

## KENSINGTON PRIVATE EQUITY FUND

### REPORT OF INDEPENDENT REVIEW COMMITTEE TO UNITHOLDERS

#### REPORTING PERIOD

Kensington Private Equity Fund (the “**Fund**”) is the successor to Kensington Global Private Equity Fund (“**Global Fund**”), an investment trust formed in April 2007 that transitioned into the Fund on September 17, 2014. The independent review committee (the “**IRC**”) for the Fund was appointed on September 17, 2014 and its members were members of the independent review committee of Global Fund prior to the transition into the Fund.

To reflect such transition, the information disclosed in this report covers both the Global Fund, for the period from April 1, 2014 and ending September 17, 2014, and the Fund for the period from September 17, 2014 to March 31, 2015 (the “**Period**”). In this Report, references to the “Fund” with respect to matters occurring prior to September 17, 2014 are references to the Global Fund.

#### MEMBERS OF THE IRC

The following individuals serve as members of the Fund’s IRC and were appointed for three year terms.

<u>Name</u>	<u>First Appointed</u>	<u>Other IRC Memberships</u>
Rubin Osten	September 17, 2014	None
Keith Wettlaufer	September 17, 2014	None
Sean Aylward	September 17, 2014	None

The members of the Fund’s IRC also comprised the IRC of the Global Fund during the Period. Mr. Rubin Osten is the Chair of the IRC. Each member of the IRC is independent of the Fund, its manager Kensington Capital Advisors Inc. (“**KCAI**”) and other companies related to KCAI, and none has any ownership of KCAI except for Sean Aylward, who is an indirect owner of preferred shares in the parent company of the Manager which may be convertible into less than 10% of its total equity shares, and which is not a material investment in his portfolio. During the Period there were no changes in the composition of the membership of the IRC. There are no relationships that may cause a reasonable person to question any member’s independence.

#### IRC COMPENSATION

The aggregate compensation paid by the Fund to the IRC for the Period was \$15,000 (plus applicable taxes). On an annual basis, the IRC reviews the compensation paid to the members of the IRC with a view to the following:

- (a) the best interest of the Fund;
- (b) the commitment of time and energy that is expected from each member;
- (c) industry best practice; and
- (d) the IRC's most recent annual assessment, as well as any recommendations about IRC compensation and expenses made by KCAI. KCAI recommended that no change be made to IRC compensation for the Period.

No amounts were paid to the IRC by the Fund pursuant to any indemnity given by the Fund to the IRC during the Period.

The IRC has set the same compensation for the ensuing year. In concluding that this compensation was appropriate, the IRC considered: the nature and complexity of the Fund's operations; the time commitment required and the level of information provided to the IRC members. The IRC followed KCAI's recommendation in respect of the compensation levels noted above.

## **HOLDINGS OF SECURITIES**

### **Fund**

As of March 31, 2015, the percentage of units of each class of the Fund beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10%.

### **KCAI**

As of March 31, 2015, the members of the IRC had no beneficial interest in voting or equity securities of KCAI.

### **Service Providers**

As of March 31, 2015, the members of the IRC had no material beneficial interest in any third party service providers to the Fund or KCAI. Sean Aylward is a partner of a law firm, Osler Hoskin & Harcourt that provides services to the Fund and KCAI.

## **CONFLICT OF INTEREST MATTERS**

During the Period, the IRC's activities included reviewing its mandate and reviewing the policies and procedures in respect of conflicts of interest of KCAI, including the review of the IRC's standing instruction to KCAI. This standing instruction permits KCAI to proceed with any conflict of interest matter on an ongoing basis where KCAI follows the procedures provided in its *Policies and Procedures in Respect of a Conflict of Interest Matter*.

The IRC reaffirmed and approved a standing instruction for KCAI reaffirming and approving its existing *Policies and Procedures in Respect of a Conflict of Interest Matter*.

At the June 11, 2014 meeting of the IRC of the Global Fund, the IRC discussed and considered the potential conflict of interest arising from a proposed investment by Global Fund in common shares of Genalta Power Inc. (“GPI”) Kensington Power Income Fund I, a separate fund managed by KCAI, had previously acquired certain assets from GPI, had two nominees on the GPI board of directors, and was in the process of negotiating additional business arrangements with GPI. As a result of all of these other relationships, the IRC concluded that it was not advisable for Global Fund to purchase shares of GPI since any such transaction could give rise to an actual or perceived conflict of interest. Based on this recommendation, KCAI decided not to pursue this transaction and Global Fund did not purchase the GPI shares.

At the October 28, 2014 meeting of the IRC, the IRC discussed and considered the proposed investment by the Fund in Kensington Venture Fund, L.P. (“KVF”), a new fund managed by KCAI that was launched under the Venture Capital Action Plan established by the Government of Canada. Under the terms of the Declaration of Trust governing the Fund and the *Policies and Procedures in respect of a Conflict of Interest Matter* adopted by the IRC, the Fund is permitted to invest in other Kensington managed funds (a “Kensington Private Fund”) where such an investment is consistent with the Fund’s investment objectives if KCAI determines that such an investment can be made without any significant risk of adverse economic or tax effects, and provided that any such investment is made on a basis that achieves the same or better terms and conditions in aggregate as investing in parallel with the Kensington Private Fund, including ensuring that there is no duplication of management fees paid to KCAI (or any affiliate). The IRC considered the proposed investment in KVF, including: (a) the clear fit with the Fund’s investment strategy, (b) the unique and attractive KVF financial structure, (c) the potential for multiple recurring conflicts of interest if the overlapping investment mandates were to be independently managed by KCAI, and (d) the agreement by KCAI to rebate to the Fund all management fees paid to KCAI in respect of the investment by the Fund in KVF. Based on these and other factors, the IRC approved the proposed investment in KVF. The investment by the Fund in KVF was completed on November 14, 2014.

Dated as of June 24, 2015.