PFM Venture Capital Operations Inc.
1925 Victoria Ave., 2nd Floor
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January 14, 2010

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Financial Services Regulation Division, Department of Government Services, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
jstevenson@osc.gov.on.ca

Dear Sirs:

These comments are in response to the proposed amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* and Companion Policy 81-106CP *Investment Fund Continuous Disclosure.*

We are writing on behalf of PFM Venture Capital Operations Inc., the fund manager of SaskWorks Venture Fund Inc. ("SaskWorks"). SaskWorks is a labour-sponsored venture capital corporation registered under *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) with approximately $150 million of net assets.

Our comments are specifically directed towards the proposed amendments to 81-106 for investment funds to prepare and file consolidated financial statements in accordance with International Financial Reporting Standards IAS 27. The calculation of net asset value for share pricing purposes will continue to be done using the fair value standard established in 81-106.

Under current Canadian generally accepted accounting principles SaskWorks prepares and files its financial statements in accordance with *Accounting Guideline 18 Investment Companies* whereby investment funds are required to measure and present their portfolio assets at fair value. The Statement of Investment Portfolio accompanying the financial statements is also reported on a fair value basis, thus matching the values reported on the Statement of Net Assets.

We have always and continue to believe that fair value presentation of SaskWorks portfolio assets on the Statement of Net Assets and Statement of Investment Portfolio provides the most meaningful and relevant information to its shareholders.

SaskWorks, as an investment company, does not invest in portfolio assets in order to operate those assets. Rather, the portfolio assets are acquired and held with a view to their subsequent disposal. The redemption features of SaskWork's shares (after 8 years the shares are allowed to be redeemed) are such that it must liquidate its portfolio assets in order to provide the monies necessary to redeem its shares. Acquiring portfolio assets to hold and operate is not an option. In fact, SaskWorks shareholders may redeem earlier than the 8 year period if they are willing to pay a penalty.

While SaskWorks may take representation on the board of directors, and in some exceptional cases the majority of board seats, or own more than 50% of the voting shares in an entity, in no case does it direct or control the strategic and operating decisions of these companies. SaskWorks does not take an active role in the management of these companies. These companies have their own management teams that run the day-to-day operations of these businesses. Consolidation of a subsidiary's results would imply a level of control over the subsidiary that SaskWorks does not have.

SaskWorks interest in a portfolio asset is its fair value as a whole entity, not in its component parts as would be presented if consolidated. An individual portfolio asset's Canadian GAAP or IFRS individual financial statement components are of little value in determining what the asset as a whole is worth to SaskWorks. It is the fair value of the entity, encompassing all its assets, liabilities, and future prospects, both good and bad, that is relevant to the shareholder of an investment company. Presenting a portfolio asset's, for example, sheet metal inventory or income tax obligations provides no useful information to a shareholder because the inventory is not owned by SaskWorks and the tax obligation is not owed by SaskWorks. Financial reporting and presentation should help the shareholder understand and not confuse. In this case, consolidation will cause confusion.

SaskWorks does not trade on a public market. Shares are priced weekly based on the fair value of its portfolio assets in accordance with valuation policies established by board and the fair value standard established in 81-106. Except for a small difference resulting from the 2003 change in the accounting for deferred commission (which difference will be eliminated by 2012), net assets per share on the Canadian GAAP financial statements equals net asset value for pricing purposes. The financial statements used for pricing purposes match, except for the accounting of deferred commissions, the Canadian GAAP financial statements used for presentation. No explanation or reconciliation is required because there are no differences.

A requirement to consolidate for purposes of financial statement presentation and fair value for purposes of the calculation of net asset value would necessitate keeping two sets of financial records. A qualitative or quantitative reconciliation of the difference between the two would, in our view, be meaningless to SaskWorks shareholders and provide little if any useful information when such differences arise, not because of fair value changes, but because of accounting presentation requirements.

Under the proposed amendments to 81-106, only the financial statements are to be prepared on a consolidated basis. All other information is to be prepared and presented on a non-consolidated fair value basis. If the CSA has correctly determined that non-consolidated fair value preparation and presentation of all information, other than the financial statements, is the most relevant and useful for shareholders, why the proposed requirement to prepare and present consolidated financial statements?

In order for SaskWorks to consolidate its subsidiaries and present consolidated financial statements under IFRS, subsidiary financial results would have to be prepared in accordance with IFRS. Most of these subsidiaries, based on the nature of SaskWorks' investment activities, are small to medium sized private companies. This preparation could be done by the subsidiary itself or by SaskWorks with the assistance of the subsidiary. In either case, the subsidiary would be required to provide additional financial information that it may not have the financial and technical capacity to provide. Certain of the accounting requirements under IFRS, for example those relating to property, plant and equipment, will require extensive changes to the way these businesses currently account for some items under Canadian GAAP. These changes would require a level of accounting expertise that these businesses do not have and, as such, would be required to incur additional expense to hire the expertise to gather and provide the required information in a timely manner.

In conclusion we believe that portfolio assets on investment company financial statements' presented on any basis other than fair value would be irrelevant and misleading to shareholders. The cost involved, including time, money and investor confusion, to present as such would massively outweigh any benefit that may be gained.

Sincerely,

PFM Venture Capital Operations Inc.

Mike Merth, CA, CMA
Chief Financial Officer

Rob Duguid
Vice-President