

## CONFIDENTIAL OFFERING MEMORANDUM

*This confidential offering memorandum (the “Offering Memorandum”) constitutes an offering of the securities described herein only in those jurisdictions where, and to those persons to whom, they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or a public offering of these securities. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum nor has it in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. No prospectus has been filed with any such authority in Canada in connection with the securities offered hereunder.*

*This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.*

Continuous Offering



April 1, 2020

### BRIDGING FERN ALTERNATIVE CREDIT FUND

Bridging Fern Alternative Credit Fund (the “Fund”) is an investment fund established as a trust under the laws of Ontario. The investment objective of the Fund is to generate positive absolute returns with a low correlation to traditional asset classes while preserving capital. The Fund is a “fund of funds” and intends to invest substantially all of its assets in a portfolio consisting of securities of other investment funds and alternative investment vehicles (“Underlying Funds”) that employ alternative credit investment strategies.

Class A, Class UA (USD), Class F, Class UF (USD), Class I and Class UI (USD) of the Fund (the “Units”) are offered hereby. The Manager may create additional classes of Units from time to time. This offering may be suspended at any time and from time to time.

---

#### SUBSCRIPTION PRICE: NET ASSET VALUE PER UNIT

---

An unlimited number of Units are being offered on a continuous basis to investors resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon pursuant to exemptions from the prospectus requirements under applicable securities legislation of those jurisdictions.

Units are being offered to an unlimited number of eligible subscribers who are prepared to invest a minimum initial subscription amount of \$1,000 if the subscriber qualifies as an “accredited investor” under applicable securities legislation. For subscribers, other than individuals, that are not purchasing as “accredited investors” the minimum investment shall be Units with an aggregate acquisition cost of not less than \$150,000. Bridging Finance Inc. (the “Manager”), the Manager of the Fund, may, in its sole discretion, accept subscriptions for lesser amounts provided such subscribers are “accredited investors” under applicable securities legislation.

Units of each class will initially be issued at a subscription price of \$100 per Unit and subsequently at the net asset value (“Net Asset Value”) per Unit for the applicable class (determined in accordance with the trust agreement dated as of January 1, 2018, as amended and restated as of November 1, 2018 (the “Trust

**Agreement**”), as the same may be further amended, restated or supplemented from time to time) as at the relevant Valuation Date (as defined below). Units are only transferable with the consent of the Manager and in accordance with applicable securities legislation.

**Odyssey Trust Company (the “Trustee”) is the trustee of the Fund and has delegated responsibility for all aspects of the management of the Fund to the Manager. The Manager will be paid a management fee by the Fund as set out in this Offering Memorandum. Furthermore, the Manager may act as manager of one or more Underlying Funds (“Related Funds”) and will be paid fees by such funds. As a result of these relationships, the Fund and each such Related Fund is a connected issuer of the Manager. By investing in the Fund, each investor consents to the Fund investing its assets in Related Funds. See “Conflicts of Interest” and “Interest of Management and Others In Material Transactions”.**

Subscriptions will be processed on the last business day of each month and on such other days as the Manager may permit (each, a “**Valuation Date**”), subject to the Manager’s discretion to accept or reject subscriptions in whole or in part. A fully completed subscription agreement and subscription monies must be received by the Manager no later than 4:00 p.m. (EST) on the relevant Valuation Date, in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Valuation Date.

This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Fund and need not be refunded to the subscriber.

Units are subject to restrictions on resale under applicable securities legislation unless a further statutory exemption may be relied upon by the investor or an appropriate discretionary order is obtained from the securities regulatory authorities pursuant to applicable securities legislation. As there is no market for the Units, it may be difficult or even impossible for a subscriber to sell them. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation. Units may be redeemed at their Net Asset Value per Unit of the applicable class (determined in accordance with the Trust Agreement at the close of business on a Valuation Date and on such other dates as the Manager may permit in its absolute discretion from time to time), provided that the request for redemption is submitted to the Manager at least 30 calendar days prior to such Valuation Date. **Redemptions may be suspended in certain circumstances.**

**A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors are urged to consult with an independent legal advisor prior to signing the subscription form for the Units and to carefully review this Offering Memorandum and the Trust Agreement which is available upon request from the Manager. There are additional risk factors associated with investing in the Units. Investors should carefully review the risk factors outlined in this Offering Memorandum. See “Risk Factors”.**

## TABLE OF CONTENTS

|   |    |
|---|----|
| SUMMARY .....   | I  |
| THE FUND.....   | 1  |
| INVESTMENT OBJECTIVE AND STRATEGIES OF THE FUND .....                 | 1  |
| Investment Objective and Strategies.....                              | 1  |
| Underlying Fund Selection and Monitoring .....                        | 2  |
| Currency Hedging.....   | 2  |
| Investment Restrictions.....  | 2  |
| Statutory Caution .....   | 3  |
| MANAGEMENT OF THE FUND.....   | 3  |
| The Trustee .....   | 3  |
| The Manager .....   | 4  |
| Directors and Officers of the Manager.....                            | 4  |
| Powers and Duties of the Manager .....                                | 5  |
| Fees and Expenses of the Fund .....                                   | 7  |
| Standard of Care and Indemnification of the Manager .....             | 7  |
| DESCRIPTION OF UNITS OF THE FUND .....                                | 8  |
| FEES AND EXPENSES.....  | 10 |
| Management Fees Payable by the Fund.....                              | 10 |
| Operating Expenses Payable by the Fund.....                           | 10 |
| DETAILS OF THE OFFERING.....  | 11 |
| Subscription Process .....  | 11 |
| Registered Plans.....   | 12 |
| ADDITIONAL SUBSCRIPTIONS .....  | 12 |
| DEALER COMPENSATION.....  | 13 |
| Sales Commission.....   | 13 |
| Service Commission .....  | 13 |
| Referral Fees .....   | 13 |
| REDEMPTION OF UNITS.....  | 13 |
| TRANSFER AND RESALE RESTRICTIONS .....                                | 15 |
| CALCULATION OF NET ASSET VALUE OF THE FUND.....                       | 15 |
| DISTRIBUTION POLICY .....   | 20 |
| UNITHOLDER MEETINGS.....  | 20 |
| AMENDMENTS TO THE TRUST AGREEMENT .....                               | 21 |
| TERMINATION OF THE FUND .....   | 22 |
| CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....               | 23 |
| Qualification as a Mutual Fund Trust .....                            | 24 |
| Taxation of the Fund.....   | 24 |
| Offshore Investment Fund Property Rules.....                          | 26 |
| Taxation of Unitholders .....   | 26 |
| Eligibility for Investment.....                                       | 28 |
| Prescribed Plan Unitholders.....                                      | 28 |
| Tax Reporting .....   | 28 |
| International Tax Reporting.....                                      | 28 |
| <i>U.S. Foreign Account Tax Compliance Act</i> .....                  | 28 |
| RISK FACTORS .....  | 29 |
| Risks Associated with an Investment in the Fund .....                 | 29 |
| Risks Associated with the Fund’s Investment in Underlying Funds ..... | 33 |

|   |    |
|---|----|
| Risks Associated with Investments by Underlying Funds .....     | 33 |
| CONFLICTS OF INTEREST .....                                     | 37 |
| INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS..... | 38 |
| ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LEGISLATION .....      | 38 |
| TRUSTEE .....   | 38 |
| CUSTODIANS .....  | 38 |
| ADMINISTRATOR, RECORD-KEEPER AND FUND REPORTING .....           | 39 |
| AUDITOR.....  | 39 |
| UNITHOLDER REPORTING .....                                      | 39 |
| MATERIAL CONTRACTS .....  | 40 |
| PRIVACY POLICY.....   | 40 |
| PURCHASERS' RIGHTS OF ACTION FOR DAMAGES OR RESCISSION .....    | 40 |
| Statutory Rights of Action .....                                | 40 |
| Contractual Rights of Action .....                              | 55 |
| CERTIFICATE .....   | 56 |

## SUMMARY

*Prospective investors are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Fund. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum and the Trust Agreement.*

- The Fund:** Bridging Fern Alternative Credit Fund (the “**Fund**”) is an open-ended unincorporated investment trust established under the laws of the Province of Ontario pursuant to a supplement dated June 1, 2019 to the trust agreement dated as of January 1, 2018, as amended and restated on November 1, 2018 (the “**Trust Agreement**”) made between Odyssey Trust Company (the “**Trustee**”) and Bridging Finance Inc. (the “**Manager**”), as the same may be further amended, restated or supplemented from time to time. The office of the Fund and the Manager is 77 King Street West, Suite 2925, P.O. Box 322, Toronto, Ontario, M5K 1K7. See “The Fund” and “Management of The Fund”.
- Investment Objective and Strategies of the Fund:** The investment objective of the Fund is to generate positive absolute returns with a low correlation to traditional asset classes while preserving capital. The Fund is a “fund of funds” and intends to invest substantially all of its assets in a portfolio (the “**Portfolio**”) of securities of other investment funds and alternative investment vehicles (“**Underlying Funds**”) that employ alternative credit investment strategies.
- Approximately 60% of the portfolio is expected to be invested in securities of Underlying Funds employing liquid credit strategies, such as levered credit, high yield levered credit and distressed credit. These strategies invest in securities that are predominantly publicly traded. The remainder of the portfolio will be invested in private debt funds (“**Private Debt Funds**”). The investments of these funds include private loans to companies that typically borrow against the value of their inventory, accounts receivables and other assets. See “Investment Objective and Strategies of The Fund”.
- The Manager may act as manager of one or more Underlying Funds (“**Related Funds**”) and will be paid fees by such funds. As a result of these relationships, the Fund and each such Related Fund is a connected issuer of the Manager. **By investing in the Fund, each investor consents to the Fund investing its assets in Related Funds.** See “Conflicts of Interest” and “Interest of Management and Others In Material Transactions”.
- Investment Restrictions:** The Fund has developed certain investment policies and restrictions (the “**Investment Restrictions**”). See “Investment Objective and Strategies of The Fund - Investment Restrictions”.
- The Manager:** The Manager is a corporation existing under the laws of Canada. In addition to managing the day-to-day activities of the Fund, it is the responsibility of the Manager to make investment decisions on behalf of the Fund, to assist in the marketing of the Fund, and to act as a distributor of Units not otherwise sold through another registered dealer. See “Management of The Fund - The Manager”.
- The Offering:** An unlimited number of beneficial interests in the Fund, referred to as units (the “**Units**”), are offered hereby (the “**Offering**”). Investors in the Fund are referred to as “**Unitholders**”.
- Units may be issued in more than one class, and each class may have different attributes. To date the Manager has designated six classes of Units. The Manager may create additional classes of Units without notice to existing investors.

**Class A Units and Class UA Units (USD)** will be issued to qualified purchasers. Class A Units and Class UA Units are subject to a management fee of 1.40% per annum of the Net Asset Value of the Class A Units and Class UA Units, plus applicable taxes. The Manager intends to pay a trailing commission to selling dealers of up to 1.0% per annum of the Net Asset Value of Class A Units and Class UA Units sold by such dealers. See “Fees and Expenses”.

**Class F Units and Class UF Units (USD)** will be issued to qualified purchasers who purchase their Units through a fee-based account with their own dealer (i.e., an account at a dealer where the investor pays his or her own dealer a fee based upon a percentage of the assets under management or other similar fee). Class F Units and Class UF Units are subject to a management fee of 0.40% per annum of the Net Asset Value of the Class F Units and Class UF Units, plus applicable taxes. The Manager will not pay a trailing commission in respect of Class F Units and Class UF Units.

**Class I Units and Class UI Units (USD)** are available to institutional investors at the discretion of the Manager. If a Unitholder ceases to be eligible to hold Class I or Class UI Units, the Manager may, in its sole discretion, redesignate such Unitholder’s Class I and Class UI as Class A and Class UA Units, respectively, upon five days’ notice, unless such Unitholder notifies the Manager during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class I Units or UI Units, as applicable.

Each Unit represents a beneficial interest in the Fund. The Fund is authorized to issue an unlimited number of classes of Units and an unlimited number of Units in each such class. The Fund may issue fractional Units so that subscription funds may be fully invested. Each Unit of a particular class has equal rights to each other Unit of the same class with respect to all matters, including voting, receipt of allocations and distributions from the Fund, liquidation and other events in connection with the Fund.

The U.S. dollar denominated classes of Units are suitable for investors who want U.S. dollar denominated exposure. As the Fund is denominated in Canadian dollars, investors who purchase the U.S. dollar denominated classes of Units will be exposed to fluctuations in the Canadian/U.S. dollar exchange rate. To offset this exposure, the Manager will use its best efforts to hedge the currency risk. If the Manager is successful, the returns of the Class UA, Class UF, Class UI Units as measured in U.S. dollars will be similar to the returns of the Class A, Class F and Class I Units, respectively, as measured in Canadian dollars. Without regard to movements in the currency exchange rate as between the Canadian and U.S. dollar, several factors may result in the returns not being equal, including, but not limited to, any expenses incurred by the Fund in hedging the currency and the timing of an investor’s investment relative to when the Manager is able to hedge the currency of the Fund. Therefore, there is no guarantee that the Manager will be successful in fully hedging the currency exposure of the U.S. dollar denominated classes of Units.

This Offering may be suspended at any time and from time to time. See “Details of The Offering”, “Description of Units of The Fund” and “Management of The Fund – The Manager”.

- Personal Investment Capital:** Certain directors, officers and employees of the Manager and/or its affiliates and associates may purchase and hold Units of the Fund and the securities of certain of the Underlying Funds or assets held by Underlying Funds from time to time. See “Interest of Management and Others In Material Transactions”.
- Subscription Procedure:** Subscriptions for Units must be made by completing and executing the subscription agreement provided and by forwarding to the Manager such agreement together with payment, or evidence of payment, acceptable to the Manager representing payment of the subscription price.
- Subscriptions will be processed on the last business day of each month and on such other days as the Manager may permit (each, a “**Valuation Date**”), subject to the Manager’s discretion to accept or reject subscriptions in whole or in part. A fully completed subscription agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager no later than 4:00 p.m. (EST) on a Valuation Date in order for the subscription to be accepted as at that Valuation Date; otherwise the subscription will be processed as at the next Valuation Date. Units will be deemed to be issued on the business day following the relevant Valuation Date. No certificates evidencing ownership of Units will be issued to Unitholders of the Fund. See “Details of The Offering - Subscription Process”.
- Subscription Price:** Units of each class will initially be issued at a subscription price of \$100 per Unit and subsequently at the Net Asset Value per Unit for the applicable class.
- Minimum Individual Subscription:** Units are being offered to investors resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon (the “**Offering Jurisdictions**”) pursuant to exemptions from the prospectus requirements under section 2.3 under National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) and, in Ontario, in Section 73.3 of the *Securities Act* (Ontario) (accredited investor exemption) and section 2.10 under NI 45-106 (minimum amount investment exemption). See “Details of The Offering”.
- Units are being offered by the Fund on a continuous basis to an unlimited number of eligible subscribers who are prepared to invest a sufficient amount to meet the minimum initial subscription requirements or who are otherwise qualified investors. As at the date of this Offering Memorandum, the minimum initial subscription amount for persons relying on the “accredited investor” exemption is \$1,000. The minimum initial subscription amount for persons relying on the “minimum amount investment” exemption is \$150,000; provided that such subscriber is (i) not an individual, and (ii) not created or used solely to rely on the “minimum amount investment” exemption. The minimum amount is net of any sales commissions paid by a subscriber to their registered dealer. At the sole discretion of the Manager, subscriptions may be accepted for lesser amounts from persons who are “accredited investors” as defined under NI 45-106.
- This Offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Fund and need not be refunded to the subscriber. See “Details of The Offering - Subscription Process”.

**Description of Units of the Fund:**

**Class A Units and Class UA Units (USD)** will be issued to qualified purchasers.

**Class F Units and Class UF Units (USD)** will be issued to: (i) qualified purchasers who participate in fee-based programs through eligible registered dealers; (ii) qualified purchasers in respect of whom the Fund does not incur distribution costs; and (iii) qualified individual purchasers in the Manager's sole discretion. If a Unitholder ceases to be eligible to hold Class F Units and Class UF Units, the Manager may, in its sole discretion, redesignate such Unitholder's Class F Units and Class UF Units, respectively, on five days' notice, unless such Unitholder notifies the Manager during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class F Units and Class UF Units, as applicable.

**Class I Units and Class UI Units (USD)** are available to institutional investors at the discretion of the Manager. If a Unitholder ceases to be eligible to hold Class I or Class UI Units, the Manager may, in its sole discretion, redesignate such Unitholder's Class I and Class UI as Class A and Class UA Units, respectively, upon five days' notice, unless such Unitholder notifies the Fund during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class I Units or UI Units, as applicable.

Subject to the consent of the Manager, Unitholders may redesignate all or part of their investment in the Fund from one class of Units to another class if the Unitholder is eligible to purchase that class of Units. The timing and processing rules applicable to purchases and redemptions of Units also applies to redesignations between classes of Units. Upon a redesignation from one class of Units to another class, the number of Units held by the Unitholder will change since each class of Units has a different Net Asset Value per Unit. Unitholders should consult with their own tax advisors regarding any tax implications of redesignation between classes of Units.

**Additional Subscriptions:**

Following the required initial minimum investment in the Fund, Unitholders resident in the Offering Jurisdictions may make additional investments of not less than \$1,000 provided that, at the time of the subscription for additional Units, the Unitholder is an "accredited investor" as defined under NI 45-106. Unitholders who are not "accredited investors" nor individuals, but previously invested in and continue to hold Units having an aggregate initial acquisition cost or current Net Asset Value equal to \$150,000, will also be permitted to make subsequent investments in the Fund of not less than \$1,000. Subject to applicable securities legislation, the Manager may, in its sole discretion, from time to time permit additional investments in Units of lesser amounts. Unitholders subscribing for additional Units should complete the subscription form prescribed from time to time by the Manager. See "Additional Subscriptions".

**Investment Risk Level:**

The Manager has identified the anticipated investment risk level of the Fund as an additional guide to help prospective investors decide whether the Fund is suitable for the investor.

However, an investor should also be advised that other types of risk, both measurable and non-measurable, may exist. Additionally, just as historical performance may not be indicative of future returns, the Fund's historical volatility may not be indicative of its future volatility.

In accordance with the mandate, objectives and methodology described above, the Manager has rated the Fund as "medium" risk.

Notwithstanding the foregoing, investors should consider this Offering Memorandum in its entirety before making an investment decision, including the risk factors set out herein. See “Risk Factors”.

**Eligibility for Investment by Tax Deferred Plans:**

Provided the Fund qualifies at all relevant times as a “mutual fund trust” for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Income Tax Regulations**”), Units will be “qualified investments”, as defined in the *Tax Act* for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered disability savings plan (“**RDSP**”), a deferred profit sharing plan (“**DPSP**”), a registered education savings plan (“**RESP**”), and a tax-free savings account (“**TFSA**”) (each a “**Tax Deferred Plan**”, and collectively, the “**Tax Deferred Plans**”). The Manager intends to accept subscriptions for Units for investment by Tax Deferred Plans other than RRIFs. See “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”.

**Dealer Commissions and Fees:**

There is no commission or fee payable to the Manager by an investor upon the purchase of Units. Investments in the Fund, including any minimum investments, are net of any negotiated commissions that an investor may himself or herself choose to pay to his or her own dealer through which Units are purchased.

The Manager intends to pay a monthly service commission to participating registered dealers equal to 1/12<sup>th</sup> of 1.0% of the Net Asset Value of the Class A Units and Class UA Units sold by such dealers then outstanding. Payments are calculated and paid monthly to registered dealers by the Manager. Notwithstanding the foregoing, the Manager, in its sole discretion, reserves the right to change the frequency of payment to registered dealers of the service commission to a quarterly or annual basis. The Manager may discontinue or change such fees at any time. See “Dealer Compensation”.

**Management Fee Payable by the Fund:**

The Manager will receive, as compensation for providing services to the Fund, a monthly management fee (the “**Management Fee**”) from the Fund attributable to Class A Units, Class UA Units, Class F Units, Class UF Units and, in certain circumstances described below, Class I Units and Class UI Units of the Fund. Each class of Units is responsible for the Management Fee attributable to that class. See “Fees and Expenses”.

**Class A Units and Class UA Units (USD):**

The Fund will pay the Manager a monthly Management Fee equal to 1/12<sup>th</sup> of 1.40% of the Net Asset Value of the Class A Units and Class UA Units, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last business day of each month based on the Net Asset Value of the Class A Units and Class UA Units as at the last business day of each month.

**Class F and UF Units (USD):**

The Fund will pay the Manager a monthly Management Fee equal to 1/12 of 0.40% of the Net Asset Value of the Class F and Class UF Units, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last business day of each month based on the Net Asset Value of the Class F and Class UF Units as at the last business day of each month.

**Class I and UI Units (USD):**

Subject to the discretion of the Manager, investors who purchase Class I and Class UI Units must either: (i) enter into an agreement with the Manager which identifies the monthly Management Fee negotiated with the investor which is payable by the investor directly to the Manager; or (ii) enter into an agreement with the Fund which identifies the monthly Management Fee negotiated with the investor which is payable by the Fund to the Manager. In each circumstance, the monthly Management Fee, plus any applicable federal and provincial taxes, is calculated and accrued on each Valuation Date and payable on the last business day of each month based on the Net Asset Value of the Class I or Class UI Units as applicable, as at the last business day of each month.

**Expenses:**

The Fund is responsible for the payment of all routine and customary fees and expenses incurred relating to the formation, organization, administration and operation of the Fund. Common expenses will be allocated to each class of Units based on their respective Net Asset Values. Expenses specific to a class of Units will be allocated to and deducted from the Net Asset Value of that class only. See “Fees and Expenses”.

Because the Fund is expected to invest all or substantially all its assets in Underlying Funds, the Fund (and indirectly the Unitholders of the Fund) will bear the Fund’s proportionate share of the expenses of the Underlying Funds, including management fees and performance fees (where applicable) payable by the Underlying Funds. The Manager will use its commercially reasonable efforts to negotiate the lowest fee rates on the Fund’s investment in Underlying Funds, and to date has negotiated preferential rates with managers of Underlying Funds in which the Fund is expected to invest at inception.

**Redemptions:**

A Unitholder may redeem Units on the last business day of a month and such other date as the Manager may permit in its absolute discretion (each, a “**Redemption Date**”), on not less than 30 days’ notice to the Manager (or such shorter period as the Manager may in its discretion permit). Redemptions are irrevocable except with the consent of the Manager (in its absolute discretion) or following a suspension as described below. Redemption requests are irrevocable (except as provided below) unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 10 business days following such Redemption Date.

Upon redemption of a Unit, the Unitholder will receive proceeds of redemption equal to the Net Asset Value of such Unit as at the close of business on the relevant Redemption Date, less any Management Fee and applicable deductions payable or deductible at the time of such redemption. The Fund may deduct from redemption proceeds the costs to the Fund of effecting the redemption plus an amount equal to any accrued and applicable fees and taxes payable by the Unitholder in connection with such redemption.

Redemptions by Unitholders are expected to be funded as required by redemptions by the Fund of interests in Underlying Funds. Such funds may deduct from redemption proceeds certain costs associated with the redemption of their interests, including costs of liquidation of portfolio assets. The redemption proceeds received by the Fund, and payable to any Unitholder redeeming Units will be reduced by any such costs.

The redemption proceeds of Units being redeemed will be equal to the Net Asset Value per Unit of the Units being redeemed less all applicable deductions. Redemption proceeds will be paid within 30 business days of the Redemption Date .

On direction from the Manager, the Administrator of the Fund shall hold back up to 20% of the redemption proceeds on any redemption to provide for an orderly disposition of assets. Any redemption proceeds which are held back shall be paid within a reasonable time period, having regard for applicable circumstances.

In the sole discretion of the Manager, and subject to any restrictions on transfer or resale applicable to securities of the Underlying Funds held in the Portfolio, payment of all or any part of redemption proceeds may be made by the transfer of a pro rata portion of any interests in Underlying Funds then held by the Fund. In the event the Manager determines to pay all or any part of redemption proceeds by the transfer of such interests, it shall provide the Unitholder with prompt notice thereof and the redeeming Unitholder shall have, and shall be advised that they have, the right to withdraw all or any part of their redemption notice.

The Manager may suspend the right of Unitholders to require the Fund to redeem Units held by them and the concurrent payment for Units tendered for redemption for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of the assets of the Fund or which impair the ability of the Fund to determine the value of the assets of the Fund.

The Manager has the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Redemption Date at the Net Asset Value per Unit thereof, by notice in writing to the Unitholder given at least five business days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion. See “Redemption of Units”.

**Transfer or Resale of Units:**

Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. The transfer or resale of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation. Accordingly, redemption of the Units in accordance with the provisions set out herein is likely to be the only means of liquidating an investment in the Fund. See “Description of Units of The Fund”.

**Calculation of Net Asset Value of the Fund:**

The net asset value of the Fund (the “**Net Asset Value of the Fund**”) and of each class (the “**Net Asset Value per Unit**”) will be calculated by a third party fund administrator (see “Administrator, Record-Keeper and Fund Reporting”) or such other person engaged by the Manager for such purpose, from time to time as the amounts which the Manager, or such other person, determines in good faith and in its absolute discretion as representing the fair value thereof at the relevant time, considering all factors. The Net Asset Value of the Fund will be based on the net asset value of the Fund’s interests in Underlying Funds and of any other Fund assets, minus liabilities of the Fund. The valuation techniques adopted in calculating the Net Asset Value of the Fund will be in accordance with industry practice and shall comply with International Financial Reporting Standards.

The Net Asset Value of each class will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of the

Fund (before deduction of class-specific fees and expenses), and the Net Asset Value per Unit will be determined (after deduction of class-specific fees and expenses) by dividing the Net Asset Value of each class by the number of Units of such class outstanding. See “Calculation of Net Asset Value of The Fund”.

**Distributions:**

Subject to applicable securities legislation, distributions will be automatically reinvested in additional Units of the class at the Net Asset Value of such class of Units on the date of distribution, unless a Unitholder elects, by written notice to the Manager, to receive such distributions in cash. If a Unitholder does not elect to receive cash, all distributions will be automatically reinvested in additional units of the same class at the Net Asset Value per Unit on the applicable Valuation Date.

The Manager intends to cause the Fund to make monthly distributions (“**Monthly Distributions**”) to Unitholders of up to 4% per annum of the Net Asset Value per Unit. The effect of such distributions will be to reduce the Net Asset Value of each such Unit by the amount of the distribution. In the event that a Monthly Distribution would result in aggregate distributions made by the Fund in a calendar year exceeding the income and capital gains of the Fund attributable to a particular class in that year, the Manager may suspend or reduce distributions for that month.

In addition, special distributions may be made to Unitholders who surrender Units for redemption during the year – any such amounts will be deducted from redemption proceeds otherwise payable.

The Fund will distribute at the end of each taxation year such remaining portion of its annual net income and net realized capital gains with a view to ensuring that the Fund is not liable for tax under Part I of the *Tax Act*. Generally, it is expected that net income and net realized capital gains of the Fund will be calculated and payable to each Unitholder of record as of the close of business on the last Valuation Date in each taxation year. Such distributions made by the Fund will be automatically reinvested in additional Units of the same class on the date of or immediately following the distribution at the Net Asset Value per Unit of the relevant class of Units.

**Fiscal Year End:**

December 31 in each year

**Term:**

The Fund does not have a fixed term. The Manager may, in its discretion, terminate the Fund by giving notice, fixing the date of termination not earlier than 90 days following the mailing or other delivery of notice, to the Trustee and the Unitholders of the Fund. In the event that the Trustee resigns, is terminated or becomes incapable of acting as trustee, and a permanent successor is not appointed, the Fund shall terminate and its assets shall be distributed in accordance with the provisions of the Trust Agreement.

**Financial and Other Reporting:**

Audited financial statements will be available and delivered to Unitholders within 90 days of each fiscal year end upon request. Unaudited interim financial statements for the first six months of each fiscal year will be available and delivered to Unitholders within 60 days of the end of such period upon request. In addition, the Manager will forward such other reports to Unitholders as are from time to time required by applicable law. See “Unitholder Reporting”.

**Certain Canadian Federal Income Tax Considerations:**

A prospective investor should consider carefully all of the potential tax consequences of an investment in the Fund and should consult with their tax advisor before subscribing for Units. For a discussion of certain income tax

consequences of this investment, see “Certain Canadian Federal Income Tax Considerations”.

**Risk Factors and  
Conflicts of Interest:**

The Fund is subject to various risk factors and conflicts of interest. **An investment in the Fund is not guaranteed and is not intended as a complete investment program.** A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Prospective investors should review closely the investment objective, strategies and restrictions to be utilized by the Fund as outlined herein to familiarize themselves with the risks associated with an investment in the Fund. An investment in the Fund is also subject to certain other risks. These risk factors and the Code of Ethics to be followed by the Manager to address conflicts of interest are described under “Risk Factors” and “Conflicts of Interest”.

**Liability:**

The Trust Agreement provides that no holder of Units shall be subject to any liability to any person in connection with the investment obligations, affairs or assets of the Fund; however there is a theoretical risk, which is considered by the Manager to be remote in the circumstances, that a holder of Units could be held personally liable (in the unlikely event that the Net Asset Value of the Fund declines below zero). See “Risk Factors”.

**Release of Confidential  
Information:**

Under applicable securities and anti-money laundering legislation, the Manager is required to collect and may voluntarily release confidential information about Unitholders and, if applicable, about the beneficial owners of corporate Unitholders, to regulatory or law enforcement authorities if the Manager determines to do so in its discretion.

**Custodian of the Monetary  
Assets of the Fund:**

Bank of Montreal  
Toronto, Ontario

**Custodian of the Other Assets  
the Fund**

The Bank of Nova Scotia Trust Company  
Toronto, Ontario

**Administrator and Record-  
keeper of the Fund:**

SS&C Fund Administration Company  
Toronto, Ontario.

**Legal Counsel:**

McMillan LLP  
Toronto, Ontario

**Auditors to the Fund:**

KPMG LLP  
Toronto, Ontario

## THE FUND

Bridging Fern Alternative Credit Fund (the “**Fund**”) is an open-ended unincorporated investment trust established under the laws of the Province of Ontario pursuant to a supplement dated June 1, 2019 to the trust agreement dated as of January 1, 2018, as amended and restated on November 1, 2018 (the “**Trust Agreement**”) made between Odyssey Trust Company (the “**Trustee**”) and Bridging Finance Inc. (the “**Manager**”), as the same may be further amended, restated or supplemented from time to time. The rights and obligations of the Trustee, the Manager and the Unitholders (as defined herein) of the Fund are governed by the Trust Agreement. A copy of the Trust Agreement is available from the Manager upon request.

Pursuant to the Trust Agreement, Odyssey Trust Company is the trustee of the Fund. The Trustee is a trust company organized under the laws of Alberta. The principal office of the Trustee is located at 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4. See “Management of The Fund - The Trustee”. Pursuant to the Administration Agreement (as defined herein), SS&C Fund Administration Company is the administrator and record-keeper of the Fund.

The principal office of the Fund and of the Manager is located at 77 King Street West, Suite 2925, P.O. Box 322, Toronto, Ontario, M5K 1K7. A copy of the Trust Agreement is available for review during regular business hours at the offices of the Manager.

An investment in the Fund is represented by units (the “**Units**”), which may be issued in an unlimited number of classes. The Fund currently offers six classes of Units: Class A Units, Class UA Units (USD), Class F Units, Class UF Units (USD), Class I Units and Class UI Units (USD). Additional classes of Units may be offered in the future. The Manager may create additional classes of Units without notice to existing investors, and each class may directly or indirectly be subject to different attributes. The interest of each holder of Units (a “**Unitholder**”) represents the same proportion of the total interest of all Unitholders as the net asset value (“**Net Asset Value**”) of Units held by such Unitholder is of the total Net Asset Value of the Fund (except to the extent that Units of each class may have different distribution entitlements as a result of different expenses and other factors).

The Fund will engage in making investments in accordance with its investment objective, as disclosed in this Offering Memorandum. The activities of the Fund shall include all things necessary or advisable to give effect to the Fund’s investment objective.

Subscribers whose subscription for Units have been accepted by the Manager will become Unitholders.

## INVESTMENT OBJECTIVE AND STRATEGIES OF THE FUND

### Investment Objective and Strategies

The investment objective of the Fund is to generate positive absolute returns with a low correlation to traditional asset classes while preserving capital.

In order to achieve its investment objective, the Fund intends to invest substantially all its assets in a portfolio (the “**Portfolio**”) comprised of securities of other investment funds and alternative investment vehicles (“**Underlying Funds**”).

The Fund is a “fund of funds”, with a portfolio focused on Underlying Funds holding assets and employing strategies deemed as alternative credit. Approximately 60% of the portfolio is expected to be invested in securities of Underlying Funds employing liquid credit strategies, such as levered credit, high yield levered credit and distressed credit. These strategies invest in securities that are predominantly publicly traded. The remainder of the portfolio will be invested in private debt funds. The investments of these funds include private loans to companies that typically borrow against the value of their inventory, accounts receivables and other assets.

The Manager may act as manager of one or more Underlying Funds (“**Related Funds**”) and will be paid fees by such funds. As a result of these relationships, the Fund and each such Related Fund is a connected issuer of the Manager. **By investing in the Fund, each investor consents to the Fund investing its assets in Related Funds.** See “Conflicts of Interest” and “Interest of Management and Others In Material Transactions”.

THERE CAN BE NO ASSURANCE THAT THE FUND’S INVESTMENT OBJECTIVE WILL BE ACHIEVED. INVESTMENT RESULTS MAY VARY SUBSTANTIALLY OVER TIME.

### **Underlying Fund Selection and Monitoring**

The Manager will determine the allocation to each of the Underlying Funds and the proportion of Fund assets indirectly invested in liquid strategies and in private loan portfolios.

The Manager will typically enter into a fund purchase agreement with the manager of the Underlying Fund for each potential investment and the Manager’s internal investment team will review and approve the investment subject to successful due diligence on the Underlying Fund.

Because the Fund is expected to invest all or substantially all its assets in Underlying Funds, the Fund (and indirectly the Unitholders of the Fund) will bear the Fund’s proportionate share of the expenses of the Underlying Funds, including management fees and performance fees (where applicable) payable by the Underlying Funds. The Manager will use its commercially reasonable efforts to negotiate the lowest fee rates on the Fund’s investment in Underlying Funds, and to date has negotiated preferential rates with managers of Underlying Funds in which the Fund is expected to invest at inception.

### **Currency Hedging**

The U.S. dollar denominated classes of Units are suitable for investors who want U.S. dollar denominated exposure. As the Fund is denominated in Canadian dollars, investors who purchase the U.S. dollar denominated classes of Units will be exposed to fluctuations in the Canadian/U.S. dollar exchange rate. To offset this exposure, the Manager will use its best efforts to hedge the currency risk. If the Manager is successful, the returns of the Class UA, Class UF, Class UI Units as measured in U.S. dollars will be similar to the returns of the Class A, Class F and Class I Units, respectively, as measured in Canadian dollars. Without regard to movements in the currency exchange rate as between the Canadian and U.S. dollar, several factors may result in the returns not being equal, including, but not limited to, any expenses incurred by the Fund in hedging the currency and the timing of an investor’s investment relative to when the Manager is able to hedge the currency of the Fund. Therefore, there is no guarantee that the Manager will be successful in fully hedging the currency exposure of the U.S. dollar denominated classes of Units.

### **Investment Restrictions**

The assets of the Fund will be invested in accordance with the Fund’s investment objectives and the following investment restrictions:

- The Fund will not hold more than 20% of the voting interests in any Underlying Fund.
- The Fund will not invest more than 55% of its Net Asset Value in Underlying Funds that employ private debt strategies (“**Private Debt Funds**”). This investment restriction need not be complied with during the initial 12 month period following the date of the Fund’s first investment provided that the Manager endeavours to ensure at all times an appropriate level of diversification of risk within the Portfolio.
- The Fund will not invest more than 40% of its Net Asset Value in any single Underlying Fund. This investment restriction need not be complied with during the initial 12 month period

following the date of the Fund's first investment provided that the Manager endeavours to ensure at all times an appropriate level of diversification of risk within the Portfolio.

- The Fund will not invest in securities of non-resident entities to the extent they would be foreign affiliates of the Fund for the purposes of the *Tax Act*.

Additional restrictions may also be imposed in order to ensure that the Fund qualifies at all relevant times as a "mutual fund trust" for the purposes of the *Tax Act*. The Manager does not anticipate imposing any restrictions with respect to the investments of the Fund other than those outlined above.

The foregoing investment objective, strategy and restrictions of the Fund may be changed from time to time by the Manager to adapt to changing circumstances. Unitholders will be given not less than 60 days' prior written notice of any material changes to the investment objective, strategies and restrictions of the Fund unless such changes are required to comply with applicable laws in which case prompt notice will be given.

### **Statutory Caution**

The foregoing disclosure of investment objective, strategies and restrictions may constitute "forward-looking information" for the purpose of applicable securities legislation as it contains statements of the intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. **Investors are strongly advised to read the section of the current offering memorandum of the Fund under the heading "Risk Factors" for a discussion of factors that may impact the operations and success of the Fund.**

## **MANAGEMENT OF THE FUND**

### **The Trustee**

Pursuant to the Trust Agreement, Odyssey Trust Company is the trustee of the Fund. The Trustee is a trust company organized under the laws of Alberta. The principal office of the Trustee is located at 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4. As trustee of the Fund, the Trustee has the full authority and responsibility to manage the business and affairs of the Fund, however it has delegated to the Manager general authority, including day to day management decisions and authority over the investment of the Fund's assets and the distribution of Units.

The Trustee will be paid a fee by the Fund for acting as trustee and will be entitled to reimbursement of all expenses relating to the Fund incurred by it. Furthermore, the Trustee, its affiliates and agents and each of their respective directors, officers and employees will be indemnified and saved harmless by the Fund from and against (i) all claims whatsoever, (including costs, judgments, charges and expenses including legal fees in connection therewith) brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Trustee, and (ii) all other liabilities, costs, charges and expenses which it sustains or incurs in or about or in relation to the affairs of the Fund, except to the extent that any such liability, claim, cost, charge or expense have been caused by the gross negligence, misfeasance or wilful default on the part of the Trustee, or to the extent the Trustee does not meet its standard of care set out in the Trust Agreement.

The Trustee has the right to resign as trustee of the Fund by giving notice in writing to the Unitholders and the Manager not less than 90 days prior to the date on which such resignation is to take effect. Such resignation shall take effect on the date specified in such notice. The Trustee may be removed by the Manager at any time by notice to the Trustee and Unitholders not less than 60 days prior to the date that such removal is

to take effect. In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any cause a vacancy shall occur in the office of trustee, a successor trustee must be appointed by the Manager to fill such vacancy. In the event that the Manager cannot or does not appoint a successor to the Trustee in accordance with the Trust Agreement, the Trust Agreement will be terminated and the property of the Fund will be distributed in accordance with the Trust Agreement.

## The Manager

Pursuant to the Trust Agreement, Bridging Finance Inc. is the manager of the Fund. The Manager is a corporation existing under the laws of Canada. The Manager is responsible for the day-to-day business and administration of the Fund, including management of the Fund's investment portfolio. The Manager's principal office is located at 77 King Street West, Suite 2925, Toronto, Canada. The Manager may also be contacted by toll-free telephone at 1-888-920-9598, by telephone at 1-416-362-6283 or by e-mail to [inquiries@bridgingfinance.ca](mailto:inquiries@bridgingfinance.ca).

## Directors and Officers of the Manager

The name, municipality of residence and position(s) with the Manager, and the principal occupation of the directors and senior officers of the Manager are as follows:

| Name and Municipality of Residence      | Position with the Manager                             | Principal Occupation   |
|---|---|--|
| David Sharpe<br>Toronto, Ontario        | Chief Executive Officer                               | Chief Executive Officer of the Manager                               |
| Natasha Sharpe<br>Toronto, Ontario      | Director, Chief Investment Officer                    | Chief Investment Officer of the Manager                              |
| Andrew Mushore<br>Toronto, Ontario      | Chief Compliance Officer                              | Chief Compliance Officer of the Manager                              |
| Azeez Afolabi<br>Toronto, Ontario       | Senior Manager, Corporate Finance and Fund Accounting | Senior Manager, Corporate Finance and Fund Accounting of the Manager |
| Jenny Virginia Coco<br>Toronto, Ontario | Executive Vice-President and Director                 | Chief Executive Officer of Coco Paving Inc.                          |

Set out below are the particulars of the professional experience of the directors and senior officers of the Manager:

**David Sharpe:** David is the Chief Executive Officer responsible for the strategic direction of the Manager and ensuring sustainable growth is achieved. David has 25 years of financial services industry experience, in roles such as General Counsel, Chief Compliance Officer and Chief Risk Officer for leading financial organizations, and previously was the head of investigations for the Mutual Fund Dealers Association of Canada. David is Chair Emeritus of First Nations University of Canada. David was a member of the Board of Governors of First Nations University of Canada for close to 7 years and served as Board Chair. He is a Board member of the Economic Development Corporation for Eabametoong (Fort Hope) First Nation. He is also a member of the Board of Trustees of Queen's University and is Vice Chair of the Dean's Council at Queen's University, Faculty of Law. David is a Mohawk and member of the Mohawks of the Bay of Quinte (Tyendinaga). David is a lawyer and has been a member of the Law Society of Ontario since 1997. He has an LLB from Queen's University, an LLM in Securities Law from Osgoode Hall Law School and a Masters of Business Administration from the Richard Ivey School of Business, University of Western Ontario. David has also received the Professional Director Certification from the Johnson-Shovama Graduate School of Public Policy at the University of Saskatchewan/University of Regina. In 2015, David was named to the Diversity 50 in Canada.

**Natasha Sharpe:** Natasha is a Director and the Chief Investment Officer of the Manager. Natasha was previously the Chief Credit Officer for Sun Life Financial where she was responsible for creating risk policy for

the company's \$110-billion global portfolio of managed assets. Prior to that, Natasha spent over 11 years at BMO Financial Group where she led various teams in risk assessment and corporate finance. In 2010, Natasha was named as one of Canada's Top 40 Under 40. Natasha is a director of public, private, and non-profit companies. She holds a PhD and a Masters of Business Administration from the University of Toronto.

**Andrew Mushore:** Andrew is Chief Compliance Officer of the Manager. Andrew is responsible for the oversight of the Manager's compliance system. Prior to joining Bridging Finance, Andrew was a Senior Compliance Officer at CI Financial. He later went on to hold the position of Senior Manager, Compliance of an investment management firm in Toronto with approximately \$1.6 billion under management. Andrew holds a Bachelor's degree in Finance with a minor in Economics and a Bachelor's degree in Management, from Fordham University in New York, NY. Andrew also holds a Masters in Business Law from the University of Toronto.

**Azeez Afolabi:** Azeez joined the Manager in July 2018. He works on the finance and accounting team. Azeez is responsible for managing the fund accounting process and the review of monthly NAV calculations. Prior to joining the Manager, Azeez worked for Citco Funds Services, overseeing funds with assets under management of over \$5 billion. Azeez holds a Masters of Finance degree from Sobey School of Business, Saint Mary's University(Halifax) and is a CFA Charterholder.

**Jenny Virginia Coco:** Jenny is Executive Vice-President and a Director of the Manager. Jenny is the Chief Executive Officer of Coco Paving Inc., a division of the Coco Group. Jenny joined the Coco Group full time in 1987, having spent many summers learning the family business. Jenny oversees the daily management of the Canadian and U.S. operations, and is largely responsible for the negotiation of acquisitions as well as overseeing company expansions, including a concrete pipe manufacturing facility and an aggregate dock for the importing of materials, both of which have resulted in a vertical integration that has allowed Coco Paving to obtain a high degree of success in its heavy construction division. Under Ms. Coco's stewardship, Coco Group has successfully integrated five businesses and acquisitions over the last 13 years. She continues to be the liaison for private-public partnerships for the development of highway infrastructure in Ontario. Jenny has also taken an active role in the expansion of the residential and commercial divisions of the company. Jenny received a Masters of Business Administration (Finance) from the University of Windsor. Jenny has been a member of the Integrated Financial Planning Committee for the London Diocese, and has previously served on the Board of Directors of the University of Windsor and the Federal Business Development Bank of Canada.

### **Powers and Duties of the Manager**

Pursuant to the Trust Agreement, the Manager has the full authority and exclusive responsibility to manage the business and affairs of the Fund including, without limitation, to provide the Fund with all necessary investment management and all clerical, administrative and operational services.

In particular, the Manager is responsible for:

- (a) determining the investment policies, practices, fundamental objectives and investment strategies applicable to the Fund, including any restrictions on investments which it deems advisable and to implement such policies, practices, objectives, strategies and restrictions, provided that the investment policies, practices, objectives, strategies and restrictions applicable to the Fund shall concur with those set forth in any current offering memorandum or like offering document of the Fund or in any amendment thereto;
- (b) receiving all subscriptions for Units, approving or rejecting subscriptions, and submitting such subscriptions to the record-keeper of the Fund for processing;
- (c) offering Units for sale to prospective purchasers and entering into arrangements regarding the distribution and sale of Units, including arrangements relating to the right to charge fees of any nature or kind (including, without limitation, sales commissions, redemption fees, distribution

fees and transfer or switch fees) in connection with the distribution or sale of Units. Any such fees may be deducted from the amount of a subscription, redemption proceeds or a distribution if not paid separately;

- (d) conducting or causing to be conducted the day-to-day correspondence and administration of the Fund;
- (e) providing, at its own expense, the office accommodation, secretarial staff and other facilities that may be required to properly and efficiently carry out its duties;
- (f) appointing the auditors of the Fund, changing the auditors of the Fund and causing the financial statements of the Fund to be audited for each fiscal year;
- (g) appointing the bankers of the Fund and establishing banking procedures to be implemented by the Trustee;
- (h) establishing general matters of policy and governance of the Fund subject, where specifically provided in the Trust Agreement, to the approval of the Trustee;
- (i) authorizing, negotiating, entering into and executing all contractual arrangements relating to the Fund including, without limitation, any loan agreement, granting of a security interest and supporting documentation;
- (j) if deemed advisable, appointing a record-keeper, valuation service provider, registrar, transfer agent, and one or more custodians and prime brokers of the Fund, all of which appointments shall be subject to the approval of the Trustee;
- (k) subject to applicable laws, prescribing any minimum initial and/or subsequent subscription amounts and minimum aggregate Net Asset Value balances of the Fund with respect to all classes of Units, and prescribing any procedures in connection therewith;
- (l) on or before March 31 in each year, other than a leap year in which case on or before March 30 in such year, preparing and delivering to Unitholders the information pertaining to the Fund, including all distributions and allocations which is required by the Tax Act or which is necessary to permit Unitholders to complete their individual tax returns for the preceding year;
- (m) keeping proper records relating to the performance of its duties as Manager;
- (n) using its best efforts to ensure that the Fund qualifies at all times as a “unit trust” pursuant to subsection 108(2) of the *Tax Act* and a “mutual fund trust” pursuant to subsection 132(6) of the *Tax Act*;
- (o) delegating any or all of the powers and duties of the Manager contained in the Trust Agreement to one or more agents, representatives, officers, employees, independent contractors or other persons without liability to the Manager except as specifically provided in the Trust Agreement; and
- (p) doing all such other acts and things as are incidental to the foregoing, and exercising all powers which are necessary or useful to carry on the business of the Fund, promoting any of the purposes for which the Fund was formed and carrying out the provisions of the Trust Agreement.

The Manager may appoint one or more investment managers in respect of the Fund. The Manager shall enter, in its sole discretion, into an investment management agreement with any such investment manager to act

for all or part of the portfolio investments of the Fund. The investment manager will be a person or entity, or persons or entities who, if required by applicable laws, will be duly registered and qualified as an investment adviser under applicable securities legislation and the regulations thereunder and will determine, in its sole discretion, which securities and other assets of the Fund shall be purchased, held or sold and shall execute or cause the execution of purchase and sale orders in respect of such determinations. As at the date hereof, the Manager does not intend to appoint any investment manager for the Fund.

Units will be distributed in the Offering Jurisdictions through registered dealers, including the Manager, and such other persons as may be permitted by applicable law. In the event of such distribution, registered dealers (other than the Manager) will be entitled to the compensation described under “Dealer Compensation”. Subject to the requirements under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”), the Manager may pay, out of the Management Fees it receives from the Fund, a negotiated referral fee to registered dealers or other persons in connection with the sale of Units.

The Manager shall have the right to resign as Manager of the Fund by giving notice in writing to the Trustee and the Unitholders not less than 90 days prior to the date on which such resignation is to take effect. Such resignation shall take effect on the date specified in such notice. Notwithstanding the foregoing, no approval of, or notice to, Unitholders is required to effect a reorganization of the Manager as provided for in the Trust Agreement. The Manager shall appoint a successor manager of the Fund, and, unless the successor manager is an affiliate of the Manager, such appointment must be approved by a majority of the Unitholders. If, prior to the effective date of the Manager’s resignation, a successor manager is not appointed or the Unitholders do not approve of the appointment of the successor manager as required under the Trust Agreement, the Fund shall be terminated and dissolved upon the effective date of resignation of the Manager and, after providing for the liabilities of the Fund, the property of the Fund shall be distributed in accordance with the provisions of the Trust Agreement and the Trustee shall continue to act as trustee of the Fund until such property of the Fund has been so distributed.

### **Fees and Expenses of the Fund**

The Manager will receive, as compensation for providing services to the Fund, a monthly Management Fee from the Fund attributable to Class A Units, Class UA Units (USD), Class F Units, Class UF Units (USD) and, in certain circumstances, Class I Units and Class UI Units (USD). Each class of Units is responsible for the Management Fee attributable to that class. Management Fees in respect of each class of Units will be calculated and payable monthly in arrears as of each Valuation Date.

The Manager will be entitled to reimbursement from the Fund for costs and operating expenses actually incurred by it and by the Fund’s service providers in connection with the ongoing activities of the Fund, subject to the discretion of the Manager to itself absorb any such costs and operating expenses from time to time. The Fund is responsible for the payment of all routine and customary fees and expenses incurred relating to the formation, organization, administration and operation of the Fund including the Management Fee payable to the Manager by the Fund.

### **Standard of Care and Indemnification of the Manager**

The Manager will exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Manager may employ or engage, and rely and act on information or advice received from auditors, distributors, brokers, depositories, custodians, prime brokers, electronic data processors, advisers, lawyers and others and will not be responsible or liable for the acts or omissions of such persons or for any other matter, including any loss or depreciation in value of the property of the Fund. The Manager shall be entitled to assume that any information received from the Trustee, custodian, prime broker or a sub-custodian or their respective authorized representatives associated with the day-to-day operation of the Fund is accurate and complete and no

liability shall be incurred by the Manager as a result of any error in such information or any failure to receive any notices required to be delivered pursuant to the Trust Agreement.

The Manager will not be required to devote its efforts exclusively to or for the benefit of the Fund and may engage in other business interests and may engage in other activities similar or in addition to those relating to the activities to be performed for the Fund. In the event that the Manager, its partners, officers, employees, associates and affiliates or any of them now or hereafter carry on activities competitive with those of the Fund or buy, sell or trade in assets and portfolio securities of the Fund or of other investment funds, none of them will be under any liability to the Fund or to the Unitholders for so acting.

The Manager and its related entities, affiliates, subsidiaries and agents, and their respective directors, partners, officers and employees and any other person will at all times be indemnified and saved harmless by the Fund from and against all legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by them in connection with the Manager's services provided pursuant to the Trust Agreement, provided that the Fund has reasonable grounds to believe that the action or inaction that caused the payment of the legal fees, judgments and amounts paid in settlement was in the best interests of the Fund and provided that such person or companies shall not be indemnified by the Fund where: (i) there has been negligence, wilful misconduct or dishonesty on the part of the Manager or such other person; (ii) a claim is made as a result of a misrepresentation contained in any current offering memorandum or like offering documents of the Fund distributed or filed in connection with the issue of Units and officers, directors or partners of the Manager or both have granted a contractual right of action forming part of any current offering memorandum or like offering documents of the Fund; or (iii) the Manager has failed to fulfill its standard of care or other obligations as set forth in the Trust Agreement, unless in an action brought against such persons or companies they have achieved complete or substantial success as a defendant.

The Fund will be indemnified and saved harmless by the Manager against any costs, charges, claims, expenses, actions, suits or proceedings arising from a claim made as a result of a misrepresentation contained in any current offering memorandum or like offering document of the Fund distributed or filed in connection with the issue of Units and officers, directors or partners of the Manager have granted a contractual right of action forming part of any current offering memorandum or like offering documents of the Fund.

## **DESCRIPTION OF UNITS OF THE FUND**

Each Unit represents a beneficial interest in the Fund. The Fund is authorized to issue an unlimited number of classes of Units and an unlimited number of Units in each such class. The Fund may issue fractional Units so that subscription funds may be fully invested. Each Unit of a particular class has equal rights to each other Unit of the same class with respect to all matters, including voting, receipt of allocations and distributions from the Fund, liquidation and other events in connection with the Fund.

Units may be issued in more than one class, and each class may have different attributes. To date the Manager has designated six classes of Units. The Manager may create additional classes of Units without notice to existing investors.

The Manager may establish additional classes of Units at any time without prior notice to or approval of Unitholders. No class of Units will be created for the purpose of giving any Unitholder a percentage interest in the property of the Fund that is greater than the Unitholder's percentage interest in the income of the Fund. The Manager will consult with the Fund's tax advisors prior to the establishment of each new class to ensure that the issuance of Units of that class will not have adverse Canadian tax consequences.

**Class A Units and Class UA Units (USD)** will be issued to qualified purchasers.

**Class F Units and Class UF Units (USD)** will be issued to: (i) qualified purchasers who participate in fee-based programs through eligible registered dealers; (ii) qualified purchasers in respect of whom the Fund does not incur distribution costs; and (iii) qualified individual purchasers in the Manager's sole discretion. If a

Unitholder ceases to be eligible to hold Class F Units and Class UF Units, the Manager may, in its sole discretion, redesignate such Unitholder's Class F Units and Class UF Units, respectively, on five days' notice, unless such Unitholder notifies the Fund during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class F Units and Class UF Units, as applicable.

**Class I Units and Class UI Units (USD)** are available to institutional investors at the discretion of the Manager. If a Unitholder ceases to be eligible to hold Class I or Class UI Units, the Manager may, in its sole discretion, redesignate such Unitholder's Class I and Class UI as Class A and Class UA Units, respectively, upon five days' notice, unless such Unitholder notifies the Fund during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class I Units or UI Units, as applicable.

Although the money invested by investors to purchase Units of any class of the Fund is tracked on a class by class basis in the Fund's administration records, the assets of all classes of Units will be combined into a single pool to create one portfolio for investment purposes.

All Units of the same class have equal rights and privileges. Units and fractions thereof will be issued only as fully paid and non-assessable. Units will have no preference, conversion, exchange or pre-emptive rights. Each whole Unit of a particular class entitles the holder thereof to one vote at meetings of Unitholders where all classes vote together, or to one vote at meetings of Unitholders where that particular class of Unitholders votes separately as a class.

The Manager, in its sole discretion, determines the number of classes of Units and establishes the attributes of each class, including investor eligibility, the designation and currency of each class, the initial offering price for the first issuance of Units of the class, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the class, sales or redemption fees payable in respect of the class, redemption rights, convertibility among classes and any additional class specific attributes.

All Units of the same class are entitled to participate *pro rata*: (i) in any allocations or distributions made by the Fund to the Unitholders of the same class; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same class of net assets of the Fund attributable to the class remaining after satisfaction of outstanding liabilities of such class. Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Manager in accordance with applicable securities legislation. However, a Unitholder may redeem Units.

The Fund may issue fractional Units (up to four decimal places) so that subscription funds may be fully invested. Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights) in the proportion which they bear to a whole Unit. Outstanding Units of any class may be subdivided or consolidated in the Manager's discretion upon the Manager giving at least 21 days' prior written notice to each Unitholder of its intention to do so. Units of a class may be redesignated by the Manager as Units of any other class having an aggregate equivalent Class Net Asset Value if such redesignation is approved by the holder of the Units to be redesignated or with 30 days' prior written notice.

Subject to the consent of the Manager, Unitholders may redesignate all or part of their investment in the Fund from one class of Units to another if the Unitholder is eligible to purchase that class of Units. The timing and processing rules applicable to purchases and redemptions of Units also applies to redesignations between classes of Units. Upon a redesignation from one class of Units to another class, the number of Units held by the Unitholder will change since each class of Units has a different Net Asset Value per Unit.

Based on the published administrative position of the Canada Revenue Agency (the "CRA"), a redesignation of Units of the Fund should not generally be considered to give rise to a taxable disposition for the purposes of the *Tax Act*. However, the CRA has made statements which suggest that a redesignation of units denominated in one currency into units denominated in a different currency would likely give rise to a taxable disposition of the units. Unitholders should consult with their own tax advisors in this regard.

## **FEES AND EXPENSES**

### **Management Fees Payable by the Fund**

The Manager will receive, as compensation for providing services to the Fund, a monthly management fee (the “**Management Fee**”) from the Fund attributable to Class A Units, Class UA Units, Class F Units, Class UF Units and, in certain circumstances described below, Class I Units and Class UI Units of the Fund. Each class of Units is responsible for the Management Fee attributable to that class.

#### **Class A Units and Class UA Units (USD):**

The Fund will pay the Manager a monthly Management Fee equal to 1/12<sup>th</sup> of 1.40% of the Net Asset Value of the Class A Units and Class UA Units, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last business day of each month based on the Net Asset Value of the Class A Units and Class UA Units as at the last business day of each month.

#### **Class F and UF Units (USD):**

The Fund will pay the Manager a monthly Management Fee equal to 1/12 of 0.40% of the Net Asset Value of the Class F and Class UF Units, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last business day of each month based on the Net Asset Value of the Class F and Class UF Units as at the last business day of each month.

#### **Class I and UI Units (USD):**

Subject to the discretion of the Manager, investors who purchase Class I and Class UI Units must either: (i) enter into an agreement with the Manager which identifies the monthly Management Fee negotiated with the investor which is payable by the investor directly to the Manager; or (ii) enter into an agreement with the Fund which identifies the monthly Management Fee negotiated with the investor which is payable by the Fund to the Manager. In each circumstance, the monthly Management Fee, plus any applicable federal and provincial taxes, is calculated and accrued on each Valuation Date and payable on the last business day of each month based on the Net Asset Value of the Class I or Class UI Units as applicable, as at the last business day of each month..

### **Operating Expenses Payable by the Fund**

The Fund is responsible for the payment of all routine and customary fees and expenses incurred relating to the organization/creation, administration and operation of the Fund including, but not limited to: trustee fees and expenses; Management Fees; custodian, and safekeeping fees and expenses; registrar and transfer agency fees and expenses; audit, legal and record-keeping fees and expenses; communication expenses; printing and mailing expenses; all costs and expenses associated with the qualification for sale and distribution of the Units in the Offering Jurisdictions including securities filing fees (if any); investor servicing costs; costs of providing information to Unitholders (including proxy solicitation material, financial and other reports) and convening and conducting meetings of Unitholders; taxes, assessments or other governmental charges of all kinds levied against the Fund; interest expenses; and all brokerage commissions and other fees associated with the purchase and sale of portfolio securities and other assets of the Fund. In addition, the Fund will be responsible for the payment of all expenses associated with ongoing investor relations and education relating to the Fund.

Each class of Units is responsible for the expenses specifically relating to that class and a proportionate share of expenses that are common to all classes of Units. The Manager shall allocate expenses to each class of Units in its sole discretion as it deems fair and reasonable in the circumstances. The Manager may at its discretion from time to time agree to pay certain of these expenses.

The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver shall affect its right to receive fees and reimbursement of expenses subsequently accruing to it.

## DETAILS OF THE OFFERING

An unlimited number of beneficial interests in the Fund, referred to as Units, are offered hereby (the “**Offering**”). Units are being offered to investors resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon (the “**Offering Jurisdictions**”) pursuant to exemptions from the prospectus requirements under section 2.3 under National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) and, in Ontario, in Section 73.3 of the Securities Act (Ontario) (accredited investor exemption) and section 2.10 under NI 45-106 (minimum amount investment exemption). This Offering may be suspended by the Manager at any time and from time to time.

Units of each class will initially be issued at a subscription price of \$100 per Unit and subsequently at the Net Asset Value per Unit for the applicable class.

Units may be issued in more than one class, and each class may have different attributes. Six classes of Units of the Fund are currently offered: Class A Units, Class UA Units (USD), Class F Units, Class UF Units (USD), Class I Units and Class UI Units (USD). The Manager may create additional classes of Units without notice to existing investors.

Units are being offered by the Fund on a continuous basis to an unlimited number of eligible subscribers who are prepared to invest a sufficient amount to meet the minimum initial subscription requirements or who are otherwise qualified investors. As at the date of this Offering Memorandum, the minimum initial subscription amount for persons relying on the “accredited investor” exemption is \$1,000. The minimum initial subscription amount for persons relying on the “minimum amount investment” exemption is \$150,000; provided that such subscriber is (i) not an individual, and (ii) not created or used solely to rely on the “minimum amount investment” exemption. The minimum amount is net of any sales commissions paid by a subscriber to their registered dealer. At the sole discretion of the Manager, subscriptions may be accepted for lesser amounts from persons who are “accredited investors” as defined under NI 45-106.

This Offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Fund and need not be refunded to the subscriber.

### Subscription Process

Units are being offered by the Fund on a continuous basis to an unlimited number of eligible subscribers who are prepared to invest a sufficient amount to meet the minimum initial subscription requirements or who are otherwise qualified investors. The minimum initial subscription amount is net of any sales commissions payable by an investor to their registered dealer.

Subscriptions for Units must be made by completing and executing the subscription agreement provided and by forwarding to the Manager such agreement together with payment, or evidence of payment, acceptable to the Manager representing payment of the subscription price.

Subscriptions will be processed on the last business day of each month and on such other days as the Manager may permit (each, a “**Valuation Date**”), subject to the Manager’s discretion to accept or reject subscriptions in whole or in part. A fully completed subscription agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager no later than 4:00 p.m. (EST) on a Valuation Date in order for the subscription to be accepted as at that Valuation Date; otherwise the subscription will be processed as at the next Valuation Date. Units will be deemed to be issued on the business day following the relevant Valuation Date. No certificates evidencing ownership of Units will be issued to Unitholders of the Fund.

Subscription funds provided prior to a Valuation Date will be kept in a segregated account without interest accruing thereon. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction.

Any investor who is or becomes a non-resident of Canada for the purposes of the *Tax Act* or a partnership that is not a “Canadian partnership” (as defined in the *Tax Act*) (a “**non-Canadian partnership**”) must disclose such status to the Fund at the time of subscription (or when such status changes) and the Fund may restrict the participation of any such investor or require any such investor to redeem all or some of such investor’s Units. Where the Manager determines that the Fund is at risk of being deemed not to be a “mutual fund trust” under the *Tax Act* by virtue of a majority of Units being beneficially held by one or more persons who are non-residents of Canada and/or non-Canadian partnerships for the purposes of the *Tax Act* or by virtue of such non-residents of Canada and/or non-Canadian partnerships owning more than 50% of the fair market value of all issued and outstanding Units, the Manager may forthwith redeem a sufficient number of such Units so that the Fund will prevent the loss of its mutual fund trust status. The Manager will generally select the Units held by non-residents of Canada and non-Canadian partnerships to be redeemed in inverse order of acquisition of such Units (excluding Units held as a result of reinvestment of distributions). The Manager will mail a notice of redemption to all Unitholders whose Units are to be so redeemed. To determine the residency of the Unitholders, the Manager may require declarations from Unitholders as to the jurisdictions in which beneficial owners of Units are resident or where a partnership is the beneficial owner of Units, the jurisdictions in which the partners are resident. See “Redemption of Units”.

The Manager, on behalf of the Fund, may approve or disapprove a subscription for Units in whole or in part. If the subscription (or part) is not approved, the Manager will so advise the subscriber, and will forthwith return to the subscriber the amount (or a portion thereof) tendered by the subscriber in respect of the rejected subscription without interest or deduction.

By executing a subscription form for Units in the form prescribed by the Manager, each subscriber is making certain representations, and the Manager and the Fund are entitled to rely on such representations to establish the availability of exemptions from the prospectus requirements described under NI 45-106. In addition, the subscriber is also acknowledging in the subscription form that the investment portfolio and trading procedures of the Fund are proprietary in nature and agrees that all information relating to such investment portfolio and trading procedures will be kept confidential by such subscriber and will not be disclosed to third parties (excluding the subscriber’s professional advisors) without the prior written consent of the Manager.

### **Registered Plans**

Provided the Fund qualifies at all relevant times as a “mutual fund trust” for the purposes of the *Tax Act*, Units will be “qualified investments” under the *Tax Act* for Tax Deferred Plans.

Notwithstanding that the Units may be qualified investments for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF (each, a “**Prescribed Plan**”), the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF, or the subscriber of an RESP (each, a “**Controlling Individual**”) will be subject to a penalty tax if the Units held in the Prescribed Plan are a “prohibited investment” (as defined in the *Tax Act*). A Unit will generally be a “prohibited investment” for a Prescribed Plan if the Controlling Individual (i) does not deal at “arm’s length” with the Fund (for purposes of the *Tax Act*), or (ii) has a “significant interest” in the Fund (within the meaning of the *Tax Act*). A Controlling Individual will generally have a significant interest in a trust if he or she, either alone or together with one or more persons with whom he or she does not deal at arm’s length, holds interests representing 10% or more of the fair market value of all interests in the trust. A Unit will generally not be a “prohibited investment” if the Unit is “excluded property” for a Prescribed Plan.

### **ADDITIONAL SUBSCRIPTIONS**

Following the required initial minimum investment in the Fund, Unitholders resident in the Offering Jurisdictions may make additional investments of not less than \$1,000 provided that, at the time of the

subscription for additional Units, the Unitholder is an “accredited investor” as defined under NI 45-106. Unitholders who are not “accredited investors” nor individuals, but previously invested in and continue to hold Units having an aggregate initial acquisition cost or current Net Asset Value equal to \$150,000, will also be permitted to make subsequent investments in the Fund of not less than \$1,000. Subject to applicable securities legislation, the Manager may, in its sole discretion, from time to time permit additional investments in Units of lesser amounts. Unitholders subscribing for additional Units should complete the subscription form prescribed from time to time by the Manager.

## **DEALER COMPENSATION**

Units will be distributed in the Offering Jurisdictions through registered dealers, including the Manager, and such other persons as may be permitted by applicable law. In the event of such distribution, registered dealers (other than the Manager) will be entitled to the compensation described below.

### **Sales Commission**

No sales commission is payable to the Manager in respect of Units purchased directly by a subscriber. However, registered dealers may, at their discretion, charge purchasers a front-end sales commission of up to 5.0% of the Net Asset Value of Class A Units and Class UA Units purchased by the subscriber. Any such sales commission will be negotiated between the registered dealer and the purchaser and will be payable directly by the purchaser to their dealer. All minimum subscription amounts described in this Offering Memorandum are net of such sales commissions.

### **Service Commission**

The Manager intends to pay a monthly service commission to participating registered dealers equal to 1/12<sup>th</sup> of 1.0% of the Net Asset Value of the Class A Units and Class UA Units sold by such dealers then outstanding. Payments are calculated and paid monthly to registered dealers by the Manager. Notwithstanding the foregoing, the Manager, in its sole discretion, reserves the right to change the frequency of payment to registered dealers of the service commission to a quarterly or annual basis. The Manager may discontinue or change such fees at any time.

### **Referral Fees**

Subject to the requirements under NI 31-103, the Manager may pay a negotiated referral fee to registered dealers or other persons in connection with the sale of Units.

## **REDEMPTION OF UNITS**

A Unitholder may redeem Units on the last business day of a month and such other date as the Manager may permit in its absolute discretion (each, a “**Redemption Date**”), on not less than 30 days’ notice to the Manager (or such shorter period as the Manager may in its discretion permit). Redemptions are irrevocable except with the consent of the Manager (in its absolute discretion) or following a suspension as described below. Redemption requests are irrevocable (except as provided below) unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 10 business days following such Redemption Date.

A Redemption Notice must be received by the Manager prior to 4:00 p.m. (EST) on a business day which is at least 30 calendar days prior to a Valuation Date. If a Redemption Notice is received by the Manager at such time, Units will be redeemed at the Net Asset Value per Unit for the applicable class determined on the first Valuation Date which is at least 30 calendar days following receipt of the Redemption Notice. The redemption amount will be paid to the redeeming Unitholder as soon as is practicable and in any event within 30 business days following the Valuation Date upon which such redemption is effective.

A Redemption Notice shall contain a clear request by the Unitholder that a specified number of Units be redeemed or stipulate the dollar amount which the Unitholder requires to be paid. A Unitholder's signature on a Redemption Notice shall be guaranteed by a Canadian chartered bank, a trust company or a registered broker or securities dealer acceptable to the Manager.

The Manager may also from time to time fix a minimum investment amount for Unitholders and thereafter give notice to any Unitholder whose Units have an aggregate Net Asset Value of less than such threshold amount that all such Units will be redeemed on the next Valuation Date following the 30th day after the date of the notice. A Unitholder may prevent such redemption by subscribing for and purchasing within the 30-day notice period a sufficient number of additional Units to increase the Net Asset Value of the total number of Units owned to an amount equal to or greater than such threshold amount. As at the date hereof, the Manager has not fixed a minimum threshold amount. The Manager may, in its sole discretion, waive this redemption requirement.

Each Unitholder who has delivered a Redemption Notice or whose Units are required to be redeemed, shall be paid a redemption amount equal to the Net Asset Value per Unit for the applicable class on the applicable Valuation Date, multiplied by the number of Units to be redeemed, and concurrently shall pay to such Unitholder the proportionate share attributable to such Units of any distribution of net income and net realized capital gains of the Fund which has been declared and not paid prior to the applicable Valuation Date.

The Administrator of the Fund shall, upon any redemption of Units, deduct from the redemption amount an amount equal to any accrued and applicable fees and taxes payable by the Unitholder in connection with such redemption, including estimated brokerage costs incurred in the conversion of portfolio securities of the Fund into cash in order to affect the redemption. An appropriate portion of any accrued management fees and/or performance fees payable to the Manager or to any investment manager will also be deducted and paid to the Manager or to any investment manager, as the case may be.

Redemptions by Unitholders are expected to be funded as required by redemptions by the Fund of interests in Underlying Funds. Such funds may deduct from redemption proceeds certain costs associated with the redemption of their interests, including costs of liquidation of portfolio assets. The redemption proceeds received by the Fund, and payable to any Unitholder redeeming Units will be reduced by any such costs.

The redemption proceeds of Units being redeemed will be equal to the Net Asset Value per Unit of the Units being redeemed less all applicable deductions. Redemption proceeds will be paid within 30 business days of the Redemption Date.

On direction from the Manager, the Administrator of the Fund shall hold back up to 20% of the redemption proceeds on any redemption to provide for an orderly disposition of assets. Any redemption proceeds which are held back shall be paid within a reasonable time period, having regard for applicable circumstances.

In the sole discretion of the Manager, and subject to any restrictions on transfer or resale applicable to securities of the Underlying Funds held in the Portfolio, payment of all or any part of redemption proceeds may be made by the transfer of a pro rata portion of any interests in Underlying Funds then held by the Fund. In the event the Manager determines to pay all or any part of redemption proceeds by the transfer of such interests, it shall provide the Unitholder with prompt notice thereof and the redeeming Unitholder shall have, and shall be advised that they have, the right to withdraw all or any part of their redemption notice.

The Manager may suspend the right of Unitholders to require the Fund to redeem Units held by them and the concurrent payment for Units tendered for redemption for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of the assets of the Fund or which impair the ability of the Fund to determine the value of the assets of the Fund.

The Manager has the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Redemption Date at the Net Asset Value per Unit thereof, by notice in writing to the Unitholder

given at least five business days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion.

A suspension may apply to all Redemption Notices received prior to the suspension, but as for which payment has not been made, as well as to all Redemption Notices received while the suspension is in effect. In such circumstances, all Unitholders shall have, and shall be advised that they have, the right to withdraw their Redemption Notice or receive payment based on the Net Asset Value of the particular class of Units determined on the first Valuation Date following the date on which the suspension is terminated. During any period during which redemptions are suspended the Manager will not accept any subscriptions for the purchase of Units.

A suspension will terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. Subject to applicable laws, any declaration of suspension made by the Manager shall be conclusive.

### **TRANSFER AND RESALE RESTRICTIONS**

As the Units offered by this Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements under NI 45-106, the resale of these Units by subscribers is subject to restrictions. Subscribers are advised to consult with their legal advisors concerning restrictions on resale and are further advised against reselling their Units until they have determined that any such resale is in compliance with the requirements of applicable securities legislation. There is no market for the Units and no market is expected to develop, therefore, it may be difficult or even impossible for a purchaser to sell their Units other than by way of a redemption of their Units on a Valuation Date.

No transfers of Units may be effected unless the Manager, in its sole discretion, approves the transfer and the proposed transferee. Subject to applicable securities legislation a Unitholder shall be entitled, if permitted by the Manager, to transfer all or, subject to any minimum investment requirements prescribed by the Manager, any part of the Units registered in the Unitholder's name at any time by giving written notice to the Manager. The proposed transferee will be required to make representations and warranties to the Fund and the Manager in form and substance satisfactory to the Manager. The Manager may prescribe the minimum dollar value of Units which may be transferred but has not currently done so.

### **CALCULATION OF NET ASSET VALUE OF THE FUND**

The Net Asset Value of the Fund will be determined by the Administrator, who may consult with the Manager, the Trustee or investment manager, custodian, and/or the auditors of the Fund. The Net Asset Value of the Fund will be determined for the purposes of subscriptions and redemptions as at 4:00 p.m. (EST) on each Valuation Date, and on December 31 of each year if that day is not otherwise a Valuation Date. The Net Asset Value of the Fund on any Valuation Date shall be equal to the aggregate fair market value of the assets of the Fund as of such Valuation Date, less an amount equal to the total liabilities of the Fund (excluding all liabilities represented by outstanding Units) as of such Valuation Date. The Net Asset Value per Unit will be calculated on a class-by-class basis and will be determined by dividing the Net Asset Value of the Fund on a Valuation Date attributable to a particular class of Units by the total number of that class of Units then outstanding on such Valuation Date.

The Net Asset Value of the Fund on a Valuation Date shall be determined in accordance with the following:

- (a) The assets of the Fund shall be deemed to include the following property:
  - (i) all cash on hand or on deposit, including any interest accrued thereon adjusted for accruals deriving from trades executed but not yet settled;
  - (ii) all bills, notes and accounts receivable;
  - (iii) all bonds, debentures, shares, subscription rights and other securities owned by or contracted for the Fund including, without limitation, any units of the Trust;
  - (iv) all shares, rights and cash dividends and cash distributions to be received by the Fund and not yet received by it when the Net Asset Value of the Fund is being determined so long as, in the case of cash dividends and cash distributions to be received by the Fund and not yet received by it when the Net Asset Value of the Fund is being determined, the shares are trading ex-dividend;
  - (v) all interest accrued on any interest-bearing securities owned by the Fund other than interest, the payment of which is in default; and
  - (vi) prepaid expenses.
  
- (b) The market value of the assets of the Fund shall be determined as follows:
  - (i) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to securityholders of record on a date before the date as of which the Net Asset Value of the Fund is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager shall determine to be the reasonable value thereof;
  - (ii) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
  - (iii) the value of any security which is listed or dealt in upon a stock exchange shall be determined by (1) in the case of a security which was traded on the day as of which the Net Asset Value of the Fund is being determined, the closing sale price; (2) in the case of a security which was not traded on the day as of which the Net Asset Value of the Fund is being determined, a price which is the average of the closing recorded bid and ask prices; or (3) if no bid or ask quotation is available, the price last determined for such security for the purpose of calculating the Net Asset Value of the Fund. The value of inter-listed securities shall be computed in accordance with directions laid down from time to time by the Manager; provided, however, that if, in the opinion of the Manager, stock exchange or over-the-counter quotations do not properly reflect the prices which would be received by the Fund upon the disposal of securities necessary to effect any redemptions of Units, the Manager may place such value upon such

- securities as appears to the Manager to most closely reflect the fair value of such securities;
- (iv) the value of any security, the resale of which is restricted or limited, shall be the quoted market value less a percentage discount for illiquidity amortized over the length of the hold period;
  - (v) the value of all assets and liabilities of the Fund valued in terms of a currency other than the currency used to calculate the Net Asset Value of the Fund shall be converted to the currency used to calculate the Net Asset Value of the Fund by applying the rate of exchange obtained from the best available sources to the Manager including, but not limited to, the Trustee or any of its affiliates; and
  - (vi) the value of any security or other property for which no price quotations are available or, in the opinion of the Manager, to which the above valuation principles cannot or should not be applied, shall be the fair value thereof determined from time to time in such manner as the Manager shall from time to time provide.
- (c) The liabilities of the Fund shall be calculated on an accrued basis and shall be deemed to include the following:
- (vii) all bills, notes and accounts payable;
  - (viii) all fees (including management fees) and administrative and operating expenses payable and/or accrued by the Fund;
  - (ix) all contractual obligations for the payment of money or property, including distributions of net income and net realized capital gains, if any, declared, accrued or credited to the Unitholders but not yet paid on the day before the day as of which the Net Asset Value of the Fund is being determined;
  - (x) all allowances authorized or approved by the Manager or the Trustee for taxes or contingencies; and
  - (xi) all other liabilities of the Fund of whatever kind and nature, except liabilities represented by outstanding Units.
- (d) Portfolio transactions (investment purchases and sales) will be reflected in the first computation of the Net Asset Value of the Fund made after the date on which the transaction becomes binding.
- (e) The Net Asset Value of the Fund and Net Asset Value per Unit on the first business day following a Valuation Date shall be deemed to be equal to the Net Asset Value of the Fund (or per Unit, as the case may be) on such Valuation Date after payment of all fees, including

administrative fees and management fees, and after processing of all subscriptions and redemptions of Units in respect of such Valuation Date.

- (f) The Net Asset Value of the Fund and the Net Asset Value per Unit established by the Manager in accordance with the provisions of this section shall be conclusive and binding on all Unitholders.
- (g) The Manager may determine such other rules as it deems necessary from time to time, which rules may deviate from International Financial Reporting Standards (“IFRS”).

The Net Asset Value of the Fund (or per Unit, as the case may be) calculated in this manner will be used for the purpose of calculating the Manager’s and other service providers’ fees and will be published net of all paid and payable fees. Such Net Asset Value of the Fund (or per Unit, as the case may be) will be used to determine the subscription price and redemption value of Units. To the extent that such calculations are not in accordance with IFRS, the financial statements of the Fund will include a reconciliation note explaining any difference between such published Net Asset Value of the Fund and Net Asset Value per Unit for financial statement reporting purposes (which must be calculated in accordance with IFRS).

The Net Asset Value for a particular class of Units (“**Class Net Asset Value**”) as at 4:00 p.m. (EST) on a Valuation Date shall be determined for the purposes of subscriptions and redemptions in accordance with the following calculation:

- (a) the Class Net Asset Value last calculated for that class of Units; plus
- (b) the increase in the assets attributable to that class as a result of the issue of Units of that class or the redesignation of Units into that class since the last calculation; minus
- (c) the decrease in the assets attributable to that class as a result of the redemption of Units of that class or the redesignation of Units out of that class since the last calculation; plus or minus
- (d) the proportionate share of the Net Change in Non-Portfolio Assets (as defined below) attributable to that class since the last calculation; plus or minus
- (e) the proportionate share of the impact of portfolio transactions and the adjustments to the assets as a result of a stock dividend, stock split or other corporate action recorded on that Valuation Date attributable to that class since the last calculation; plus or minus
- (f) the proportionate share of market appreciation or depreciation of the portfolio assets attributable to that class since the last calculation; minus
- (g) the proportionate share of the Fund expenses (other than class specific expenses) (“Common Expenses”) allocated to that class since the last calculation; minus
- (h) any expenses specific to that class since the last calculation.

“**Net Change in Non-Portfolio Assets**” on a Valuation Date means

- (a) the aggregate of all income accrued by the Fund as of that Valuation Date, including cash dividends and distributions, interest and compensation; minus
- (b) the Common Expenses to be accrued by the Fund as of that Valuation Date which have not otherwise been accrued in the calculation of the Net Asset Value of the Fund as of that Valuation Date; plus or minus
- (c) any change in the value of any non-portfolio assets or liabilities stated in any foreign currency accrued on that Valuation Date including, without limitation, cash, accrued dividends or interest and any receivables or payables; plus or minus
- (d) any other item accrued on that Valuation Date determined by the Manager to be relevant in determining the Net Change in Non-Portfolio Assets.

A Unit of a class of the Fund being issued or a Unit that has been redesignated as a part of that class shall be deemed to become outstanding as of the next calculation of the applicable Class Net Asset Value immediately following the Valuation Date at which the applicable Class Net Asset Value per Unit that is the issue price or redesignation basis of such Unit is determined and the issue price received or receivable for the issuance of the Unit shall then be deemed to be an asset of the Fund attributable to the applicable class.

A Unit of a class of the Fund being redeemed or a Unit that has been redesignated as no longer being a part of that class shall be deemed to remain outstanding as part of that class until immediately following the Valuation Date at which the applicable Class Net Asset Value per Unit that is the redemption price or redesignation basis of such Unit is determined; thereafter, the redemption price of the Unit being redeemed, until paid, shall be deemed to be a liability of the Fund attributable to the applicable class and the Unit which has been redesignated will be deemed to be outstanding as a part of the class into which it has been redesignated.

On any Valuation Date that a distribution is paid to Unitholders of a class of Units, a second Class Net Asset Value shall be calculated for that class, which shall be equal to the first Class Net Asset Value calculated on that Valuation Date minus the amount of the distribution. For greater certainty, the second Class Net Asset Value shall be used for determining the Class Net Asset Value per Unit on such Valuation Date for purposes of determining the issue price and redemption price for Units on such Valuation Date, as well as the redesignation basis for Units being redesignated into or out of such class, and Units redeemed or redesignated out of that class as at such Valuation Date shall participate in such distribution while Units subscribed for or redesignated into such class as at such Valuation Date shall not.

The Class Net Asset Value per Unit for a particular class of Units as at any Valuation Date is the quotient obtained by dividing the applicable Class Net Asset Value as at such Valuation Date by the total number of Units of that class outstanding at such Valuation Date. This calculation shall be made without taking into account any issuance, redesignation or redemption of Units of that class to be processed by the Fund immediately after the time of such calculation on that Valuation Date. The Class Net Asset Value per Unit for each class for the purpose of the issue of Units or the redemption of Units shall be calculated on each Valuation Date by or under the authority of the Manager as at such time on every Valuation Date as shall be fixed from time to time by the Manager and the Class Net Asset Value per Unit so determined for each class shall remain in effect until the time as of which the Class Net Asset Value per Unit for that class is next determined.

The Net Asset Value per Unit of any one class of Units need not be equal to the Net Asset Value per Unit of any other class.

The Manager shall be entitled to delegate any of its powers and obligations to a valuation service provider, including, but not limited to, the Trustee or any of its affiliates, by entering into a valuation services agreement relating to the calculation of the Net Asset Value of the Fund and the Class Net Asset Value for each class of Units on each Valuation Date. As of the date hereof, the Manager has retained SS&C Fund Administration Company pursuant to the Administration Agreement to, among other things, provide valuation

and financial reporting services to the Fund and to calculate the Net Asset Value of the Fund and the Class Net Asset Value for each class of Units on each Valuation Date. See “Administrator, Record-Keeper and Fund Reporting”. For greater certainty, the calculation of the Net Asset Value of the Fund and the Class Net Asset Value for each class of Units on each Valuation Date pursuant to this section is for the purposes of determining subscription prices and redemption values of Units and not for the purposes of accounting in accordance with IFRS.

Please see the Trust Agreement for a full and complete description of the determination of the Net Asset Value of the Fund and the Class Net Asset Value for each class of Units on each Valuation Date.

### **DISTRIBUTION POLICY**

The Manager intends to cause the Fund to make monthly distributions (“**Monthly Distributions**”) to Unitholders of up to 4% per annum of the Net Asset Value per Unit. The effect of such distributions will be to reduce the Net Asset Value of each such Unit by the amount of the distribution. In the event that a Monthly Distribution would result in aggregate distributions made by the Fund in a calendar year exceeding the income and capital gains of the Fund attributable to a particular class in that year, the Manager may suspend or reduce distributions for that month.

All distributions made by the Fund (other than a special distribution to a redeeming Unitholder) will be automatically reinvested in additional Units on the Valuation Date on the date of or immediately following the distribution at the applicable Net Asset Value per Unit thereof. Once the distribution reinvestment is completed, there will be a consolidation of Units such that each Unitholder (other than a non-resident in respect of whose share of the distribution tax was withheld) has the same number of Units that they held immediately prior and the Net Asset Value per Unit of the class will be adjusted accordingly so that the aggregate Net Asset Value of the affected Units remains the same as prior to the distribution.

Also, when a Unitholder redeems all or any of his Units of the Fund, there may be a special distribution of net realized capital gains of the Fund in cash out of the redemption proceeds otherwise payable to such Unitholder to the time immediately prior to redemption, as determined by the Manager. The Manager has the sole discretion to determine the amount, if any, of the Fund’s net realized capital gains for its taxation year and the sole discretion to allocate all or any portion of such net realized capital gains to a Unitholder who has redeemed Units of the Fund at any time in that year, provided that the amount of net realized capital gains allocated to a particular redeeming Unitholder shall not exceed the amount, if any, by which the amount payable on the redemption of the Units exceeds the adjusted cost base of the Units being redeemed. The balance of the amount paid to such Unitholder at the time of redemption shall be paid as proceeds of redemption.

The Fund will distribute in each taxation year such remaining portion of its annual net income and net realized capital gains with a view to ensuring that the Fund is not liable for tax under Part I of the *Tax Act*. Generally, Unitholders will be allocated net income and net capital gains in such amounts as reflect each Unitholder’s pro rata share of such income and gains earned over the period during which such Units are outstanding. The Fund may make distributions out of net income, net realized capital gains and capital on such other dates during the year as the Manager in its discretion may decide.

### **UNITHOLDER MEETINGS**

Meetings of Unitholders will be held by the Manager or the Trustee at such time and on such day as the Manager or the Trustee may from time to time determine for the purpose of considering the matters required to be placed before such meetings and for the transaction of such other matters as the Manager or the Trustee determines. Unitholders holding not less than 50% of the outstanding Units may requisition a meeting of Unitholders by giving a written notice to the Manager or the Trustee setting out in detail the reason(s) for calling and holding such a meeting.

Notice of the time and place of each meeting of Unitholders will be given not less than 21 days before the day on which the meeting is to be held to each Unitholder of record at the close of business on the day on which the notice is given. Notice of a meeting of Unitholders will state the general nature of the matters to be considered by the meeting. A meeting of Unitholders may be held at any time and place without notice if all the Unitholders entitled to vote thereat are present in person or represented by proxy or, if those not present or represented by proxy waive notice of, or otherwise consent to, such meeting being held.

A quorum for the transaction of business at any meeting of Unitholders shall be at least two Unitholders holding not less than 5% of the outstanding Units on such date present in person or represented by proxy and entitled to vote thereat. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting shall be adjourned to a date fixed by the chairman of the meeting not later than 14 days thereafter at which adjourned meeting the Unitholders present in person or represented by proxy shall constitute a quorum. The chairman at a meeting of Unitholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place.

At any meeting of Unitholders every person shall be entitled to vote who, as at the end of the business day immediately preceding the date of the meeting, is entered in the register of Unitholders, unless in the notice of meeting and accompanying materials sent to Unitholders in respect of the meeting a record date is established for persons entitled to vote thereat.

At any meeting of Unitholders a proxy duly and sufficiently appointed by a Unitholder shall be entitled to exercise, subject to any restrictions expressed in the instrument appointing him, the same voting rights that the Unitholder appointing him would be entitled to exercise if present at the meeting. A proxy need not be a Unitholder. An instrument appointing a proxy shall be in writing and shall be acted on only if, prior to the time of voting, it is deposited with the chairman of the meeting or as may be directed in the notice calling the meeting.

At any meeting of Unitholders every question shall, unless otherwise required by the Trust Agreement or applicable laws, be determined by the majority of the votes duly cast on the question. Subject to the provisions of the Trust Agreement or applicable laws, any question at a meeting of Unitholders shall be decided by a show of hands unless a poll thereon is required or demanded. Upon a show of hands every person who is present and entitled to vote shall have one vote. If demanded by any Unitholder at a meeting of Unitholders or required by applicable laws, any question at such meeting shall be decided by a poll. Upon a poll each person present shall be entitled, in respect of the Units which he is entitled to vote at the meeting upon the question, to one vote for each whole Unit held and the result of the poll so taken shall be the decision of the Unitholders upon the said question.

Any resolution consented to in writing by Unitholders holding 66  $\frac{2}{3}$ % of the Units then outstanding is as valid as if it had been passed at a meeting of Unitholders.

## **AMENDMENTS TO THE TRUST AGREEMENT**

Any provision of the Trust Agreement may be amended, deleted, expanded or varied by the Manager, with the approval of the Trustee, upon notice to Unitholders, if the amendment, in the opinion of counsel for either the Manager or the Trustee, does not constitute a material change and does not relate to any of the matters specified below. Notwithstanding the foregoing, no amendment shall be made which adversely affects the pecuniary value of the interest of any Unitholder or restricts any protection provided to the Trustee or increases the responsibilities of the Trustee under the Trust Agreement.

Any provision of the Trust Agreement may be amended, deleted, expanded or varied with the consent of the Unitholders, for any of the following purposes:

- (a) the basis of the calculation of a fee or expense that is charged to the Fund is changed in a way that could result in an increase in charges to the Fund;
- (b) the Manager is changed, unless the new manager is an affiliate of the current manager or the new manager occurs primarily as a result of restructuring corporations, limited partnerships or other entities under similar control and ownership and which results in no material change to the day-to-day management, administration or operation of the Fund;
- (c) the Fund undertakes a reorganization with, or transfers its assets to, another investment fund, if (i) the Fund ceases to continue after the reorganization or transfer of assets, and (ii) the transaction results in the Unitholders becoming unitholders in the other investment fund; or
- (d) the Fund undertakes a reorganization with, or acquires assets from, another investment fund, if (i) the Fund continues after the reorganization or acquisition of assets, (ii) the transaction results in the unitholders of the other investment fund becoming Unitholders in the Fund, and (iii) the transaction would be a material change to the Fund.

Notice of any amendment to the Trust Agreement shall be given in writing to Unitholders and any such amendment shall take effect on a date to be specified therein, which date shall be not less than 60 days after notice of the amendment is given to Unitholders, except that the Manager and the Trustee may agree that any amendment shall become effective at an earlier time if that seems desirable and the amendment is not detrimental to the interest of any Unitholder. See “Unitholder Meetings”.

#### **TERMINATION OF THE FUND**

The Fund will be terminated and dissolved in the event of any of the following: (i) there are no outstanding Units; (ii) the Trustee or the Manager resigns and no successor is appointed within the time limits prescribed in the Trust Agreement; (iii) the Manager is, in the opinion of the Trustee, in material default of its obligations under the Trust Agreement and such default continues for 120 days from the date that the Manager receives notice of such material default from the Trustee; (iv) the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding-up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reconstruction); (v) the Manager makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency; or (vi) the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

The Manager may at any time terminate and dissolve the Fund by giving to the Trustee and each Unitholder written notice of its intention to terminate at least 90 days before the date on which the Fund is to be terminated.

In the event of the winding-up of the Fund, the rights of Unitholders to require redemption of any or all of their Units shall be suspended, the Manager shall make appropriate arrangements for converting the investments of the Fund into cash and the Trustee shall proceed to wind-up the affairs of the Fund in such manner as seems to it to be appropriate. The assets of the Fund remaining after paying or providing for all obligations and liabilities of the Fund shall be distributed among the Unitholders registered as at the close of business on the termination date in accordance with the Trust Agreement. Distributions of net income and net realized capital gains shall, to the extent not inconsistent with the orderly realization of the assets of the Fund, continue to be made in accordance with the Trust Agreement until the Fund has been wound up.

Notwithstanding the foregoing, if authorized by the holders of more than 50% of the outstanding Units, the assets of the Fund may be, in the event of the winding-up of the Fund, distributed to the Unitholders on the termination of the Fund *in specie* in whole or in part, and the Trustee shall have complete discretion to determine the assets to be distributed to any Unitholder and their values for distribution purposes.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the *Tax Act*, and at all relevant times, is resident in Canada, deal at arm's length and is not affiliated with the Fund, and who will hold his/her Units as capital property.

Generally, Units will be considered to be capital property to a Unitholder unless the Unitholder holds the Units in the course of carrying on a business of trading or dealing in securities or has acquired the Units in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units, and all other "Canadian securities" owned or subsequently owned by such Unitholders, treated as capital property by making an irrevocable election under subsection 39(4) of the *Tax Act*. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the *Tax Act* is available or advisable in their circumstances.

This summary is not applicable to a Unitholder that is a "financial institution" as defined in the *Tax Act* for the purposes of certain "mark-to-market" rules, a "specified financial institution" (as defined in the *Tax Act*), a Unitholder to whom the functional currency reporting rules contained in section 261 of the *Tax Act* applies, a Unitholder an interest in which is a "tax shelter investment" (as defined in the *Tax Act*), or a Unitholder who has entered into a "derivative forward agreement" (as defined in the *Tax Act*) with respect to the Units. Any such Unitholder should consult its own tax advisor regarding the income tax consequences of acquiring, holding or disposing of Units.

This summary is also based on the assumptions that (i) none of the issuers of the securities held by the Fund will be a "tax shelter investment" within the meaning of section 143.2 of the *Tax Act*, (ii) the Fund will not be a "SIFT trust" as defined in subsection 122.1(1) of the *Tax Act*, and (iii) the Fund will not hold interests in an entity that will be a "foreign affiliate" of the Fund for purposes of the *Tax Act*, and (iv) the Fund has not, and will not be, subject to a "loss restriction event", as defined in the *Tax Act*.

This summary is based on the current provisions of the *Tax Act* and the Income Tax Regulations, all specific proposals to amend the *Tax Act* and the Income Tax Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and an understanding of the current administrative policies and assessing practices of the CRA. There can be no assurance that the Tax Proposals will be implemented in their current form or at all, nor can there be any assurance that the CRA will not change its administrative policies or assessing practices. This summary further assumes that the Fund will comply with the Trust Agreement. Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any change in the law, whether by legislative, governmental or judicial decision or action, which may adversely affect any income tax consequences described herein, and does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those described herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult with their own tax advisers for advice with respect to the income tax consequences of an investment in Units based on their own particular circumstances.

## Qualification as a Mutual Fund Trust

This summary is based on the assumption that the Fund qualifies, and will continue to qualify at all times, as a “mutual fund trust” within the meaning of the *Tax Act*.

To qualify as a mutual fund trust, (i) the Fund must be a Canadian-resident “unit trust” for purposes of the *Tax Act*, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or immovables or real rights in immovables), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), (iii) either the Fund must comply with certain investment conditions or its Units must be redeemable on demand, and (iv) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units.

An additional condition to qualify as a mutual fund trust for the purposes of the *Tax Act* is that the Fund may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the *Tax Act* (if the definition of such term were read without reference to paragraph (b) of that definition). The Fund has adopted mechanisms to ensure that the latter requirement with respect to restrictions on holdings by non-residents will be met.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below and under “Eligibility for Investment” would, in some respects, be materially and adversely different.

## Taxation of the Fund

In each taxation year, income of the Fund, including the taxable portion of capital gains, if any, that is not paid or payable to Unitholders in that year will be subject to tax in the Fund under Part I of the *Tax Act*. An amount will be considered payable to a Unitholder in a taxation year if it is paid by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. Provided the Fund distributes all of its net taxable income and net taxable capital gains to the Unitholders on an annual basis, it should not be liable for any income tax under Part I of the *Tax Act*. The Fund generally intends to pay or make a sufficient amount payable each year so that the Fund will not be liable for any non-refundable income tax under Part I of the *Tax Act*.

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Fund in a taxation year must be included in computing the Fund’s income for the year, and one-half of the amount of any capital loss (an “**allowable capital loss**”) realized by the Fund in a taxation year may be deducted against any taxable capital gains realized by the Fund in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may be deducted against taxable capital gains realized by the Fund in any of the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances described in the *Tax Act*.

The Fund will be required to include in its income for each taxation year all interest that accrues or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The Fund will also generally be required to include in its income for a taxation year all (i) dividends and other distributions received in the year on shares of corporations, and (ii) amounts payable to it from the income of Underlying Funds constituted as Canadian-resident trusts.

The Fund generally intends to include gains and deduct losses in connection with investments made through derivative instruments on income account (except where such derivatives are used to hedge securities held on capital account), and the Fund generally intends to recognize such gains and losses for tax purposes at the time that they are realized. Gains and losses of the Fund in respect of the short sale of securities are generally considered to be on income account; however, in certain instances, if the Fund has made an election under

subsection 39(4) of the *Tax Act* and the short sale is of “Canadian securities” within the meaning of the *Tax Act*, the gain or loss may be a capital gain or loss. To the extent short positions are not used to hedge securities held on capital account, they will be treated on income account.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the *Tax Act*, subject to the detailed provisions of the *Tax Act*. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund’s income, the Fund may generally designate a portion of its foreign source income in respect of its Unitholders so that such income, and a portion of the foreign tax paid by the Fund, may be regarded as foreign source income of, and foreign tax paid by, the Unitholders for the purposes of the foreign tax credit provisions of the *Tax Act*.

Upon the actual or deemed disposition of an investment held by the Fund as capital property, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of amounts otherwise included in income, exceed (or are less than) the adjusted cost base of such Fund investment and any reasonable costs of disposition. The Fund will make an election under subsection 39(4) of the *Tax Act* so that all Fund investments that are “Canadian securities” (as defined in the *Tax Act*) will be deemed to be capital property.

A distribution by the Fund of investments upon a redemption of Units will be treated as a disposition by the Fund of such investments so distributed for proceeds of disposition equal to their fair market value. The Fund will realize a capital gain (or a capital loss) on the distribution of investments held as capital property to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the distributed Fund investments and any reasonable costs of disposition. Subject to the detailed provisions and limitations in the *Tax Act*, the Fund currently intends to treat as payable to, and designate to a redeeming Unitholder, most capital gains or, prior to 2020, income realized by the Fund as a result of the distribution of such property to the Unitholder.

In computing its income for tax purposes, the Fund may generally deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the *Tax Act*, including interest on any borrowings generally to the extent borrowed funds are used for the purpose of earning income from its investments. All of the Fund’s deductible expenses, including expenses common to all classes of Units and Management Fees and other expenses specific to a particular class of Units, will be taken into account in determining the income or loss of the Fund as a whole and applicable taxes payable by the Fund as a whole.

The Fund may be liable for alternative minimum tax under the *Tax Act* in the event that, generally, its expenses exceed its income other than capital gains and it does not qualify as a mutual fund trust throughout the relevant year.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the *Tax Act* based on the redemptions of Units during the year (“**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with a redemption of Units.

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the *Tax Act*.

The Fund’s portfolio may include securities that are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends and all other amounts will be determined for the purposes of the *Tax Act* in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly

determined in accordance with section 261 of the *Tax Act*. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

### **Offshore Investment Fund Property Rules**

The Tax Act contains rules which may require the Fund to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property” (the “**OIFP Rules**”). The OIFP Rules may apply to the Fund in respect of a holding of, or an interest in, property that is a share of the capital stock of, an interest in, or a debt of, a non-resident entity (other than a controlled foreign affiliate of the Fund, or a prescribed non-resident entity) or an interest in or a right or option to acquire any such share, interest or debt. For the OIFP Rules to apply, two additional conditions must be met: (a) the value of such property (which would include an investment in an Underlying Fund) may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of the capital stock of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing; or (ix) any combination of the foregoing (“**Investments Assets**”); and (b) it may be reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the Fund acquiring, having or holding the interest in such property was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Fund. In making this determination, the Tax Act provides that regard must be had to all of the circumstances, including: (i) the nature, organization and operation of any non-resident entity and the form of, and the terms and conditions governing, the taxpayer’s interest in, or connection with, any non-resident entity, (ii) the extent to which any income, profit and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of any non-resident entity are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Fund; and (iii) the extent to which any income, profits and gains of any non-resident entity for any taxation year are distributed in that or the immediately following taxation year.

If applicable, the OIFP Rules would generally require the Fund to include in its income for each taxation year in which the Fund owns a particular offshore investment fund property the amount, if any, by which (i) an imputed return for the taxation year computed on a monthly basis and calculated as the product obtained when the Fund’s “designated cost” (within the meaning of the Tax Act) in such property at the end of a month, is multiplied by  $1/12^{\text{th}}$  of the sum of the applicable prescribed rate for the period that includes such month plus 2%; exceeds (ii) any dividends or other amounts included in computing the Fund’s income for the year (other than a capital gain) in respect of such property determined without reference to these rules.

For these purposes, the designated cost to the Fund of an offshore investment fund property at any particular time in a taxation year will generally include, among other things, the initial cost of acquisition of such property to the Fund and the total of all amounts required to be included in computing the Fund’s income as imputed income in respect of such property under the OIFP Rules for a preceding taxation year.

### **Taxation of Unitholders**

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year, including Monthly Distributions and any portions of amounts paid on redemption treated as distributions of income or gains by the Fund. The non-taxable portion of the Fund’s net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder’s income for the year. Any other amount in excess of the Fund’s net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder’s income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a

capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain. Any losses of the Fund for purposes of the *Tax Act* cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends, if any, received or deemed to be received by the Fund on shares of taxable Canadian corporations as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the *Tax Act*. Amounts designated as taxable dividends from taxable Canadian corporations will be subject to the gross-up and dividend tax credit rules, including the enhanced gross-up and tax credit applicable to eligible dividends. Income of the Fund derived from foreign sources may be subject to foreign withholding taxes which, to the extent permitted by the *Tax Act*, may give rise to an entitlement to Unitholders to claim a deduction or credit for the purposes of the *Tax Act*.

Under the *Tax Act*, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to utilize, in a taxation year, losses from prior years. The amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount (other than the non-taxable portion of the Fund's net realized capital gains paid or payable to the Unitholders, the taxable portion of which was designated to the Unitholder in a year).

On the disposition or deemed disposition of a Unit, including on a redemption, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder's income as described above) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all identical Units owned by the Unitholder as capital property immediately before that time.

Any front-end sales charges payable by Unitholders to registered dealers on the acquisition of Units are not deductible by Unitholders but are generally added to the adjusted cost base of the Units purchased.

Unitholders will be advised each year of the amount of net income, net taxable capital gains and return of capital paid or payable to them, the amount of net income considered to have been received as a taxable dividend and the amount of any foreign taxes considered to have been paid by them. Individuals may be liable for alternative minimum tax in respect of dividends received from taxable Canadian corporations and realized net taxable capital gains.

A Unitholder's share of distributions paid by the Fund will be based on the number of Units held by the Unitholder on the record date of the distribution regardless of how long the Unitholder has owned his, her or its Units. Where a Unitholder buys Units, the Net Asset Value of the Units, and therefore the price paid for the Unit, may reflect income and gains that have accrued in the Fund which have not yet been realized or distributed. When such income and gains are distributed by the Fund, the Unitholder will be required to include the Unitholder's share of the distribution in the Unitholder's income even though some of the distribution the Unitholder received may reflect the purchase price paid by the Unitholder for the Units. This effect could be particularly significant if the Unitholder purchases Units just before a record date for distribution by the Fund.

Based on the published administrative position of the CRA, a redesignation of Units of the Fund should not generally be considered to give rise to a taxable disposition for the purposes of the *Tax Act*. However, the CRA has made statements which suggest that a redesignation of units denominated in one currency into units denominated in a different currency would likely give rise to a taxable disposition of the units. Unitholders should consult with their own tax advisors in this regard.

Management Fees paid directly to Manager will generally not be deductible by the Unitholders.

## **Eligibility for Investment**

Provided the Fund qualifies at all times as a “mutual fund trust” under the *Tax Act* and the Income Tax Regulations, Units will be “qualified investments”, as defined in the *Tax Act*, for Prescribed Plans.

Notwithstanding that the Units may be qualified investments for a Prescribed Plan, the Controlling Individual will be subject to a penalty tax if the Units held in the Prescribed Plan are a “prohibited investment” (as defined in the *Tax Act*). A Unit will generally be a “prohibited investment” for a Prescribed Plan if the Controlling Individual (i) does not deal at “arm’s length” with the Fund (for purposes of the *Tax Act*), or (ii) has a “significant interest” in the Fund (within the meaning of the *Tax Act*). A Controlling Individual will generally have a significant interest in a trust if he or she, either alone or together with one or more persons with whom he or she does not deal at arm’s length, holds interests representing 10% or more of the fair market value of all interests in the trust. A Unit will generally not be a “prohibited investment” if the Unit is “excluded property” for a Prescribed Plan.

You should consult with your own tax advisors to determine whether Units of the Fund would be a “prohibited investment” for your Prescribed Plan, based on your own particular circumstances.

## **Prescribed Plan Unitholders**

If you hold Units of the Fund in a Prescribed Plan, distributions from the Fund and capital gains from a redemption (or other disposition) of Units in respect of the Prescribed Plan are generally not subject to tax under Part I of the *Tax Act*. Withdrawals made from a Prescribed Plan will generally give rise to taxation under Part I of the *Tax Act* (however, withdrawals from a TFSA are generally not subject to tax).

## **Tax Reporting**

Generally, you will be required to provide your financial advisor with information relating to your citizenship, tax residence and, if applicable, your foreign tax identification number. If you are identified as a U.S. citizen (including a U.S. citizen living in Canada), U.S. resident, or a foreign tax resident, details of your investment in the Fund will generally be reported to the CRA unless Units are held inside certain Prescribed Plans. The CRA may provide the information to the relevant foreign tax authorities under exchange of information treaties or other agreements.

## **International Tax Reporting**

Part XIX of the *Tax Act* implemented the Organisation for Economic Co-operation and Development Common Reporting Standard. Pursuant to Part XIX of the *Tax Act*, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the *Tax Act*) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the *Tax Act*, Unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within certain Prescribed Plans.

## ***U.S. Foreign Account Tax Compliance Act***

In March 2010, the U.S. enacted the *Foreign Account Tax Compliance Act* (“**FATCA**”), which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the “**IGA**”) which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S.

withholding tax under U.S. tax law (the “**FATCA Tax**”) for Canadian entities such as the Fund, provided: (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the *Tax Act*, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavor to comply with the requirements imposed under the IGA and Part XVIII of the *Tax Act*. Under Part XVIII of the *Tax Act*, Unitholders of the Fund are required to provide identity and residency and other information to the Fund (and may be subject to penalties for failing to do so). In the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by Specified U.S. Persons, such information and certain financial information (for example, account balances) will be provided by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service (the “**IRS**”). The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the *Tax Act*, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation.

Any U.S. withholding tax imposed under FATCA would reduce the returns to Unitholders. The administrative cost of compliance with FATCA may also cause an increase in operating expenses of the Fund further reducing returns to Unitholders. Unitholders should consult their own tax advisors regarding the implications of FATCA on their investment in the Fund.

## **RISK FACTORS**

Before investing, prospective investors should carefully consider the following risks. **The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in Units.**

### **Risks Associated with an Investment in the Fund**

#### *Investment Risk*

Investors should invest in the Fund only if they have a long-term investment horizon and can bear the risk of loss associated with such investment. On its own, an investment in the Fund is not intended as a complete investment program. Investors should review closely the investment objective and investment approach to be followed by the Fund as outlined in this Offering Memorandum to familiarize themselves with the risks associated with an investment in the Fund. The Net Asset Value of Units will vary directly with the market value and return of the investment portfolio of the Fund, all or substantially all of which will consist of interests in Underlying Funds. There can be no assurance that the Fund will not incur losses. There is also no assurance that the Fund will be able to achieve its investment objective. There is no guarantee that the Fund will earn a return.

#### *Tax Matters*

The Manager expects the Fund to qualify as a mutual fund trust under the *Tax Act* at all relevant times. In order to qualify as a mutual fund trust under the *Tax Act*, the Fund must meet certain conditions relating to the number of its Unitholders and the dispersal of ownership of its Units. If the Fund were not to qualify as a mutual fund trust under the *Tax Act*, adverse tax consequences would arise, including: Units of the Fund would not be qualified investments for Prescribed Plans; the Fund could be subject to tax under Part XII.2 of the *Tax Act* on its “designated income”; and the Fund would not be entitled to capital gains refunds.

If the Fund experiences a “loss restriction event” (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Fund could be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the affiliated persons rules contained in the *Tax Act*, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the

beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all interest in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of a Fund if the Fund meets certain investment requirements and qualifies as an “investment fund” under the applicable rules.

#### *Expenses*

The Fund is obligated to pay legal, accounting, filing and other expenses regardless of whether it realizes profits. Because of the “fund on fund” structure, investors should consider the fees and expenses being charged at both the Fund and Underlying Fund levels, as disclosed in this Offering Memorandum. Investors in the Fund will bear their direct and indirect share of expenses of the Fund and of the Underlying Funds.

#### *Income*

An investment in the Fund is not suitable for an investor seeking an income from such investment.

#### *Not a Trust Company*

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

#### *Not a Public Mutual Fund*

The Fund is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund’s portfolio.

#### *Changes in Investment Strategies*

The Manager may alter the Fund’s investment strategies and restrictions without prior approval by Unitholders to adapt to changing circumstances, subject to advising Unitholders in writing of any such changes which are material.

#### *Fund-of-funds Investing*

The Fund is a fund-of-funds and is subject to the risk factors specific to each Underlying Fund, not all of which can be summarized in this Offering Memorandum.

The ability of the Manager to determine Net Asset Value using the most current valuations of the Underlying Funds will be dependent on the timeliness of reporting to the Fund by the Underlying Funds. The ability to immediately invest subscription proceeds received by the Fund will be dependent on the regularity of dates on which Underlying Funds will accept subscriptions and the amount of time they may require to process the subscriptions. The ability of the Fund to pay redemption proceeds to Unitholders who redeem their Units may be affected by the timeliness of Underlying Funds to pay redemption proceeds to the Fund.

#### *Limited Ability to Liquidate Investment*

There is no formal market for Units and one is not expected to develop. This offering of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities legislation. In addition, Units may not be assigned, encumbered, pledged, hypothecated or otherwise transferred except with the prior written consent of the Manager, which may be withheld in the Manager’s sole and absolute discretion. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units at any Valuation Date which redemption will be subject to the

limitations described under “Redemptions”. Unitholders may not be able to liquidate their investments in a timely manner. As a result, an investment in the Units is suitable only for sophisticated investors who do not require liquidity for their investment and are able to bear the financial risk of the investment for an extended period of time.

#### *Valuation of the Fund’s Investments*

The Fund’s investments will consist primarily of its interests in Underlying Funds, together with derivatives for hedging purposes and cash and cash equivalents. Accordingly, the valuation of the Fund’s investments will be heavily dependent upon the valuation of the Underlying funds and their investments, over which the Manager has no direct control. The Manager will, however, review and monitor the valuation of Underlying Funds on an ongoing basis.

Valuation of the Fund’s investments, and the portfolio securities and other investments of Underlying Funds, may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Fund and the Net Asset Value per Fund Unit of each class could be adversely affected. Independent pricing information may not at times be available regarding certain of Underlying Funds’ securities and other investments. Valuation determinations will be made in good faith in accordance with the Trust Agreement.

Underlying Funds may from time to time have assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned to any such investment differs from the actual value, the net asset value of the Fund’s interest may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of his or her Units while an Underlying Fund holds such investments will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value published by the Underlying Fund. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value published by the Underlying Fund. In addition, there is risk that an investment in the Fund by a new investor (or an additional investment by an existing investor) could dilute the value of such investments for existing Unitholders in the Fund if the actual value of such investments is higher than the value published by the Underlying Fund. Further, there is a risk that a new investor in the Fund (or an existing investor that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value published by the Underlying Fund. The Fund does not intend to adjust the Net Asset Value of the Fund retroactively.

#### *Unitholders not Entitled to Participate in Management*

Unitholders are not entitled to participate in the management or control of the Fund or its operations. The success or failure of the Fund will ultimately depend on the investment of the assets of the Fund by the Manager, with which Unitholders will not have any direct dealings.

#### *Reliance on Manager and Track Record*

The success of the Fund will be primarily dependent upon the skill, judgment and expertise of the Manager and its executives and of the managers of the Underlying Funds. The Manager makes the investment decisions in Underlying Funds upon which the success of the Fund significantly depends. No assurance can be given that the investment approaches utilized by the Manager will be successful. Although persons involved in the management of the Fund and the service providers to the Fund have had experience in their respective fields of specialization, the Fund has no operating or performing history upon which prospective investors can evaluate the Fund’s likely performance. Investors should be aware that the past performance by those involved in the investment management of the Fund should not be considered as an indication of future results.

### *Dependence on Key Personnel*

The Manager depends, to a great extent, on the services of a limited number of individuals in the administration of the Fund's business. The loss of such individuals for any reason could impair the ability of the Manager to perform its services on behalf of the Fund, including the ability to assess and monitor Underlying Funds. A number of these individuals are also involved in other business activities unrelated to the Fund. Further, the ability of the Manager to carry on business as a portfolio manager, investment fund manager and exempt market dealer is dependent upon the Manager continuing to satisfy the regulatory requirements necessary to maintain those registrations under applicable securities requirements, which could be adversely impacted by the loss of key employees.

### *Potential Indemnification Obligations*

Under certain circumstances, the Fund might be subject to significant indemnification obligations in favour of the Manager and other service providers. The Fund will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the Net Asset Value of the Fund and, by extension, the value of the Units.

### *Possible Effect of Redemptions*

Substantial redemptions of Units from the Fund may require the Fund to redeem interests in Underlying Funds more rapidly than otherwise desirable to raise the necessary cash to fund redemptions at the Fund. Substantial redemptions of an interest in an Underlying Fund by the Fund, and/or other redemptions at the Underlying Fund level, may in turn necessitate the Underlying Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions at the Underlying Fund level and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the redemption value of the Units redeemed and of the Fund's remaining interest in the Underlying Fund.

### *Liability of Unitholders*

The Trust Agreement provides that no Unitholder shall be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the investment obligations, affairs or assets of the Fund and all such persons shall look solely to the Fund's assets for satisfaction of claims of any nature arising out of or in connection therewith. There is a risk, which is considered by the Manager to be remote in the circumstances, that a Unitholder could be held personally liable, notwithstanding the foregoing statement in the Trust Agreement, for obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. It is intended that the operations of the Fund will be conducted in such manner so as to minimize such risk. In the event that a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

### *Lack of Independent Experts Representing Unitholders*

Each of the Fund and the Manager has consulted with a single legal counsel regarding the formation and terms of the Fund and the offering of Units. Unitholders have not, however, been independently represented. Therefore, to the extent that the Fund, Unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Fund.

### *No Involvement of Unaffiliated Selling Agent*

No outside selling agent unaffiliated with the Manager has made any review or investigation of the terms of this Offering, the structure of the Fund or the background of the Manager.

### *Possible Negative Impact of Regulation of Hedge Funds*

The regulatory environment for hedge funds is evolving and changes to it may adversely affect the Fund. To the extent that regulators adopt practices of regulatory oversight in the area of hedge funds that create additional compliance, transaction, disclosure or other costs for hedge funds, returns of the Fund may be negatively affected. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Fund in Underlying Funds. The effect of any future regulatory or tax change on the portfolio of the Fund is impossible to predict.

### **Risks Associated with the Fund's Investment in Underlying Funds**

The following additional risk factors will impact the Fund as a holder of interests in Underlying Funds and will indirectly impact investors in the Fund.

### *Fundamental Performance by Underlying Funds and General Market and Economic Conditions*

The success of the Underlying Funds' investment activities will be affected by changes in the fundamentals of the businesses in which the Underlying Funds invest and by general market and economic conditions, including stock market volatility and changes in interest rates, availability of credit, inflation rates and national and international geopolitical circumstances. These factors affect the level and volatility of securities prices and the liquidity of the Underlying Funds' investments. Unexpected volatility or illiquidity could impair the Underlying Funds' profitability or result in losses.

### *Not a Public Mutual Fund*

The Underlying Funds will not be subject to the securities regulatory restrictions placed on public mutual funds to ensure diversification and liquidity of the Underlying Fund's portfolio securities.

### *Changes in Investment Objective, Strategies and Restrictions*

An Underlying Fund may alter its investment objective, strategies and restrictions without the prior consent or notice to the Manager.

### *Management Fees and Expenses*

Each Underlying Fund is obligated to pay management fees and/or performance fees and ongoing operating costs and other expenses incurred in connection with the Underlying Fund regardless of its profitability. The Fund and the Unitholders, will indirectly bear the cost of such fees and expenses.

### *Marketability and Transferability of Interests in Underlying Funds*

There may be no market for interests in Underlying Funds and their resale will be subject to restrictions imposed by applicable securities legislation. Redemptions are subject to notice requirements, and redemptions may be deferred or suspended in certain circumstances. Consequently, the Fund, as a holder of an interest in an Underlying Fund, may not be able to liquidate its investment in the Underlying Fund a timely manner.

### **Risks Associated with Investments by Underlying Funds**

Unitholders will also be indirectly impacted by the risks associated with investment strategies employed by Underlying Funds.

### *Certain Risks of Investment Techniques*

Each Underlying Fund's investments are subject to a number of risks including:

- (a) *Concentration.* The Underlying Fund will not be subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Underlying Fund's portfolio, and the Underlying Fund may take concentrated positions in a limited number of issuers, in specific market sectors or in specialized industries. Concentrated positions may increase risk and volatility since the performance of those positions could significantly affect the Underlying Fund's overall performance.
- (b) *Leverage.* The Underlying Fund may employ different forms of leverage. There can be no assurance that such a strategy will enhance, rather than negatively impact, the Underlying Fund's investment returns. The use of leverage will increase losses in the event that securities purchased with borrowed funds decline in value, or in the event that securities in respect of which short sales are made increase in value.
- (c) *Short Sales.* Selling a security short involves borrowing the security from an existing holder and selling the security in the market. The lender of *the* security may request the return of the borrowed security at any time. In such event, the Underlying Fund must either find replacement securities to borrow or repurchase the securities in the market at prevailing prices. If there are insufficient securities available at current market prices or other short sellers are required to purchase securities at the same time, the market price of the securities may rise dramatically and the Underlying Fund may be required to repurchase securities at significantly higher prices.
- (d) *Liquidity.* Some of the securities in which the Underlying Fund invests may be thinly traded or illiquid. There may be no restrictions on *the* Underlying Fund investing in illiquid securities. It is possible that the Underlying Fund may not be able to sell or repurchase these securities at then current market prices.

### *Foreign Investment Risk*

To the extent that an Underlying Fund invests in securities of foreign issuers, it will be affected by world economic factors and, in many cases, by the value of the Canadian dollar as measured against foreign currencies. Obtaining complete information about potential investments from foreign markets may also be of greater difficulty. Foreign issuers may not follow certain standards that are applicable in North America, such as accounting, auditing, financial reporting and other disclosure requirements. Political climates may differ, affecting stability and volatility in foreign markets. As a result, the Net Asset Value of the Underlying Fund may fluctuate to a greater degree by investing in foreign equities than if the Underlying Fund limited its investments to Canadian securities.

### *Use of Derivatives*

The Fund may use derivative instruments, as may Underlying Funds. The use of derivatives in general presents additional risks to those applicable to trading only in the underlying assets. To the extent of the investment in derivatives by the Fund or an Underlying Fund, it may take a credit risk with respect to parties with whom it trades and may also bear the risk of settlement default. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Fund or Underlying Fund from achieving the intended hedge effect or expose the Fund or Underlying Fund to the risk of loss. In addition, derivative instruments may not be liquid at all times, so that in volatile markets the Fund or Underlying Fund may not be able to close out a position without incurring a loss.

### *Counterparty Risk*

To the extent that any counterparty with or through which an Underlying Fund engages in trading and maintains accounts does not segregate the Underlying Fund's assets, the Underlying Fund will be subject to a risk of loss in the event of the insolvency of such person. Even where the Underlying Fund's assets are segregated, there is no guarantee that, in the event of such an insolvency, the Underlying Fund will be able to recover all of its assets.

### *Private Debt Loans*

The investments by an Underlying Fund in private debt loans will expose the Underlying Fund to the credit risk of the borrower or counterparty, as applicable, including the risk of default by the borrower or counterparty, as applicable, on the interest, principal and other payment amounts owing on the debt. In the event of bankruptcy of a borrower, delays or limitations could be experienced with respect to the ability to realize the benefits of any collateral securing a private debt loan.

### *Impaired Loans; No Insurance*

An Underlying Fund may from time to time have one or more impaired loans in its portfolio. Loans are impaired where full recovery is considered in doubt based on a current evaluation of the security held and for which specific loss provisions have been established. Any private debt loan which is secured by buildings and/or land will not generally be insured by a mortgage insurer in whole or in part. Consequently, the performance of such impaired loans may affect the overall performance of the Underlying Fund.

### *Joint Ventures and Co-Investments*

An Underlying Fund may enter into joint venture or co-investment arrangements with other entities when making investments, which may include other vehicles or accounts organised or sponsored by the Manager or its affiliates or by certain investors in funds managed by the Manager. These may involve incentive-based management agreements. Co-investment opportunities may result in additional benefits for those who so invest.

### *Litigation*

Litigation can and does occur in the ordinary course of the management of an investment portfolio. An Underlying Fund may be engaged in litigation both as plaintiff and as a defendant. In certain cases, borrowers may bring claims and/or counterclaims against the Underlying Fund. The expense of defending against claims made against the Underlying Fund by third parties and paying any amounts pursuant to settlements or judgments would, to the extent that the Underlying Fund has not been able to protect itself by indemnification or other rights against the portfolio companies, be borne by the Underlying Fund and reduce the Net Asset Value of the Underlying Fund.

In recent years, certain judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "**lender liability**"). Generally, lender liability is founded upon the premise that an institutional lender has violated a fiduciary duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creating a fiduciary duty owed to the borrower or its other creditors or shareholders. An Underlying Fund that makes direct loans could be subject to allegations of lender liability.

### *Fixed Income Securities*

To the extent that an Underlying Fund holds fixed income investments in its portfolio, it will be influenced by financial market conditions and the general level of interest rates in Canada. In particular, if fixed income investments are not held to maturity, the Underlying Fund may suffer a loss at the time of sale of such securities.

### *Equity Securities*

To the extent that an Underlying Fund holds equity investments in its portfolio, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Underlying Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Underlying Fund.

### *Possible Correlation with Traditional Investments*

Although a Underlying Fund's portfolio may not typically be comprised of a material amount of equity securities, there can be no assurance that the performance of the Underlying Fund will not, in fact, be positively correlated to the performance of traditional stock and bond investments, especially if multiple markets move in tandem, thereby reducing the overall portfolio benefits of an investment in the Underlying Fund.

### *Idle Cash*

There may be periods of time when an Underlying Fund has a significant portion of its assets in cash or cash equivalents. The investment return on such "idle cash" may not meet the overall return objective the Manager seeks in an investment in such Underlying Fund.

### *Currency Risk*

Investments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Thus, the value of securities within an Underlying Fund's portfolio may be worth more or less depending on their susceptibility to foreign exchange rates.

To the extent that an Underlying Fund directly or indirectly holds assets in local currencies, the Underlying Fund will be exposed to a degree of currency risk which may adversely affect performance. Changes in foreign currency exchange rates may affect the value of investments in the Underlying Fund. In addition, the Underlying Fund will incur costs in connection with conversions between various currencies. The Underlying Fund may seek to hedge the foreign currency exposure, but such hedging strategies may not necessarily be available or effective and may not always be employed, since the Underlying Fund may choose to enhance returns through direct currency exposure.

### *Trading Errors*

In the course of carrying out trading and investing responsibilities on behalf of an Underlying Fund, employees of the Underlying Fund's manager may make "trading errors" — i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are an intrinsic factor in any complex investment process, and will occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by employees of the Underlying Fund's manager. Consequently, the Underlying Fund may (unless the Underlying Fund's manager otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Underlying Fund, unless they are the result of conduct by the Manager which is inconsistent with the Manager's standard of care.

### *Potential Indemnification Obligations*

Under certain circumstances, an Underlying Fund might be subject to significant indemnification obligations in favour of the service providers to the Underlying Fund or certain persons related to them in

accordance with the respective agreement between the Underlying Fund and each such service provider. The Underlying Fund may not carry any insurance to cover such potential obligations. Any indemnification paid by the Underlying Fund would reduce the Underlying Fund's Net Asset Value.

The foregoing statement of risks does not purport to be a complete explanation of all the risks involved in purchasing the Units. Potential investors should read this entire Offering Memorandum and consult with their legal, tax and financial advisers, before making a decision to invest in the Units.

## CONFLICTS OF INTEREST

Various potential conflicts of interest exist between the Fund and the Manager. These potential conflicts of interest may arise as a result of common ownership and certain common directors, partners, officers and personnel and, accordingly, will not be resolved through arm's length negotiations but through the exercise of judgment consistent with fiduciary responsibilities to the Fund and its Unitholders generally.

The Manager manages, and may in the future manage, the trading for other limited partnerships, trusts, corporations, investment funds or managed accounts in addition to the Fund. In the event that the Manager elects to undertake such activities and other business activities in the future, the Manager and its principals may be subject to conflicting demands in respect of allocating management time, services and other functions. The Manager and its principals and affiliates will endeavour to treat each investment pool and managed account fairly and not to favour one pool or account over another and will conduct their activities in accordance with the Manager's fair allocation policy.

In executing its duties on behalf of the Fund, the Manager will be subject to the provisions of the Trust Agreement and the Manager's Code of Ethics (a copy of which is available for review by Unitholders upon request at the offices of the Manager), which provide that the Manager will exercise its duties in good faith and with a view to the best interests of the Fund and its Unitholders.

The Manager may act as manager of one or more Underlying Funds ("**Related Funds**") and will be paid fees by such funds. As a result of these relationships, the Fund and each such Related Fund is a connected issuer of the Manager. Although the Manager will receive fees from such Related Funds, the Manager does not consider there to be an overlap in fees paid by the Fund and by any such Related Funds as the Management Fees paid by the Fund relate strictly to the Manager's services as a fund-of-funds manager in sourcing, reviewing, assessing and monitoring the Fund's investments in Underlying Funds. The Manager will only cause the Fund to invest in a Related Fund where it has determined that such an investment is at least equal or superior to a comparable investment in an unrelated fund, having regard to experience of management, historical returns, fees and expenses charged at the Underlying Fund level. The Fund will not vote any of the securities it holds in any Related Funds, but the Manager may, if it chooses, arrange for all of the securities of any Related Funds held by the Fund to be voted by the beneficial owners of securities of the Fund.

Pursuant to its investment strategy, the Fund may invest some or all of its assets in Underlying Funds (including Related Funds) in which: (i) the Manager; (ii) a partner, director or officer of the Manager; and (iii) employees and agents of the Manager or its affiliates and partners, directors, officers, employees or agents of such persons who have access to, or participate in formulating and investment decisions made on behalf of the Fund or advice to be given to the Fund (collectively, a "**Responsible Person**"), or an affiliate of such Responsible Person is a partner, officer or director. By subscribing for Units of the Fund, the purchaser of Units: (i) acknowledges that the Fund's intention to invest in Underlying Fund in which a Responsible Person or an affiliate of a Responsible Person is a partner, director or officer has been disclosed to the purchaser; and (ii) consents to the purchase by the Fund of securities issued by such Underlying Fund.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Certain directors, officers and employees of the Manager and/or its affiliates and associates may purchase and hold Units of the Fund and the securities of certain of the Underlying Funds or assets held by Underlying Funds from time to time.

The Manager may receive compensation and/or reimbursement of expenses from Underlying Funds that are Related Funds. Furthermore, where a Related Fund makes direct loans to borrowers, the Manager may retain work fees and monitoring fees collected from borrowers as compensation for acting as the administrator of the private debt loans.

## ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LEGISLATION

The Manager is required to comply with all applicable laws, regulations and administrative pronouncements concerning money laundering and other criminal activities (“**Anti-Money Laundering Laws**”). In furtherance of those efforts, a subscriber for Units will be required to provide certain information and documentation and make a number of representations to the Manager regarding the source of subscription monies and other matters. The subscription agreement contains detailed guidance on whether identification verification materials will need to be provided with the subscription agreement and, if so, a list of the documents and information required.

A Unitholder will be required to promptly notify the Manager if, to the knowledge of the Unitholder, any of its representations with respect to Anti-Money Laundering Laws cease to be true and accurate. A Unitholder must agree to provide to the Manager, promptly upon receipt of the Manager’s written request therefor, any additional information regarding the Unitholder or their beneficial owner(s) that the Manager deems necessary or advisable to ensure compliance with all Anti-Money Laundering Laws. If at any time it is discovered that a Unitholder’s representations with respect to Anti-Money Laundering Laws are incorrect, or if otherwise required by Anti-Money Laundering Laws, the Manager may undertake appropriate actions to ensure that the Manager is in compliance with all such Anti-Money Laundering Laws. The Manager may release confidential information about a Unitholder and, if applicable, any underlying beneficial owner(s), to governmental authorities.

## TRUSTEE

Pursuant to the Trust Agreement, Odyssey Trust Company is the trustee of the Fund. The Trustee is a trust company organized under the laws of Alberta. The principal office of the Trustee is located at 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4.

As compensation for its services, the Trustee will receive an annual fee (as well as recovery of its out-of-pocket expenses), the amount of which shall be settled in writing by the Trustee and the Manager.

## CUSTODIANS

Pursuant to the Trust Agreement, Bank of Montreal (in such capacity, the “**Custodian**”) was appointed as the custodian of the monetary assets of the Fund. As compensation for the custodial services rendered to the Fund, the Custodian will receive such fees from the Fund as the Manager may approve from time to time. The Custodian will be responsible for the safekeeping of all of the monetary assets of the Fund delivered to it from time to time and will act as the custodian of such assets, other than those assets transferred to the Custodian or another entity, as the case may be, as collateral or margin.

The Manager, with the consent of the Trustee, will have the authority to change the custodian arrangement described above including, but not limited to, the appointment of a replacement custodian and/or additional custodians.

The Manager has retained The Bank of Nova Scotia Trust Company to act as the custodian of the non-monetary assets of the Fund.

The Manager will not be responsible for any losses or damages to the Fund arising out of any action or inaction by the Custodian, The Bank of Nova Scotia Trust Company or any sub-custodian holding the portfolio securities and other assets of the Fund.

### **ADMINISTRATOR, RECORD-KEEPER AND FUND REPORTING**

Pursuant to the Administration Agreement, SS&C Fund Administration Company is administrator and record-keeper to the Fund to maintain a record of Unitholders. Pursuant to the Administration Agreement, any fees required to be paid to the record-keeper for services rendered, other than in respect of a transfer of Units, will be the responsibility of the Fund.

The Administrator also provides, among other things, valuation and financial reporting services to the Fund and to calculate the Net Asset Value of the Fund and the Class Net Asset Value for each class of Units on each Valuation Date.

### **AUDITOR**

The auditors of the Fund are KPMG LLP, Chartered Professional Accountants, with its principal offices located at Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5. Pursuant to the provisions of the Trust Agreement, the Manager may change the auditors of the Fund and shall forthwith give written notice of such change to the Trustee and the Unitholders.

### **UNITHOLDER REPORTING**

Upon request, the Manager will forward to Unitholders a copy of the audited annual financial statements of the Fund within 90 days of each fiscal year-end as well as unaudited interim financial statements of the Fund within 60 days of the end of the first six month period in each fiscal year. Upon request, within 60 days of the end of each fiscal quarter, the Manager will also make available to Unitholders an unaudited schedule of the Net Asset Value per Unit for each class of Units and a short written commentary outlining highlights of the Fund's activities.

Confirmations will also be sent to Unitholders following each purchase or redemption of Units by them. On or before March 31 of each year, or in the case of a leap year on or before March 30 in such year, if applicable, Unitholders will also receive information pertaining to the Fund, including all distributions, required to report their income under the *Tax Act* or similar legislation of any province or territory of Canada with respect to the immediately preceding year.

The Manager will forward such other reports to Unitholders as are from time to time required by law. For example, if the Manager is the dealer through whom Units are purchased, the Manager must provide:

- a written confirmation of the purchase indicating, among other things, the number and class of Units issued as well as the purchase price thereof and any charges applicable to the purchase;
- a written confirmation of any redemption of Units, indicating, among other things, the number and class of Units redeemed as well as the redemption proceeds therefrom and any charges applicable to the redemption;
- a statement to the Unitholder at the end of each quarter (or month, if the Unitholder requests monthly reporting or if there was a subscription for or redemption of Units by the Unitholder during the month) showing, for each purchase, redemption or transfer made by the Unitholder during the period (i) the date of the transaction, (ii) whether the transaction was a purchase, redemption or transfer, (iii) the number and class of Units purchased, redeemed or transferred,

(iv) the price per Unit paid or received by the Unitholder and (v) the total value of the transaction, as well as the number, class, original cost and Net Asset Value of Units held by the Unitholder at the end of the period (if there is no dealer of record for a Unitholder, the Manager will provide this information to the Unitholder on an annual basis); and

- an annual statement on certain charges and other compensation charged to the Unitholder during the year, as well as a report on investment performance of the Unitholder's Units.

The Manager will also cause to be furnished to the Unitholders and the Trustee any notice it receives of: (i) any assignment of the management responsibilities under the Trust Agreement by the Manager to an affiliate thereof; (ii) any change to the investment objective and strategies of the Fund and the Investment Restrictions of the Fund; (iii) the Manager's desire to change the fiscal year-end of the Fund; (iv) any change in the location of the principal office of the Fund; (v) any person designated by the Manager as transfer agent of the Fund; (vi) any proposed change to the method of calculation of the Management Fee or Performance Fee which would result in an increase in such fees being payable by the Fund; (vii) any meeting of the Unitholders; and (viii) the intention of the Manager to dissolve the Fund, together with a written explanation for the reasons for such amendment.

## MATERIAL CONTRACTS

The only material contract of the Fund is the Trust Agreement referred to under "The Fund".

## PRIVACY POLICY

In connection with the offering and sale of Units, personal information (such as address, telephone number, social insurance number, birth date, asset and/or income information, employment history and credit history, if applicable) about Unitholders is collected and maintained. Such personal information is collected to enable the Manager to provide Unitholders with services in connection with their investment in the Fund, to meet legal and regulatory requirements and for any other purpose to which Unitholders may consent in the future. Investors are encouraged to review the privacy policy of the Fund set out in the subscription form prescribed by the Manager from time to time. By completing a subscription form for Units, subscribers consent to the collection, use and disclosure of his or her personal information in accordance with such policy.

## PURCHASERS' RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities laws in certain jurisdictions of Canada provide purchasers, in addition to any other rights they may have at law, with rights of action for damages or rescission if an offering memorandum, such as this Offering Memorandum, or any amendment to it and, in certain cases, advertising and sales literature used in connection therewith, contains a misrepresentation. However, these rights must be exercised by the purchaser within the time limits prescribed by the applicable securities laws. Each purchaser should refer to the provisions of the applicable securities laws for a complete text of these rights and/or consult with a legal advisor.

The following is a summary of the statutory rights of action for damages or rescission available to purchasers resident in certain provinces and territories. These summaries are subject to the express provisions of the applicable securities laws of such jurisdictions and the regulations, rules and policy statements thereunder, and reference is made thereto for the complete texts of such provisions. The rights of action described below are in addition to, and without derogation from, any other right or remedy that a purchaser may have under applicable laws.

### Statutory Rights of Action

#### *Purchasers Resident in Alberta in Reliance on the Minimum Amount Investment Exemption*

Alberta Securities Commission Rule 45-511 *Local Prospectus Exemptions and Related Requirements* provides that the following statutory rights of action apply to information contained in an offering memorandum,

such as this Offering Memorandum, that is provided to a purchaser of securities in respect of a distribution made in reliance only on the “minimum amount investment” exemption in section 2.10 of NI 45-106.

The rights of action for damages or rescission described herein is conferred by section 204 of the *Securities Act* (Alberta) (the “**ASA**”) and the time limits specified by section 211 of the ASA in which an action to enforce a right under section 204 must be commenced. If this Offering Memorandum, or any amendment to it, provided in connection with a distribution made in reliance on the “minimum amount investment” exemption contains a misrepresentation, a purchaser resident in Alberta who purchases under such exemption a security offered by this Offering Memorandum: (a) is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and, in addition to any other rights the purchaser may have at law, (b) has a right of action for damages against (i) the Fund, and (ii) each person who signed this Offering Memorandum (each a “**Signatory**” and collectively, the “**Signatories**”). If a purchaser elects to exercise a right of rescission against the Fund, the purchaser will have no right of action for damages against the Fund or the Signatories.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into the Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

No action may be commenced to enforce either right of action unless the right is exercised:

- (a) in the case of an action for rescission, on notice given to the Fund not later than 180 days from the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, on notice given to the Fund not later than the earlier of (i) 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) three years from the date of the transaction that gave rise to the cause of action,

and also provided that:

- (a) the Fund or a Signatory will not be held liable under this paragraph if the Signatory or the Fund proves the defendant purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, the Fund or the Signatory will not be liable for all or any portion of those damages that they prove do not represent the depreciation in value of the Units as a result of the misrepresentation; and

in no case will the amount recoverable under this paragraph exceed the price at which the Units were sold to the purchaser.

### ***Purchasers Resident in Manitoba***

In the event that this Offering Memorandum, or any amendment hereto, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights the purchaser may have at law: (a) a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of the Offering Memorandum (each a “**Director**” and collectively, the “**Directors**”), and (iii) every Signatory of this Offering Memorandum; and (b) a right of rescission against the Fund. If a purchaser elects to exercise a right of rescission against the Fund, the purchaser will have no right of action for damages against the Fund, the Directors or the Signatories.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into the Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

The Fund, the Directors and the Signatories will not be liable if they prove that the purchaser purchased the Units with knowledge of the misrepresentation.

All of the Fund, the Directors and the Signatories that are found to be liable or accept liability are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

Directors or Signatories will not be liable:

- (a) if they prove the Offering Memorandum was sent to the purchaser without their knowledge or consent and, after becoming aware that it was sent, promptly gave reasonable notice to the Fund that it was delivered without their knowledge and consent;
- (b) if they prove that, after becoming aware of a misrepresentation in the Offering Memorandum they withdrew their consent to the Offering Memorandum and gave reasonable notice to the Fund of their withdrawal and the reasons therefor;
- (c) if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert (“**Expert Opinion**”), if they prove they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of the Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or
- (d) with respect to any part of the Offering Memorandum not purporting to be made on an expert’s authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

A person or company is not liable in an action for a misrepresentation in forward-looking information if the person or company proves that this Offering Memorandum contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing the conclusion or making the forecast or projection, and the person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, the Fund, the Directors and the Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the Units as a result of the misrepresentation. The amount recoverable under the right of action shall not exceed the price at which the Units were offered under this Offering Memorandum.

A purchaser of Units to whom the Offering Memorandum was required to be sent in compliance with the regulations respecting an offering memorandum but was not sent within the time prescribed for sending the Offering Memorandum by those regulations, has a right of action for rescission or damages against the Fund or any dealer who did not comply with the requirement.

A purchaser to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Units by sending a written notice of rescission to the Fund not later than midnight on the second day, excluding Saturdays and holidays, after the purchaser signs the agreement to purchase the Units.

Unless otherwise provided under applicable securities laws, no action shall be commenced to enforce a right of action unless the right is exercised:

- (a) in the case of rescission, not later than 180 days from the day of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; and (ii) two years from the day of the transaction that gave rise to the cause of action.

### ***Purchasers Resident in New Brunswick***

New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action for rescission or damages referred to in section 150 (“**Section 150**”) of the *Securities Act* (New Brunswick) (the “**NBSA**”) apply to information relating to an offering memorandum, such as this Offering Memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the “accredited investor” prospectus exemption in section 2.3 of NI 45-106. Section 150 provides purchasers who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the NBSA with a statutory right of action against the issuer of securities for rescission or damages in the event that an offering memorandum provided to the purchaser contains a “misrepresentation”. In New Brunswick, “misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this Offering Memorandum is delivered to a prospective purchaser of Units in connection with a trade made in reliance on section 2.3 of NI 45-106, and this Offering Memorandum contains a misrepresentation, a purchaser who purchases Units will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Fund for damages or, while still the owner of Units, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences an action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

The Fund shall not be liable where it is not receiving any proceeds from the distribution of the Units being distributed and the misrepresentation was not based on information provided by the Fund unless the misrepresentation (i) was based on information that was previously publicly disclosed by the Fund, (ii) was a misrepresentation at the time of its previous public disclosure, and (iii) was not subsequently publicly corrected or superseded by the Fund before the completion of the distribution of the Units being distributed.

In addition, if advertising or sales literature is relied upon by a purchaser in connection with a purchase of Units and such advertising or sales literature contains a misrepresentation, the purchaser shall also have a right of action for damages or rescission against every promoter or director of the Fund at the time the advertising or sales literature was disseminated.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of the Units, the purchaser shall be deemed to have relied upon the misrepresentation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

- (a) that individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation; or
- (b) prior to the purchase of Units by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

Neither the Fund nor any other person referred to above will be liable, whether for misrepresentations in this Offering Memorandum, any advertising or sales literature or in a verbal statement:

- (a) if the Fund or such other person proves that the purchaser purchased the Units with knowledge of the misrepresentation; or
- (b) in an action for damages, for all or any portion of the damages that the Fund or such other person proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied on.

No person, other than the Fund, is liable for misrepresentations in any advertising or sales literature if the person proves:

- (a) that the advertising or sales literature was disseminated without the person's knowledge or consent and that, on becoming aware of its dissemination, the person gave reasonable general notice that it was so disseminated,
- (b) that, after the dissemination of the advertising or sales literature and before the purchase of the Units by the purchaser, on becoming aware of any misrepresentation in the advertising or sales literature the person withdrew the person's consent to it and gave reasonable general notice of the withdrawal and the reason for the withdrawal, or
- (c) that, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or an extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from, the document, and the person had reasonable grounds to believe and did believe that the statement was true.

No person, other than the Fund, is liable with respect to any part of the advertising or sales literature not purporting to be made on the authority of an expert and not purporting to be a copy of or, an extract from, a report, opinion or statement of an expert unless the person:

- (a) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

Any person who, at the time the advertising or sales literature was disseminated, sells Units on behalf of the Fund with respect to which the advertising or sales literature was disseminated is not liable if that person can establish that the person cannot reasonably be expected to have had knowledge that the advertising or sales literature was disseminated or contained a misrepresentation.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Units were offered.

This summary is subject to the express provisions of the NBSA and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

***Purchasers Resident in Newfoundland and Labrador***

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador) (the “**NL Act**”). The NL Act provides, in the relevant part, that where an offering memorandum, such as this Offering Memorandum, contains a misrepresentation, as defined in the NL Act, a purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, (a) a statutory right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of the offering memorandum, and (iii) every person or the Fund who signed the offering memorandum; and (b) for rescission against the Fund.

The NL Act provides a number of limitations and defences in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission:

- (a) where the person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) where the person or company proves that the offering memorandum was sent to the purchaser without the person’s or company’s knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
- (c) if the person or the Fund proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person’s or company’s consent to the offering memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation; or
  - (ii) the relevant part of the offering memorandum:
    - (A) did not fairly represent the report, opinion or statement of the expert; or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
  - (ii) believed there had been a misrepresentation;

- (f) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation; and
- (g) in no case will the amount recoverable in any action exceed the price at which the Units were offered under the offering memorandum.

Section 138 of the NL Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

This summary is subject to the express provisions of the NL Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

#### ***Purchasers Resident in Nova Scotia***

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the “NSSA”). Section 138 provides, in the relevant part, that in the event that an offering memorandum, such as this Offering Memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the NSSA) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (in Nova Scotia, a “misrepresentation”), a purchaser of securities is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the seller of such securities, the directors of the seller at the date of the offering memorandum and the persons who have signed the offering memorandum or, alternatively, while still the owner of such securities, may elect instead to exercise a statutory right of rescission against the seller, in which case the purchaser will have no right of action for damages against the seller, the directors of the seller at the date of the offering memorandum or the persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date payment was made for the securities (or after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, no person or company (other than the issuer if it is the seller) will be liable if such person or company proves that:

- (a) the offering memorandum or the amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, or amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum, or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting
  - (i) to be made on the authority of an expert, or
  - (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that
    - (A) there had been a misrepresentation, or
    - (B) the relevant part of the offering memorandum or amendment to the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company (other than the issuer if it is the seller) will be liable under section 138 of the NSSA with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting

- (a) to be made on the authority of an expert; or
- (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company;
  - (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
  - (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, the offering memorandum or amendment to the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum or amendment to the offering memorandum.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

This summary is subject to the express provisions of the NSSA and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

### ***Purchasers Resident in Ontario***

Securities laws of Ontario provide that, subject to the following paragraph, a purchaser resident in Ontario shall have, in addition to any other rights the purchaser may have at law, a right of action for damages or rescission against the Fund and a selling security holder on whose behalf the distribution is made if an offering memorandum, such as this Offering Memorandum, contains a “misrepresentation” (for the purposes of this section, as defined in the *Securities Act* (Ontario)) (the “OSA”), without regard to whether the purchaser relied on the misrepresentation. Purchasers should refer to the applicable provisions of the Ontario securities laws for particulars of these rights or consult with a lawyer.

OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* provides that, when an offering memorandum is delivered to a prospective purchaser in connection with a distribution made in reliance on the “accredited investor” prospectus exemption in section 2.3 of NI 45-106, the rights of action referred to in section 130.1 of the OSA (“**Section 130.1**”) will apply in respect of the offering memorandum unless the prospective purchaser is:

- (a) a Canadian financial institution, meaning either:
  - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) and (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary.

Subject to the foregoing, Section 130.1 of the OSA provides a purchaser who purchases Units offered by this Offering Memorandum during the period of distribution with a statutory right of action for damages or rescission against the Fund and a selling security holder on whose behalf the distribution is made in the event that the Offering Memorandum or any amendment to it contains a “misrepresentation”, without regard to whether the purchaser relied on the misrepresentation. A “misrepresentation” is defined in the OSA as an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made. A “material fact”, when used in relation to securities issued or proposed to be issued, is defined in the OSA as a fact that would be reasonably

expected to have a significant effect on the market price or value of the securities. In the event that this Offering Memorandum, together with any amendment to it, is delivered to a purchaser of Units and this Offering Memorandum contains a misrepresentation which was a misrepresentation at the time of purchase of the Units, the purchaser will have statutory right of action for damages against the Fund and a selling security holder on whose behalf the distribution is made or, while still the owner of the Units, for rescission against the Fund and a selling security holder on whose behalf the distribution is made, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund and a selling security holder on whose behalf the distribution is made, provided that:

- (a) no action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action;
- (b) no person or company will be liable if he, she or it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon;
- (d) no person or company will be liable for a misrepresentation in “forward-looking information” (as defined in the OSA) if he, she or it proves that:
  - (i) the Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) it had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (e) in no case will the amount recoverable exceed the price at which the Units were offered to the purchaser; and
- (f) the right of action for damages or rescission is in addition to, and does not derogate from, any other right or remedy the purchaser may have at law.

### ***Purchasers Resident in Prince Edward Island***

The right of action for rescission or damages described herein is conferred by section 112 of the *Securities Act* (Prince Edward Island) (the “**PEI Act**”). Section 112 provides, that in the event that an offering memorandum, such as this Offering Memorandum, contains a “misrepresentation”, a purchaser who purchased securities during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Fund, the selling security holder on whose behalf the distribution is made, every director of the Fund at the date of the offering memorandum, and every person who signed the offering memorandum. Alternatively, the purchaser while still the owner of Units may elect to exercise a statutory right of action for rescission against the Fund or the selling security holder on whose behalf the distribution is made. Under the PEI Act, “misrepresentation” means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the PEI Act, or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the

circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

- (a) no action shall be commenced to enforce the right of action for rescission by a purchaser resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;
- (b) in the case of any action other than an action for rescission;
  - (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or
  - (ii) three years after the date of the transaction giving rise to the cause of action or whichever period expires first;
- (c) no person will be liable if the person proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (d) no person other than the Fund and selling security holder will be liable if the person proves that:
  - (i) the offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the knowledge and consent of the person;
  - (ii) the person, on becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
  - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;
    - (C) there had been a misrepresentation; or
    - (D) the relevant part of the offering memorandum:
      - (1) did not fairly represent the report, statement or opinion of the expert, or
      - (2) was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Units were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

This summary is subject to the express conditions of the PEI Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

***Purchasers Resident in Saskatchewan***

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “SSA”), provides that where an offering memorandum, such as this Offering Memorandum, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (for the purposes of this section, as defined in the SSA), a purchaser who purchases securities covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Fund or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the Fund or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the Fund or the selling security holder, as the case may be, at the time of the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells Units on behalf of the Fund or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects its right of rescission against the Fund or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Units resulting from the misrepresentation relied on;
- (c) no person or company, other than the Fund or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the Units were offered; and
- (e) no person or company is liable in action for rescission or damages if that person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation.

In addition, no person or company, other than the Fund or selling security holder, will be liable in an action pursuant to section 138 of the SSA if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered,

that person or company immediately gave reasonable general notice that it was so sent or delivered; or

- (b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, no person or company will be liable in an action pursuant to section 138 of the SSA if that person or company proves that in respect of a misrepresentation in forward looking information (as defined in the SSA), such person or company proves that with respect to the document containing the forward looking information, approximate to that information, there is contained reasonable cautionary language identifying the forward looking information as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information; and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and the person or company had a reasonable basis for drawing the conclusions or making the forecast and projections set out in the forward looking information.

Similar rights of action for damages and rescission are provided in section 138.1 of the SSA in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Subsection 138.2(1) of the SSA also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Subsection 141(1) of the SSA provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold by a vendor who is trading in Saskatchewan in contravention of the SSA, the regulations to the SSA or a decision of the Saskatchewan Financial Services Commission.

Subsection 141(2) of the SSA also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by section 80.1 of the SSA.

Not all defences upon which the Fund or others may rely are described herein. Please refer to the full text of the SSA for a complete listing.

Section 147 of the SSA provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

- (b) in the case of any other action, other than an action for rescission, the earlier of:
  - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
  - (ii) six years after the date of the transaction that gave rise to the cause of action.

Section 80.1 of the SSA also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the SSA with a right to withdraw from the agreement to purchase Units by delivering a notice to the person who or company that is selling the Units, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

***Purchasers Resident in Northwest Territories, Nunavut or the Yukon***

If this Offering Memorandum, or any amendments thereto, delivered to a purchaser of Units resident in the Northwest Territories, Nunavut or the Yukon contains a misrepresentation, a purchaser in such jurisdictions who purchases the Units during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for damages against (i) the Fund, (ii) the selling security holder on whose behalf the distribution was made, (iii) every director of the Fund at the date of the Offering Memorandum, and (iv) every person who signed the Offering Memorandum. Alternatively, the purchaser may elect to exercise a statutory right of action for rescission against the Fund or the selling security holder on whose behalf the distribution was made, in which case, the purchaser shall have no right of action for damages against the Fund, the selling security holder, the directors and persons who signed the Offering Memorandum. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, or any amendments thereto, the misrepresentation is deemed to be contained in the Offering Memorandum, or any amendments thereto, as the case may be.

All or any one or more of the persons who are found to be liable, or who accept liability, for a misrepresentation will be jointly and severally liable; provided, however, that the Fund, and every director of the Fund at the date of the Offering Memorandum who is not a selling security holder, will not be liable if the Fund does not receive any proceeds from the distribution of the Units and the misrepresentation was not based on information provided by the Fund, unless the misrepresentation was

- (a) based on information that was previously publicly disclosed by the Fund;
- (b) a misrepresentation at the time of its previous disclosure; and
- (c) not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the Units.

Any person, including the Fund and the selling security holder, will not be liable for a misrepresentation:

- (a) if the person proves that the purchaser purchased the Units with knowledge of the misrepresentation; or
- (b) in an action for damages, the person will not be liable for all or any part of those damages that the person proves do not represent the depreciation in value of the Units as a result of the misrepresentation; and

- (c) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser.

A person, other than the Fund and the selling security holder, will not be liable in an action for damages for a misrepresentation:

- (a) if the person proves that the Offering Memorandum, or any amendments thereto, was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person;
- (b) if the person proves that the person, on becoming aware of the misrepresentation in the Offering Memorandum, or any amendments thereto, withdrew the person's consent to the Offering Memorandum, or any amendments thereto, and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) if, with respect to any part of the Offering Memorandum, or any amendments thereto, purporting to be made on the authority of an expert or purporting to be a copy of, or any extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the Offering Memorandum, or any amendments thereto, (A) did not fairly represent the report, statement or opinion of the expert, or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

In addition, a person, other than the Fund and the selling security holder, will not be liable in an action for damages for a misrepresentation with respect to any part of an Offering Memorandum, or any amendments thereto, not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (b) believed that there had been a misrepresentation.

Any person, including the Fund and the selling security holder, will not be liable for a misrepresentation in forward-looking information (as defined in the *Securities Act* (Northwest Territories), the *Securities Act* (Nunavut) or the *Securities Act* (Yukon)) if the person proves that:

- (a) the Offering Memorandum, any amendments thereto, or other document contained, proximate to the forward-looking information, (A) reasonable cautionary language identifying the forward-looking information as such, and (B) identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information,
- (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

- (c) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information;

provided, however, that the foregoing does not relieve a person of liability with respect to forward-looking information in a financial statement required to be filed under the securities laws of the Northwest Territories, Nunavut or the Yukon.

No action shall be commenced to enforce a right of action more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, the earlier of,
  - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### ***Other Rescission Rights***

In certain provinces a purchaser of Units may, where the amount of the purchase does not exceed the sum of \$50,000, rescind the purchase by written notice given to the registered dealer from whom the purchase was made (i) within 48 hours after receipt of the confirmation for a lump sum purchase, or (ii) within 60 days after receipt of the confirmation for the initial payment under a contractual plan. Subject to the registered dealer's reimbursement of sales charges and fees to the purchaser as described below, the amount a purchaser is entitled to recover on exercise of this right to rescind shall not exceed the Net Asset Value of the Units purchased, at the time the right is exercised. The right to rescind a purchase made under a contractual plan may be exercised only with respect to payments scheduled to be made within the time specified above for rescinding a purchase made under a contractual plan. Every registered dealer from whom the purchase was made must reimburse the purchaser who has exercised this right of rescission for the amount of sales charges and fees relevant to the investment of the purchaser in the Fund in respect of the Units for which the written notice of the exercise of the right of rescission was given.

Purchasers must exercise these rights within the prescribed time limits under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation in their province of residence to determine whether they have similar rescission rights or consult with their legal advisor for more details.

### **Contractual Rights of Action**

#### ***Purchasers Resident in British Columbia or Québec or Purchasers Resident in Alberta in Reliance on the "Accredited Investor" Exemption***

If this Offering Memorandum, or any amendments thereto, contains a misrepresentation, a purchaser resident in British Columbia or Québec who purchased Units under this Offering Memorandum, or a purchaser resident in Alberta who purchased Units under this Offering Memorandum in reliance on the "accredited investor" exemption under NI 45-106, will not be entitled to the statutory rights of action described above. However, in consideration of purchasing Units under this Offering Memorandum and upon acceptance by the Manager of the purchaser's subscription in respect thereof, purchasers in those jurisdictions are hereby granted a contractual right of action for damages or rescission that is the same as the statutory rights of action described above provided to purchasers resident in Ontario under the OSA.

**CERTIFICATE**

This Offering Memorandum does not contain a misrepresentation.

**DATED** as of the 1<sup>st</sup> day of April, 2020.

**BRIDGING FERN ALTERNATIVE CREDIT FUND,**

by its Manager, Bridging Finance Inc.

By: (signed) “David Sharpe”

David Sharpe

Chief Executive Officer

By: (signed) “Natasha Sharpe”

Natasha Sharpe

Chief Investment Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF  
BRIDGING FINANCE INC.**

By: (signed) “Natasha Sharpe”

Natasha Sharpe

Director

By: (signed) “Jenny Coco”

Jenny Coco

Director

**Bridging Fern Alternative Credit Fund**

**Bridging Finance Inc.  
77 King Street West  
Suite 2925, P.O. Box 322  
Toronto, Ontario, M5K 1K7  
Fax No.: 1- 888-920-9599**