC Gold Group Limited ("CIC Gold") listed on the main board of the London Stock Exchange and its shareholder base was created by a dividend *in Specie* to CIC Fund's shareholders. CIC Gold traded 32 million shares in each month in following admission (1/3 of its total shares on issue) proving the share distribution strength of the share-holder base of CIC Fund.

#### **Phase 4 – Prove up Convertible Loan Business Model** **100% Achieved**

During the re-organization period CIC Fund committed to support convertible loans to CIC Capital Limited ("CIC Capital") (farm-out entity) and CIC Gold Group Limited ("CIC Gold"). CIC Fund has provided convertible loans of CAD\$4,589,043 to CIC Capital since 2014. CIC Capital used the funds for its own public listing on a regulated EU market and for working capital. CIC Fund has provided convertible loans of CAD\$3,751,454 to CIC Gold since 2014. CIC Gold used the funds to successfully list on the highly regulated market of London Stock Exchange Main Board and for working capital. CIC Fund raised the convertible loan capital solely and no commission or fees were paid.

The total convertible loans provided to date since 2014 is CAD\$8,341,097.

#### **Phase 5 – Prove Dividend *in Specie* by Client Company** **100% Achieved**

CIC Gold Group Limited converted the majority of CIC Funds convertible loan to 28M shares to which CIC Fund distributed all CIC Gold shares as a dividend to its shareholders (excluding directors) in April 2015. In June 2015 CIC Gold commenced trading on the Main Board of London Stock Exchange at an average price of 6.00 UK pence.

**Phase 6 – Public list various securities of CIC Fund** **100% Achieved**

CIC Fund engaged CIC Capital to provide advisory services for various securities listings.

**Phase 7 – Re-admission of CIC Fund Common Shares** **ongoing - 90% complete**

CIC Fund is to re admit is common shares for trading Canada. Appointment of Davison and Company as Canadian auditors and Capita Shares Registrars to effect share registry services.

## **1.4 Business of CIC Fund**

CIC Fund principally seeks equity interests in client companies in return for its capital delivered by way of convertible loans.

CIC Fund intends to achieve its investment objective by investing byway of convertible loans in a range of companies that will become public companies trading on a designated stock exchange with highly experienced board of management.

*Risk* – CIC Fund will conduct a high degree of due diligence on each convertible loan and the Board will always act with Prudent Risk Management with a degree of skill and care as the funds were their own.

*Convertible Loan* - The convertible loan will be for two years, each share converted will come with a full warrant and be subject to a quarterly company interest of 8.5%. CIC Fund can elect to receive full repayment of the loan or convert to shares.

*Geography* – CIC Fund will seek investments in a broad range of jurisdictions in order to build a global portfolio of loan assets to spread in specific country risks.

*Valuation of the Portfolio* - Shares held in Client Companies will be valued only when the Client Company is listed on a stock exchange with the shares having a tradable value.

*Duration* - The term of the loan will be two years. CIC Fund's loan portfolio is to be weighted towards short-term convertible loan financing of two years to ensure an adequate degree of liquidity. This is intended to provide CIC Fund with both a liquid pool of assets ready for realization, as well as a reliable stream of longer-term income.

## **1.5 Investment Objective**

CIC Fund's investment objective is to provide Shareholders with stable and growing income returns byway of distributing dividend *in Specie* shares earned by converting loans to equity from a portfolio of investments. The dividend *in Specie* of shares will be made available to holders of the Company's securities on a pro-rata basis based on their shareholding.

CIC Fund, intends to grow the capital value of the investment portfolio by exposure predominantly to private company's undergoing a public listing on a designated exchange and convert loans to equity whereby the shares earned will be freely tradable.

## 1.6 Investment Strategy

CIC Fund will target pre-IPO companies to provide convertible loans to company's requiring working capital for at least 18 months and to fund their public listing. CIC Fund will focus predominantly four sectors:

- mineral and energy companies
- technology companies
- entertainment companies
- multimedia and software companies

The Client Companies must have a board of management that has an extensive expertise in each sector the client company operates in.

### *Convertible Loan Portfolio*

During the re-organization period CIC Fund only committed to support two companies with convertible loans, namely CIC Capital Limited ("CIC Capital") (farm-out entity) and CIC Gold Group Limited ("CIC Gold").

These outstanding convertible loans form the majority of the assets of CIC Fund. In future CIC Fund, will retain shares in client companies earned as a result on conversion of convertible loans to equity. These equity interests in Client companies will be issued as a dividend *in Specie* as happened with CIC Gold but some shares will be retained to form a significant investment portfolio.

CIC Gold with the funding support of CIC Fund and the advisory services of CIC Capital successfully listed on the regulated main market of the London Stock Exchange in June 2015.

Table showing convertible loans by client:

	<b>YE 31 Jan 2018 CAD\$</b>	<b>YE 31 Jan 2017 CAD\$</b>	<b>YE 31 Jan 2016 CAD\$</b>	<b>YE 31 Jan 2015 CAD\$</b>	<b>YE 31 Jan 2014 CAD\$</b>
Amounts due from CIC Capital	3,062,089	4,589,643	3,909,893	2,571,526	404,724
Amounts due from CIC Gold	379,060	379,060	193,278	206,752	-
	<b>3,441,149</b>	<b>4,968,703</b>	<b>4,103,172</b>	<b>2,778,279</b>	<b>404,725</b>

In fiscal year 2017, CIC Fund paid CIC Capital CAD\$1,527,554 for advisory services relating to various future public listing of its common shares, Non-voting Special Series B Class Shares ("B Class Shares") and other work. The convertible loans due to CIC Fund by CIC Capital was reduced by CAD\$1,527,554 as payment of the advisory services. As at January 31, 2017, the Company provided a full valuation allowance for the recovery of the loan receivable due to the uncertainty in valuation and recoverability impaired the balance owing CAD\$3,062,089.

In April 2015, CIC Gold Group Limited converted CAD\$3,372,394 (£1,725,000) convertible loan to 28,750,000 common shares in CIC Gold reducing the outstanding convertible loan for fiscal year 2016 to CAD\$193,278.

### *Non-current asset – investment in associate*

An associate is an entity, other than a partnership, over which the Group exercises significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are initially recognised at cost.

The consolidated financial statement includes, CIC Fund share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When CIC Fund share of losses exceeds its interest in an associate, CIC Fund carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains arising from transactions with associates are eliminated to the extent of CIC Fund interest in the entity with adjustments made to the “Investment in associates” and “Share of associates net profit / (loss)” accounts. When an associate makes a new issue of capital, changing CIC Fund percentage ownership, changes in the share of retained profits are reflected in the net profit or loss and changes in the share of reserves are reflected as direct adjustments to the specific equity accounts.

## **1.7 Dividend in Specie Distribution and History**

CIC Fund intends to deliver high returns through dividends and proving up the dividend distributions during the re-organization phase.

### *Dividends in CIC Capital*

CIC Fund farmed out the Advisory Services business in June 2014 and issued to CIC Fund common shareholders one equal share in CIC Capital as a dividend *in Specie*. This created the shareholder base for CIC Capital. CIC Capital by way of its public announcements is seeking a regulated listing on the Frankfurt Stock Exchange with a dual listing in UK as 21.00 Euro cents per share. CIC Fund does not control CIC Capital.

### *Dividends in CIC Gold*

CIC Fund distributed in 13 January 2015, 28,750,000 CIC Gold shares earned from conversion of CIC Gold outstanding loans to CIC Fund’s shareholder’s pro-rata as a dividend *in Specie*. Stuart J. Bromley director of CIC Fund and major shareholder voluntarily declined the dividend and his share allocation was passed on to shareholder’s pro-rata. This effectively created the shareholder base of CIC Gold prior to its admission to the main board of the London Stock Exchange on 23 June 2015 at 6.00 UK pence per share. The first two-months trading in CIC Gold shares saw an average trading volume of 29,800,000 shares per month representing 1/3 of the share outstanding resulting in a record for one of the highest trading volume ratio to shares outstanding on the main market of the London Stock Exchange for effectively a shell company.

CIC Capital provided the advisory services to CIC Gold for its successful admission to the main board of the London Stock Exchange and earned CIC Gold shares for its advisory services. CIC Capital issued as a dividend in Specie on the 14 January 2015, 20,000,000 CIC Gold shares pro-rata to its shareholder (effectively CIC Funds share holder).

Effectively a shareholder in CIC Fund would hold equal amount common shares in CIC Capital and common shares pro rata of their CIC Fund share-holding percentage in CIC Gold.

## PART 2      SELECTED ANNUAL INFORMATION

The following is a summary of the financial data of CIC Fund for the 12-month periods ended 31 January 2016, 31 January 2017 and 31 January 2018 and is derived from the audited financial statements of CIC Fund:

	YE 31 Jan 2018	YE 31 Jan 2017	YE 31 Jan 2016
Total Revenues	-	-	-
Net Income (loss)	(136,162)	(4,682,922)	111,642
Basic & diluted loss per common share	(0.0002)	(0.008)	0.0002
Total assets	385,342	435,082	4,157,460
Share of net result of associates	-	-	-
Total long term financial liabilities	1,821,201	1,734,779	1,753,628
Cash dividend declared per share*	-	-	3,372,394

\* Dividend issued in client shares cash equivalent

### 2.1      Results of Operations

During the year ended 31 January 2018, the Company:

- recorded administration fees of \$53,442 (2017: \$1,527,554 which are advisor fees) with no operating costs due to limited operation during the completion of the re-organization of the Company
- recorded interest expense of \$61,629 (2017: \$58,659)
- recorded an impairment office lease deposit \$49,740
- recorded a Fair value adjustment of loan receivable of CIC Capital of \$3,062,089 (valuation of CIC Capital zero until it becomes public with valuation based on tradable security's price per share)
- recorded foreign exchange gain of \$28,650 (2017 loss: 21,778)

### 2.2      General and administration expenses

During the year ended 31 January 2018, the Company incurred the following general and administrative expenses:

	31 Jan 2018	31 Jan 2017
CIC Capital advisory fees	-	1,527,554
Audit fees	53,442	-
Professional fees	-	12,613
Regulatory fees	-	33,034
Public news service	-	394
Bank charges	-	10,357
<b>Total</b>	<b>(53,442)</b>	<b>(1,583,952)</b>

## PART 3      SUMMERY OF QUARTERLY RESULTS

CIC Fund has undergone reorganization during the past four years and any quarterly results could be misleading to the reader, shareholder or potential investor. In particular, in the past fiscal year there was no significant corporate actions other than the re-organization actions and the progression of listing the Company's securities.

### 3.1      Selected Quarterly Information

The following is a summary of the results from the eight most recently completed financial quarters ending:

	YE 31 Jan 2018				YE 31 Jan 2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	-	-	-	-	-	-	-	-
Net loss for the period	(136,162)	-	-	-	(4,626,620)	(27,431)	(15,996)	12,875)
Total Assets	385,343	385,343	385,343	385,343	435,082	3,497,268	3,492,995	3,491,063
Working Capital	6,282	6,282	6,282	6,282	6,282	7,572	6,279	12,301
Total Liabilities	1,821,201	1,734,780	1,734,780	1,734,780	1,734,779	1,753,628	1,753,628	1,737,434
Shareholder Equity	1,435,859	1,572,021	1,572,021	1,572,021	1,299,697	1,743,640	1,739,366	1,737,434
Net income/(loss) per share - basic	(0.0002)	-	-	-	(0.0008)	-	-	-

**Note:** YE 31 Jan 2018 effectively the Company had little or no financial activity in final phase of the re-organization.

#### *Net loss for the period*

The Company principal losses relate to audit costs, regulatory compliance costs and general administration. In Q4 YE 31 January 2018 an expense of CAD\$1,527,554 for advisory services relating to various future public listing of the company's securities. CIC Fund following the farm-out of the advisory services moved out a large cost of significant staff resources not needed in the core business of the Company.

#### *Working Capital*

CIC Fund raises capital needed to fund the convertible loans by issuing common shares of the Company. This dilutes the shareholders and therefore the Company only raises what is needed. Therefore, it should not be read that the Company is cash deficient. In future, the Company will list on a regulated market in Special B Class non-voting shares to raise significant capital thus avoiding dilution and building a large cash fund.

#### *Total Assets*

The assets of the Company are principally the outstanding convertible loans. A reduction in assets in YE 31 January 2017 was the reduction in convertible loan outstanding to CIC Capital to offset advisory costs as stated above.

#### *Capital Expenditures*

CIC Fund capital expenditure are expected to increase significantly in the next fiscal year as new client convertible loans are approved.

#### *Shareholder's Equity*

Shareholder equity will grow as new convertible loans are approved. Dividends *in specie* in client shares earned through conversion of the convertible loans will reduce shareholder's equity.

## **PART 4                      GENERAL**

### **4.1      Liquidity and Capital Resources**

CIC Fund has generated its cash from share subscriptions to fund the convertible loans to clients and operating costs. There can be no assurance that funds will be available to CIC Fund in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to CIC Fund.

CIC Fund has established a sophisticated and public fund shareholder base whilst operating under its current management since 2004 (14 years). This shareholder base provides capital required from three main geographic locations, Asia in particular China and Japan, Middle East and Europe. CIC Fund, following its reorganization into a public close-ended fund, will in future avoid subscriptions for its voting common shares.

### **4.2      Related Party Transactions**

The Company is related to CIC Capital and CIC Gold by virtue of a common director.

The Company has engaged CIC Capital to provide advisory services for public listing of its Common shares, B Class share and bond issue. During the year ended 31 January 2017, the Company accrued an advisory fee of CAD\$ CAD\$1,527,554 (GBP850,000) payable to CIC Capital. The payable was offset against the convertible loan receivable with CIC Capital.

The Company has provided convertible loans as follows:

#### *CIC Capital Limited Convertible Loans*

The Company agreed, under a number of Convertible Loan Agreements, to provide CIC Capital convertible loans of GBP3,100,000. The Convertible Loan are repayable, either in cash or in Common Shares at the option of CIC Capital Limited, no later than 31 December 2019. On conversion, the Convertible Loans are convertible into Common Shares at a price of £0.06 per Common Share, each such Common Share having a Convertible Loan Warrant attached. The fair value of the equity conversion option was estimated, at initial recognition, to be \$nil. As at January 31, 2017, the Company provided a full valuation allowance for the recovery of the loan receivable due to the uncertainty in valuation and recoverability.

#### *CIC Gold Group Limited Convertible Loans*

The Company agreed, under a number of Convertible Loan Agreements, to provide CIC Gold convertible loans up to GBP1,200,000. The purpose of the convertible loan is to provide the required working capital for re-admission following a trading suspension of an acquisition and change of home state to Germany. The Convertible Loan plus interest is repayable, either in cash or in Common Shares at the option of the CIC Gold Group, no later than 31 January 2019. On conversion, the Convertible Loans are convertible into Common Shares at a price of £0.02 per Common Share, each such Common Share having a Convertible Loan Warrant attached. The fair value of the equity conversion option was estimated, at initial recognition, to be \$nil. As at January 31, 2018 and 2017, the fair value of the convertible loan receivable was estimated using comparable market transactions. Subsequent to January 31, 2018, the Company and CIC Gold entered into an amended agreement whereby the parties agreed that the outstanding loan balance plus interest will be converted into common shares before December 31, 2018.

#### **4.3 Off-Balance Sheet Arrangements**

None.

#### **4.4 Disclosure Controls and Procedures**

CIC Fund's Chief Executive Officer (the "Certifying Officer") is responsible for establishing and maintaining disclosure controls and procedures ("the Procedures") which provide reasonable assurance that information required to be disclosed by CIC Fund under provincial or territorial securities legislation (the "Required Filings") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to CIC Fund is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

CIC Fund's Certifying Officer is also responsible for establishing and maintaining internal controls over financial reporting ("Internal Controls") and has designed such Internal Controls, or caused them to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with CIC Fund's International Financial Reporting Standards (IFRS).

There were no changes to the company's internal controls or in other factors that could materially affect these controls during the year ended January 31, 2018, including any significant deficiencies or material weaknesses of internal controls that would require corrective action.

#### **International Financial Reporting Standards ("IFRS")**

The Companies financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### **4.5 Critical Accounting Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires CIC Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates and assumptions are used in determining the impairment assessment of convertible loan receivables, the determination of deferred income taxes. CIC Fund evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. CIC Fund's estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

#### **4.6 Risks and Uncertainties**

##### *Risks associated with CIC Fund's business*

The equity stakes taken by CIC Fund in Client Companies on loan conversion are, by their nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets and in markets influenced by sustained periods of low or negative economic growth, including the risk of losses resulting from the ownership of securities, trading, counterparty failure to meet commitments, employee errors, misconduct and fraud, and the risk of litigation. The success of CIC Fund will be dependent upon, inter alia, the identification, making, management and realization of suitable Client Companies. There can

be no guarantee that such Client Companies can or will be identified or that they will be successful. Poor performance by any Client Company could severely affect CIC Fund's performance.

#### *Risks associated with the proposed listing structure*

CIC Fund will only provide convertible loans to client companies that are seeking to go public on a designated stock exchange. CIC Fund will take tax and securities law advice on the structure of the proposed listing of Client Companies. However, there is no certainty that the rules governing the proposed listing of a Client Company, or the application of these rules, will remain the same in the future.

#### *Dependence on key personnel*

CIC Fund will be dependent on the ability of the Directors and key employees to source and negotiate attractive convertible loans. In so doing, CIC Fund will be reliant not only on the experience and ability of those Directors and employees, but also on relationships and business networks that certain key individuals have developed over a number of years. If such individuals were to leave CIC Fund, it could have a negative impact on CIC Fund's ability to achieve its objectives.

#### *Economic Uncertainty*

Future economic uncertainty or significant increases in CIC Fund's operating costs could result in a reduction in profits generated by CIC Fund.

#### *Legal proceedings and litigation*

By the very nature of CIC Fund's business, it is expected that from time to time CIC Fund will be subject to complaints or claims in the normal course of business. There is no certainty that such claims or complaints will not be material and that any settlements, awards or legal expenses associated with defending or appealing against any decisions in respect of any such complaints or claims will not have a material adverse effect on CIC Fund's operating results or financial condition. CIC Fund's business may be materially and adversely affected if CIC Fund and or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

#### *Equity interests in Client Companies*

CIC Fund will typically receive an equity stake in Client Companies in consideration for the provision of conversion of convertible loans to equity. Equity securities generally represent the most subordinated claims in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of equity securities are generally entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available, after making interest and any other required payments in respect of more senior securities of the issuer.

Moreover, in the event of an insolvency or winding-up of a Client Company in which CIC Fund holds an equity interest, the claims of shareholders will rank behind all other claims in that company. After repaying holders of more senior securities, such companies may not have any remaining assets to use for repaying amounts owed in respect of CIC Fund's holdings. To the extent that any assets remain, holders of claims that rank equally with CIC Fund's holdings would be entitled to share on an equal and rateable basis in distributions that are made out of those assets.

#### *Insurance*

CIC Fund does not hold any insurance. Accordingly, CIC Fund is exposed to the full extent of any financial losses in the event of any incident that causes loss or damage to CIC Fund.

### *Dividends*

There can be no assurance as to the level or frequency of future dividends, if any. The declaration, payment and amount of any future dividends of CIC Fund are subject to the discretion of the directors of CIC Fund, and will depend on, among other things, CIC Fund's earnings, financial position, cash requirements.

## **PART 5 SHARE DATA**

CIC Fund's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of B Class Non-Voting Special Series Shares without par value. As at January 31, 2018, CIC Fund has 554,218,639 common shares issued and outstanding, no stock options and no warrants outstanding. The following is the summary of outstanding shares, stock options and warrants:

	<b>YE 31 Jan 2018</b>	<b>YE 31 Jan 2017</b>	<b>YE 31 Jan 2016</b>
Common Shares	554,218,639	554,218,639	537,318,639
Warrants	-	-	-
Options	-	-	-

## **PART 6 OUTLOOK**

The Company has key milestones for growth over the medium and long term.

- (i) Complete the Company's re-organization including the return of trading in Canada of its common shares
- (ii) Public listing of the Company's B Class Non-Voting Special Series Shares ("B Class Shares") as a stand-alone fund for the provision of convertible loans to clients. The Company has demonstrated that during the re-organization phase, the Company has raised \$8,341,097 for its clients and working capital with no commission of fees paid. The B Class Share listing will enable the Company to have significant cash reserves for client convertible loans, increasing the potential to gain significant equity in the conversion of those loans which in part or whole will be issued as a dividend in *Specie* to our shareholders. The Company has progressed greatly the listing of the B Class Shares in the fund markets of Luxembourg, UK and Canada.
- (iii) Issue additional dividends in *Specie* of equity gained in client company's through the conversion of loans.

END.