

Difference Capital Shareholder Update

Q3 highlights our progress - November 2015

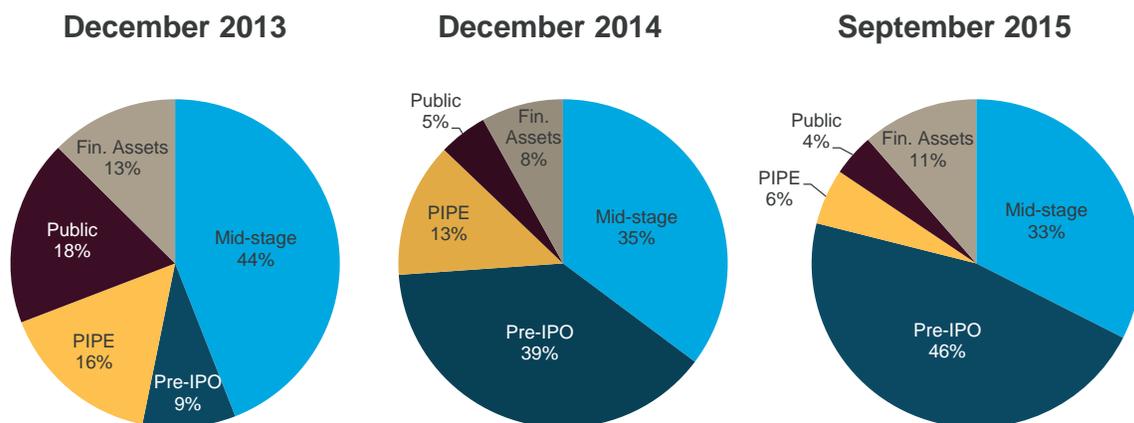
We reported a good Q3 last week. Let's simplify the results for you:

- In Q3 the \$100 million portfolio rose \$7.4 million in value and produced \$0.6 million in income. This was driven by our sale of WG, Infraredx and some other gains, offset by a few smaller write-downs. YTD the portfolio has gained \$11.6 million and produced \$2.1 million in income.
- This \$7.4 million was slightly reduced by \$1.4 million in fees related to the WG sale and another \$0.3 million provision so maybe the best way to think is that the Portfolio drove a \$5.7 million gain during the quarter. We are happy with a 6% gain on a quarterly basis.
- Then we, of course, have to pay (or accrue for) our bond holders' interest of about \$1.2 million and pay our operating costs (salaries, rent, professional fees, bad office coffee, etc.) of another \$1.2 million.
- This leaves about a \$3.8 million gain for shareholders. Or an \$0.11 gain per share. We think that's an OK result for a \$0.70 stock. Our NAV/share climbed from \$1.72 last quarter to \$1.83.
- The balance sheet at the end of quarter had approximately \$20 million of cash with another \$6 million expected shortly from the WG sale.

Going forward, we don't expect major exits like this every quarter, but we do expect our interest costs to drop since we have just bought back \$12 million more of the debt – now leaving \$36 million of the original \$56 million outstanding.

Portfolio Update

On the portfolio front, we remain quite excited about the progress being made by our portfolio names and the increasing mix of later stage names. See the chart below that shows our high exposure now to IPO capable names.



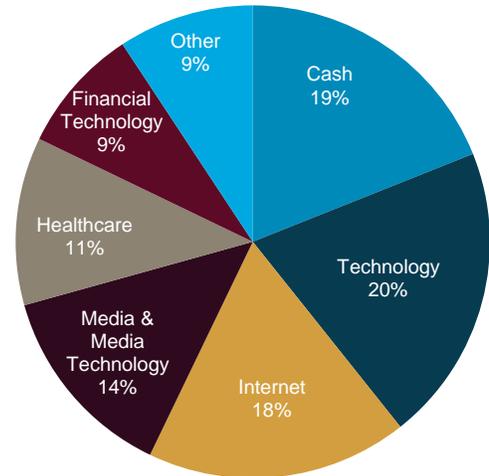
This excitement is a little tempered by current public market conditions for IPOs. We have no expectations for further IPO events in 2015 or even early 2016. However, M&A activity remains high and we have several names involved in some stage of M&A discussions. We also continue to believe



that Canadian capital markets remain hungry for quality, liquid growth stories (e.g. Shopify, Kinaxis) and that an IPO window for several of our names will appear in the next 12 – 18 months. We are not counting on the “Unicorn” nonsense south of the border to migrate north.

We are also happy with our sector exposure as shown below. Note the solid exposure to strong sectors of Internet, Media Tech, FinTech, and several enterprise software names (in Technology).

Sector	Company	Sector	Company
Financial Technology	Carta Worldwide	Other	ARW
	Ethoca Solutions		Palm Springs Real Estate
	Mogo		Waterloo Innovation Network
Healthcare	Aurinia	Technology	Baanto
	Brainscope		BlackBerry
	Cardiac Dimensions		Bluedrop
InfraredX (Sold Oct. 1 st)	BTI Systems		
Internet	BuildDirect		Embotics
	HootSuite		Quickplay Media
	ScribbleLive		TouchBistro
	Shop.ca	Vena Solutions	
Media & Media Technology	Blue Ant Media	World Gaming Residual & Escrow	
	Cricket Media	Cash	\$20m
	iPowow		
	Thunderbird Films		



Overall we hope you agree that Difference Capital provides investors with a solid vehicle to get exposure to some of Canada’s best emerging tech and media names in a diversified, professionally managed, tradable vehicle. And with our current discount to NAV (about 60%) you get all this at better than half-off. Just in case you were looking for a holiday gift idea!

Sincerely,

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