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**Continuous Offering**

**February 15, 2018**

## **METRIC DYNAMIC ASSET ALLOCATION FUND**

Series A, Series A (USD), Series F, Series F (USD) and Series I Units

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### **Confidential Offering Memorandum**

*This Confidential Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions where they may be lawfully offered for sale, and under no circumstances is to be construed as a prospectus or advertisement for a public offering of such securities. This Offering Memorandum is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating these securities. No securities commission or similar authority has passed on the merits of these securities nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence.*



## SUMMARY

*This summary is qualified by the more detailed information appearing elsewhere in this Confidential Offering Memorandum. Prospective investors are encouraged to consult their own professional advisers as to the tax and legal consequences of investing in units of the Metric Dynamic Asset Allocation Fund. All dollar amounts are in Canadian dollars unless otherwise indicated.*

<b>The Fund:</b>	The Metric Dynamic Asset Allocation Fund (the “ <b>Fund</b> ”) is an open-ended unit trust governed under the laws of the Province of Ontario by a trust agreement dated January 2, 2017. Caledon Trust Company is the trustee of the Fund (the “ <b>Trustee</b> ”).
<b>The Manager:</b>	<p>Metric Asset Management Limited Partnership (the “<b>Manager</b>”) is the manager of the Fund and is an investment manager that specializes in using systematic strategies to deliver strong returns and diversification benefits to investors.</p> <p>The Manager is incorporated under the laws of the Province of Ontario and is registered with the Ontario Securities Commission (the “<b>OSC</b>”) as a portfolio manager, a commodity trading manager, an investment fund manager and an exempt market dealer. The Manager is responsible for the management of the affairs of the Fund on a day-to-day basis and provides investment advisory and portfolio management services to the Fund. The Manager receives a management fee from the Fund for its services.</p>
<b>Investment Objective of the Fund:</b>	The investment objective of the Fund is to achieve absolute returns while focusing on capital preservation.
<b>Investment Strategies of the Fund:</b>	<p>The Fund uses the Dynamic Asset Allocation process that has been developed by the Manager over time. This process revolves around a number of proprietary models that focus on the following drivers of market returns: (1) technical indicators, (2) sentiment indicators, (3) monetary policy indicators and (4) other macro market indicators.</p> <p>The Fund invests primarily in exchange-traded funds and futures that provide exposure to a broad spectrum of asset classes including, but not limited to, global equities, fixed income (U.S. and non-U.S., investment grade and high yield) and commodities. The Manager manages the Fund’s portfolio dynamically by changing the Fund’s portfolio allocations among these asset classes based on the cumulative view of the Manager’s models.</p> <p>The Manager may, in its discretion, make changes to its Dynamic Asset Allocation process and other models, or use other models that are based on the Manager’s research.</p>

<p><b>Offering of Units:</b></p>	<p>Class A units (“<b>Units</b>”) of the Fund are offered on a continuous basis to accredited investors pursuant to this Confidential Offering Memorandum in the following five series: series A Units in Canadian dollars (“<b>Series A Units</b>”), series A Units in U.S. dollars (“<b>Series A (USD) Units</b>”), series F Units in Canadian dollars (“<b>Series F Units</b>”), series F Units in U.S. dollars (“<b>Series F (USD) Units</b>”), and series I Units in Canadian dollars (“<b>Series I Units</b>”).</p> <p><b>Series A Units and Series A (USD) Units:</b> Series A Units and Series A (USD) Units are available in Canadian and U.S. dollars, respectively, to all accredited investors.</p> <p><b>Series F Units and Series F (USD) Units:</b> Series F Units and Series F (USD) Units are available in Canadian and U.S. dollars, respectively, only to accredited investors who purchase such Units through a dealer sponsored fee-for-service or wrap program and who pay an asset-based fee to their dealer. There are no service fees paid by the Manager in connection with Series F Units or Series F (USD) Units and, as a result, the management fee charged to the Fund for Series F Units and Series F (USD) Units is lower than for Series A Units and Series A (USD) Units.</p> <p><b>Series I Units:</b> Series I Units are available in Canadian dollars only to institutional investors accepted by the Manager. The Manager will negotiate the terms of purchase of the Series I Units with each institutional investor, including the management fee and the performance fee that will be charged to the investor. No sales commission is payable when an institutional investor buys or redeems Series I Units. An investor buying Series I Units must enter into a Series I agreement with the Manager before the investor can buy Series I Units.</p> <p>Substantially all of the value of the Fund’s investments denominated in U.S. dollars and attributable to the Series A Units, Series F Units and Series I Units will be hedged back to the Canadian dollar. The Fund’s investments denominated in U.S. dollars and attributable to the Series A(USD) Units and Series F(USD) Units will not be hedged back to the Canadian dollar.</p> <p>The Fund can create additional series of Units in the future and can issue an unlimited number of Units which are either hedged or unhedged back to the Canadian dollar. See “Offering of Units”.</p> <p>A holder of Units (a “<b>Unitholder</b>”) may, with the permission of the Manager, switch their Units for Units of a different series. Based on the administrative policies of the Canada Revenue Agency, switching Units to a different series will not be considered a disposition for tax purposes, unless the switch is from a series of Units that is hedged back to the Canadian dollar to a series of Units that is not so hedged, or vice versa.</p>
<p><b>Minimum Investment in the Fund:</b></p>	<p>The minimum initial investment by an investor in Series A Units or Series F Units is \$10,000. The minimum initial investment by an investor in Series A (USD) Units or Series F (USD) Units is U.S. \$10,000. The minimum initial investment by an investor in Series I Units is \$10 million. The Manager, in its sole discretion, may vary or waive these minimum investment thresholds on a case-by-case basis.</p>

<p><b>Subscriptions and Redemptions:</b></p>	<p>Requests to subscribe for or redeem Units must be sent to the Manager.</p> <p>The Manager may, in its sole discretion, accept or reject, in whole or in part, a subscription for Units. Subscriptions for Units received by the Manager before 2:00 p.m. (Toronto time) on a business day (a “<b>Valuation Day</b>”) will be considered by the Manager that day. Subscriptions for Units received by the Manager after 2:00 p.m. (Toronto time) on a Valuation Day will be considered by the Manager on the next Valuation Day.</p> <p>Requests to redeem Units received by the Manager before 2:00 p.m. on a Valuation Day will be processed on that Valuation Day. Requests to redeem Units received by the Manager after 2:00 p.m. (Toronto time) on a Valuation Day will, unless waived by the Manager, be processed on the next Valuation Day. The deadline for submitting a request to redeem Series I Units may differ from what is described above and will be set out in the Series I agreement.</p> <p>Each Unit will be issued at a price equal to its net asset value per Unit determined on the Valuation Day after the Manager has (i) received a completed subscription agreement from the investor (if a new investor), (ii) received payment of the subscription price, and (iii) accepted the subscription.</p> <p>If a holder of Units (a “<b>Unitholder</b>”) makes a subsequent investment in Units and does not execute a new subscription agreement when making such investment, the Unitholder will be deemed, pursuant to the Unitholder’s previous subscription agreement, to have repeated the representations and warranties contained in the Unitholder’s previous subscription agreement.</p> <p>Payment for any redeemed Units will be made by the Fund either by cheque or wire transfer within 10 business days following the date on which such Units are redeemed.</p>
<p><b>Fund Management Fee</b></p>	<p>The Fund pays management fees to the Manager at an annual rate equal to 1.95% of the aggregate net asset value per Unit of all Series A Units and Series A (USD) Units, and at an annual rate equal to 0.95% of the aggregate net asset value per Unit of all Series F Units and Series F (USD) Units, in each case plus applicable taxes. The management fees are calculated and accrued on each calendar day and are payable to the Manager on the last business day of each month.</p> <p>No management fees are paid by the Fund in respect of its Series I Units. Instead, each Series I Unitholder pays management fees directly to the Manager at a rate that is negotiated with, and agreed upon by, the Manager.</p>
<p><b>Fund Expenses:</b></p>	<p>The Fund pays for all expenses incurred in connection with the operation and management of the Fund. Each series of Units is responsible for the expenses specifically related to that series and a proportionate share of expenses that are common to all series of Units.</p>
<p><b>Dealer Compensation:</b></p>	<p>The Manager may pay service fees to dealers whose clients hold Series A Units or Series A (USD) Units calculated as a percentage of the aggregate net asset value per Unit of such holdings and prorated for the number of days in the relevant period that the client held such Units. The service fee rate will not exceed 1.0% per annum.</p> <p>No service fee will be paid to dealers with respect to clients that hold</p>

	<p>Series F Units, Series F (USD) Units or Series I Units.</p> <p>Investors who purchase Series F Units or Series F (USD) Units through dealer sponsored, fee-based accounts will compensate their dealers directly.</p> <p>A dealer has the option to charge their client a sales commission of up to 2.5% of the net asset value of the Series A Units or Series A (USD) Units being purchased by the client. Any such sales commission will be specified in the subscription agreement signed by the investor and will be deducted from the investor's subscription proceeds and paid to their dealer. Only the amount remaining after deduction of the sales commission will be invested in Units.</p>
<b>Distributions to Unitholders:</b>	<p>The Fund intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each taxation year to ensure that the Fund is not liable for income tax under Part I of the <i>Income Tax Act</i> (Canada) (the "<b>Tax Act</b>"), after taking into account any loss carry forwards and capital gains refunds. Distributions will be made in a fair and reasonable manner by the Manager within each series of Units to each Unitholder as determined as of the close of business on the date of distribution.</p> <p>The Fund does not intend to make cash distributions. Any distributions to Unitholders (less any amounts required by law to be deducted therefrom) will automatically be reinvested for the account of each Unitholder in additional Units of the same series at their net asset value per Unit next determined after the declaration of the distribution. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. The costs of distributions, if any, will be paid by the Fund.</p>
<b>Tax Consequences:</b>	<p>A prospective investor should consider carefully all of the potential tax consequences of an investment in Units and should consult with their tax adviser before subscribing for Units, switching or redeeming Units.</p>
<b>Eligibility for Investment:</b>	<p>Provided that the Fund qualifies as a "registered investment" or as a "mutual fund trust" for purposes of the Tax Act, Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.</p>
<b>Risk Classification:</b>	<p>The Manager has assigned a risk rating to the Fund of low to medium. See "Risk Classification Methodology" on page 15 for more details.</p>
<b>Risk Factors:</b>	<p>Investments in Units are subject to various risk factors. See "Risk Factors" starting on page 15 for more details.</p>
<b>Fiscal Year End:</b>	<p>December 31<sup>st</sup></p>
<b>Auditors:</b>	<p>Ernst &amp; Young LLP, Toronto, Ontario</p>
<b>Legal:</b>	<p>Fasken Martineau DuMoulin LLP, Toronto, Ontario</p>
<b>Prime Broker:</b>	<p>Bank of Montreal</p>
<b>Administrator:</b>	<p>Commonwealth Fund Services Ltd., Toronto, Ontario</p>
<b>Trustee:</b>	<p>Caledon Trust Company</p>

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## **THE FUND**

The Metric Dynamic Asset Allocation Fund (the “**Fund**”) is an open-ended unit trust governed under the laws of the Province of Ontario by a trust agreement dated as of January 2, 2017 (the “**Trust Agreement**”) between Caledon Trust Company (the “**Trustee**”) as the trustee of the Fund (the “**Trustee**”) and Metric Asset Management Limited Partnership (the “**Manager**” or “**Metric**”) as the manager of the Fund. The address of the Fund’s and the Manager’s principal office is 20 Eglinton Avenue West, Suite 1505, Toronto, Ontario, Canada, M4R 1K8.

### **Fund Objective**

The investment objective of the Fund is to achieve absolute returns while focusing on capital preservation.

### **Investment Strategies of the Fund**

The Fund uses the Dynamic Asset Allocation process that has been developed by the Manager over time. This process revolves around a number of proprietary models that focus on the following drivers of market returns: (1) technical indicators, (2) sentiment indicators, (3) monetary policy indicators and (4) other macro market indicators.

The Fund invests primarily in exchange-traded funds (“ETFs”) and futures that provide exposure to a broad spectrum of asset classes including, but not limited to, global equities, fixed income (U.S. and non-U.S., investment grade and high yield) and commodities. The Manager manages the Fund’s portfolio dynamically by changing the Fund’s portfolio allocations among these asset classes based on the cumulative view of the Manager’s models.

The Manager uses a disciplined, rigorous and quantitative approach in allocating to, and within, the asset classes in which the Fund invests as described below:

- The Dynamic Asset Allocation models use market, financial, economic and other factors that seek to capture the expected return and expected volatility of global asset classes across markets. In allocating to each of the Fund’s primary asset classes (equities, fixed income and commodities), the Manager may consider the expected volatility of the Fund’s overall portfolio and the risk and return contribution of each asset class. The asset classes used by the Fund through time will vary. In addition, not all of the Fund’s asset classes will contribute to expected return and volatility at a given time based on the analysis produced by our models.
- Within a given asset class the Manager may consider both fundamental and technical factors in selecting the actual weights for the various ETF’s. The Manager may overweight ETFs that it feels will generate higher returns relative to volatility for the investment portfolio.
- The Manager uses futures for two purposes:
  - to hedge exposure, and
  - add exposure where on an after tax basis, it is more cost effective than using ETF’s.
- On a regular basis (typically monthly), the Manager assesses the return expectation and risk contribution of each asset class and rebalance accordingly.

The Manager dynamically shift the Fund's portfolio weightings among, and within, the different asset classes both to take advantage of changing market opportunities for greater capital appreciation and in response to changing market risk conditions. At any given time, the Fund may establish relatively larger positions in those asset classes that the Manager believes will outperform relative to other asset classes and hold smaller positions in asset classes that the Manager believes will underperform on a relative basis. The Manager makes these determinations based on the outputs of a series of models that firstly determine the relative attractiveness of an asset class and then determine the most attractive markets within that asset class.

The Manager may, in its discretion, make changes to its Dynamic Asset Allocation process and other models, or use other models that are based on the Manager's research.

## **THE MANAGER**

The Manager is incorporated under the laws of the Province of Ontario and is registered with the Ontario Securities Commission (the "OSC") as a portfolio manager, a commodity trading manager, an investment fund manager and an exempt market dealer. The Manager is responsible for the management of the affairs of the Fund on a day-to-day basis and provides investment advisory and portfolio management services to the Fund. The Manager receives a management fee from the Fund for its services, and is responsible for fees owing to any sub-advisers.

**Below is additional information regarding the executive officers of the Manager.**

### ***Jason Marks, Co- Chief Executive Officer, Chief Compliance Officer***

Jason provides oversight and risk management for the Manager's fund offerings. In addition, Jason assists in the long-term strategic development of Metric's alternatives initiative. Jason was the Chief Executive Officer and Chief Investment Officer of Fiera Quantum until May 2014. Prior to Metric, Jason was the Chief Executive Officer, Chief Investment Officer and Managing Partner of GMP Investment Management L.P. ("GMPIM") starting in December 2007. Prior to GMPIM, Jason was a Vice Chair at TD Securities Inc. and a Senior Vice President at a Canadian chartered bank.

Over his 11 years at TD Securities Inc., Jason was responsible for various businesses including: international proprietary trading, equity derivatives, interest rate derivatives, energy trading and structured products. In addition to his various sales and trading responsibilities, he was a Senior Vice President at a Canadian chartered bank. In that capacity, Jason held two senior risk management roles. First, in 1998, he served as the Head of Market Risk Management for the Canadian chartered bank then, in 2003, as the Chief Credit Policy Officer responsible for overseeing Credit Risk at the Canadian chartered bank.

Prior to being employed at the Canadian chartered bank, he was a Vice President at another Canadian chartered bank. In that capacity, Jason was responsible for a number of derivative and structured product businesses. He has a M.B.A. from Harvard University (1989) and a B.E.Sc. from the University of Western Ontario (1986).

### ***Bimal Morjaria, Co-Chief Executive Officer***

Prior to co-founding Metric, Bimal held progressively senior trading and management positions at TD Securities Inc. until January 2009, most recently as Vice-Chair and Global Head, Equity Derivatives. Bimal served as a member of the Management Committee of TD Securities Inc. and Senior Vice President of a Canadian chartered bank from 2006 to 2009.

Over his 21 years at TD Securities Inc., Bimal was responsible for various businesses including: currency option trading, proprietary trading, interest rate derivative trading, equity derivatives sales and trading, energy trading and structured equity products.

Bimal earned his Chartered Financial Analyst designation in 1999.

***Paul Liebovitz, Partner***

Paul provides client development and relationship management for Metric Asset Management. In addition, Paul assists in the long-term strategic development of Metric's alternatives initiative. Paul was the Chief Operating Officer and Managing Partner of Fiera Quantum until January 2015. Prior to Metric, Paul was the Chief Operating Officer and Managing Partner of GMPIM. Prior to joining Metric, Paul was a Managing Director at TD Capital, a division of TD Bank, where he was a member of the Mezzanine Fund Investment Committee overseeing in excess of \$1 billion in investments. In addition, he was responsible for sourcing, structuring, executing and monitoring mezzanine debt and preferred share investments and equity co-investments.

Paul has in excess of 25 years experience in lending and private equity. Prior to joining TD Capital, he was a Senior Vice President, Underwriting for GE Capital – Capital Funding for four years. In this position, he oversaw the execution of highly structured mezzanine and leveraged financing transactions in both Canada and the United States. Prior to joining GE Capital, Paul spent nine years at Scotia Capital specializing in complex corporate restructurings that included senior and mezzanine debt and equity positions. He has an M.B.A. from McMaster University (1989) and a B.A. (Honours) from the University of Toronto (1986).

**THE TRUSTEE**

Caledon Trust Company is the trustee of the Fund. The Trustee is responsible for carrying out various administrative and recording keeping functions on behalf of the Fund. The Trustee is required to exercise its powers and discharge the duties of its office honestly and in good faith and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Trustee may resign upon 90 days' written notice to Unitholders.

**THE ADMINISTRATOR**

The Manager has retained the services of Commonwealth Fund Services Ltd. as the Fund's administrator, registrar and transfer agent, (the "**Administrator**") pursuant to Valuation and Recordkeeping Services Agreements dated January 31, 2014 and April 30, 2013, as amended on July 1, 2015, July 18, 2016 and January 1, 2017 (as they may be further amended from time to time, the "**Administration Agreement**"). The Administrator is responsible for calculating the net asset value of the Fund and the net asset value per Unit of each series of Units, and preparing all reporting documents for Unitholders. The Administrator will also maintain the registrar of Unitholders and will process subscriptions and redemptions of Units.

**BROKERAGE ARRANGEMENTS**

The Manager has complete discretion regarding the selection of prime brokers and dealers who execute portfolio transactions on behalf of the Fund and to select the market in which such transactions will be executed. The policy of the Manager in buying and selling securities for the Fund is to obtain the most favourable execution of the transactions. The Manager will effect transactions with those prime brokers and dealers that the Manager believes provide the most favourable prices and who are capable of completing the transactions efficiently. The factors that the Manager will consider in determining if an

order is being efficiently executed by a prime broker or a dealer include the size of the order, the difficulty of executing the order, the operational capabilities and facilities of the prime broker or the dealer involved and the prior experience of the prime broker or dealer in effecting transactions of the type the Manager wants to enter into on behalf of the Fund.

## **PAYMENT BANK**

The Fund has established a bank account in its name at a Canadian chartered bank to facilitate cash payments to and from it.

## **OFFERING OF UNITS**

### **The Units**

Units are offered on a continuous basis to accredited investors pursuant to this Confidential Offering Memorandum in the following five series: series A Units in Canadian dollars (“**Series A Units**”), series A (USD) Units in U.S. dollars (“**Series A (USD) Units**”), series F Units in Canadian dollars (the “**Series F Units**”), series F Units in U.S. dollars (“**Series F (USD) Units**”), and series I Units in Canadian dollars (“**Series I Units**”).

- **Series A Units and Series A (USD) Units:** Series A Units and Series A (USD) Units are available in Canadian and U.S. dollars, respectively, to all accredited investors.
  - **Series F Units and Series F (USD) Units:** Series F Units and Series F (USD) Units are available in Canadian and U.S. dollars, respectively, only to accredited investors who purchase such Units through a dealer sponsored fee-for-service or wrap program and who pay an asset-based fee to their dealer. There are no service fees paid by the Manager in connection with Series F Units or Series F (USD) Units and, as a result, the management fee charged to the Fund for Series F Units and Series F (USD) Units is lower than for Series A Units or Series A (USD) Units.
  - **Series I Units:** Series I Units are available in Canadian dollars only to institutional investors accepted by the Manager. The Manager will negotiate the terms of purchase of the Series I Units with each institutional investor, including the management fee and the performance fee that will be charged to the investor. No sales commission is payable when an investor buys or redeems Series I Units. An investor buying Series I Units must enter into a Series I agreement with the Manager before the investor can buy Series I Units.

Substantially all of the value of the Fund’s investments denominated in U.S. dollars and attributable to the Series A Units, Series F Units and Series I Units will be hedged back to the Canadian dollar. The Fund’s investments denominated in U.S. dollars and attributable to the Series A (USD) Units and Series F (USD) Units will not be hedged back to the Canadian dollar. For this reason, the returns on the Series A Units, Series F Units and Series I Units will differ from those of the Series A (USD) Units and Series F (USD) Units due to such hedging. The Series A Units, Series F Units and Series I Units also will bear the costs of such hedging.

Additional series of Units may be offered in the future on different terms, including with different management fees, different dealer compensation, and/or different minimum subscription levels, and may or may not have the U.S. dollar denominated investments of the Fund attributed to them hedged back to the Canadian dollar.

Each Unit represents an undivided interest in the net assets of the Fund attributable to that series of Units.

If a Unitholder ceases to be eligible to hold their current series of Units, the Manager may require the Unitholder to switch their Units into Series A Units after giving the Unitholder at least five (5) days' prior written notice. The switch will not be required if the Unitholder advises the Manager within such notice period, and the Manager agrees, that the Unitholder is again eligible to hold their current series of Units.

A Unitholder may, with the permission of the Manager, switched their Units for Units of a different series. Based on the administrative policies of the Canada Revenue Agency, switching Units for Units of a different series will not be considered to be a disposition for tax purposes, unless the switch is from a series of Units that is hedged back to the Canadian dollar to a series of Units that is not so hedged, or vice versa.

## **SUBSCRIPTIONS FOR UNITS**

To subscribe for Units, a new investor must complete, execute and return the Fund's form of subscription agreement directly to the Manager, or to their dealer who will forward it to the Manager. Payment of the subscription price must be made in the appropriate currency for the series of Units purchased and provided via an electronic order system (such as FundSERV) or by cheque or bank draft made payable to "Caledon Trust Company ITF Metric Dynamic Asset Allocation Fund". Wire transfers can also be used to pay for the Units as set out in the subscription agreement.

Requests to subscribe for Units must be sent to the Manager.

The Manager may, in its sole discretion, accept or reject, in whole or in part, a subscription for Units. Subscriptions for Units received by the Manager before 2:00 p.m. (Toronto time) on a business day (a "Valuation Day") will be considered by the Manager that day. Subscriptions received by the Manager after 2:00 p.m. (Toronto time) on a Valuation Day will be considered by the Manager on the next Valuation Day. If a subscription is rejected for any reason, any subscription proceeds forwarded by the subscriber will be returned in full without interest.

Each Unit will be issued at a price equal to its net asset value per Unit determined on the Valuation Day after the Manager has (i) received a completed subscription agreement from the investor (if a new investor), (ii) received payment of the subscription price, and (iii) accepted the subscription.

If a Unitholder makes a subsequent investment in Units and does not execute a new subscription agreement when making such investment, the Unitholder will be deemed, pursuant to the Unitholder's previous subscription agreement, to have repeated to the Fund and the Manager the representations and warranties contained in the Unitholder's previous subscription agreement.

A book-based system of registration is maintained by the Fund. The register for Units is kept at the office of the Administrator. Unit certificates will not be issued.

By executing a subscription agreement for Units, each subscriber is (among other matters) acknowledging that the Fund's investments and trading procedures are confidential and agrees that all information received by the subscriber from the Fund from time to time shall be kept confidential and will not be disclosed to third parties without the prior written consent of the Manager.

## **Minimum Initial and Subsequent Investments**

The minimum investment by an investor in Series A Units or Series F Units is \$10,000. The minimum investment by an investor in Series A (USD) Units or Series F (USD) Units is U.S. \$10,000. The minimum initial investment by an investor in Series I Units is \$10 million.

Each additional investment by a Unitholder must be in an amount not less than \$5,000 (in the case of Series A Units, Series F Units or Series I Units) or U.S. \$5,000 (in the case of Series A (USD) Units or Series F (USD) Units). The Unitholder must continue to qualify as an accredited investor at the time of the additional investment.

The Manager, in its sole discretion, may vary or waive the minimum investment thresholds described above on a case-by-case basis.

### **Non-Residents of Canada**

Units are not offered to, and cannot be purchased by, investors who are not resident in Canada.

If the Manager determines that more than 40% of the Units (on either a number of Units or fair market value basis) are beneficially held by non-residents of Canada and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and/or partnerships requiring them to redeem all or a portion of their Units within 30 days. If a Unitholder receiving such notice does not redeem such Units within such time, the Manager may redeem such Units.

### **REDEMPTION OF UNITS**

Requests to redeem Units must be submitted in writing to the Manager. Requests to redeem Units received by the Manager before 2:00 p.m. (Toronto time) on a Valuation Day will be processed on that Valuation Day. Requests to redeem Units that are received by the Manager after 2:00 p.m. (Toronto time) on a Valuation Day will, unless waived by the Manager, be processed on the next Valuation Day.

Payment for any redeemed Units will be made by the Fund either by cheque or wire transfer within 10 business days following the date on which such Units are redeemed.

Any payment, unless not honoured, will discharge the Fund and the Manager from all liability to the Unitholder in respect of the Units redeemed. In no event will the Fund or the Manager be liable to a Unitholder for any interest or income on the redemption proceeds of any Units that have been redeemed if such redemption proceeds cannot be delivered to the Unitholder through no fault of the Fund or the Manager.

The Manager may in its discretion redeem all or any portion of a Unitholder's Units by giving at least 14 days' prior written notice to the Unitholder, specifying the number of Units to be redeemed.

Pursuant to the Trust Agreement, the Fund may allocate and designate any income or capital gains realized by the Fund as the result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate, designate and treat as having been paid, any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year or such other amount that is determined by the Fund to be reasonable.

### **Suspensions**

The Manager may suspend the redemption of Units during any period in which normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities owned by the Fund are listed and traded. The redemption of Units may also be suspended at any other time if the Manager determines that conditions exist which render the Fund unable to sell any of its assets or it is not possible to determine the value of any of the Fund's assets.

Any suspension may apply to all requests for redemption received prior to the suspension, but which have not yet been paid, as well as to all requests received while the suspension is in effect. All Unitholders making redemption requests will (unless the suspension lasts for less than 48 hours) be advised by the Manager of the suspension and that redemption requests previously received will be effected on the first Valuation Day following the termination of the suspension. All such Unitholders will (unless the suspension lasts for less than 48 hours) be advised that they have the right to withdraw any requests for redemption previously submitted.

A suspension will terminate on the first day on which the condition giving rise to the suspension ceases to exist, provided no other conditions exist which would cause the suspension to continue. Subject to applicable law, any suspension of a redemption of Units by the Manager is conclusive. Any outstanding redemption requests will be processed at the applicable net asset value per Unit on the Valuation Day immediately following the termination of any suspension.

## **TRANSFER OF UNITS**

Units generally cannot be transferred or resold. The Manager may, in exceptional circumstances (such as the death of a Unitholder), permit Units to be transferred.

## **ELIGIBILITY FOR INVESTMENT**

Provided that the Fund qualifies as a “registered investment” or as “mutual fund trust” for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts. Depending on the dispersal of its Units, the Fund may qualify as a “mutual fund trust” under the Tax Act at a given time. Regardless, the Fund is a “registered investment”. Notwithstanding that the Units may be a qualified investment as noted above, the Units may be a prohibited investment under the Tax Act for registered retirement savings plans, registered retirement income funds and tax-free savings accounts. See “Canadian Federal Income Tax Considerations – Units held in a Registered Account”.

## **FUND - FEES AND EXPENSES**

### **Fund Management Fees**

The Fund pays management fees to the Manager at an annual rate equal to 1.95% of the aggregate net asset value per Unit of all Series A Units and Series A (USD) Units, and at an annual rate equal to 0.95% of the aggregate net asset value per Unit of all Series F Units and Series F (USD) Units, in each case plus applicable taxes. The management fees are calculated and accrued on each calendar day and are payable to the Manager on the last business day of each month.

No management fees are paid by the Fund in respect of its Series I Units. Instead, each Series I Unitholder pays management fees directly to the Manager at a rate that is negotiated with, and agreed upon by, the Manager.

### **Fund Expenses**

The Fund pays for all expenses incurred in connection with the operation and management of the Fund. Each series of Units is responsible for the expenses specifically related to that series and a proportionate share of expenses that are common to all series of Units. Expenses that specifically relate to a series of Units include, without limitation (a) the management fee payable by the Fund in respect of Units of that series, and (b) in the case of Series A Units, Series F Units and Series I Units, the costs associated with hedging the Fund’s U.S. dollar denominated investments attributable to such series back to the Canadian

dollar. The Manager will allocate expenses to each series of Units in its sole discretion in such manner as it deems fair and reasonable in the circumstances. In addition to the fees and expenses referenced elsewhere in this document, the Fund's expenses include, without limitation: (a) financial reporting costs, and mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications; (b) any taxes payable by the Fund; (c) fees payable to the Trustee for acting as trustee of the Fund; (d) fees payable to the Fund's custodian; (e) fees payable to the Fund's valuation agent; (f) fees payable to the registrar and transfer agent for the Units for performing certain financial, record-keeping, Unitholder reporting and general administrative services; (g) costs and fees payable to any agent, legal counsel, actuary, valuation agent, technical consultant, accountant and auditor of the Fund and costs and expenses payable to any investment advisor or investment counsel; (h) ongoing regulatory filing fees; (i) any expenses incurred by the Fund in connection with any legal proceedings in which the Manager participates on behalf of the Fund or any other acts of the Manager in connection with the protection of the Fund's property or of any investment included therein; (j) any expenditures which may be incurred upon the termination of the Fund; (k) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; and (l) other administrative expenses. The Fund also is responsible for all commissions and other costs of securities transactions, debt service and costs relating to borrowings by the Fund, and any extraordinary expenses which it may incur from time to time.

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 will affect its ability to receive such fees or reimbursement of expenses in the future.

#### **DEALER COMPENSATION**

The Manager may pay service fees to dealers whose clients hold Series A Units or Series A (USD) Units calculated as a percentage of the aggregate net asset value per Unit of such holdings and prorate for the number of days in the relevant period that the client held such Units. The service fee will not exceed 1.0% per annum. Service fees may be modified or discontinued by the Manager at any time.

No service fee will be paid to dealers with respect to clients that hold Series F Units, Series F (USD) Units or Series I Units. Investors who purchase Series F Units or Series F (USD) Units through dealer sponsored, fee-based accounts will compensate their dealers directly.

A dealer has the option to charge their clients a sales commission of up to 2.5% of the net asset value of the Series A Units or Series A (USD) Units being purchased by the client. Any such sales commission will be specified in the subscription agreement signed by the client and will be deducted from the investor's subscription proceeds and paid to their dealer. Only the amount remaining after deduction of the sales commission will be invested in Units.

#### **CALCULATION OF NET ASSET VALUE**

The net asset value per Unit of each series of Units will be calculated by the Administrator by 6:00 p.m. (Toronto time) on each Valuation Day.

The net asset value of each series of Units is calculated as the aggregate value of the assets of the Fund attributable to that series of Units less the aggregate amount of the liabilities of the Fund attributable to that series of Units. The net asset value per Unit of the series then is calculated by dividing the net asset value of the series by the number of Units of that series outstanding on that Valuation Day.

#### **Valuation Principles**

The assets of the Fund are valued in accordance with International Financial Reporting Standards using the following guidelines:

**Cash** - 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 Unitholders of record on a date before the applicable Valuation Day), and interest accrued and not yet received on any Valuation Day is deemed to be the full amount thereto, unless the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend or distribution received or interest is not worth such full amount, in which event, the Manager shall determine the reasonable value of such item.

**Exchange traded securities** - The value of any security, option or future listed on any exchange on any Valuation Day shall be determined by the closing sale price on such Valuation Day or, if there is no sale price, the average between the closing bid and the closing ask price on such Valuation Day, all as reported by any report in common use or authorized as official by such exchange; provided that if such exchange is not open for trading on that Valuation Day, then on the last previous business day on which such exchange was open for trading. For any exchange traded security where daily limits are in effect, fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin.

**Fixed Income** - The value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on the applicable Valuation Day at such times during the day 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.

**Currencies** - Any assets of the Fund valued in a foreign currency, and all liabilities and obligations of the Fund that are payable in a foreign currency, shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Manager.

**Expenses** - All expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis.

If the above valuation principles cannot be reasonably applied, either because no price or yield equivalent quotations are available or for any other reason, the Manager may in its sole discretion value such security or asset of the Fund in such manner as it deems is fair and appropriate in the circumstances.

## **DISTRIBUTIONS**

The Fund intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each calendar year to ensure that the Fund is not liable for income tax under Part I of the Tax Act, after taking into account any loss carry forwards and capital gains refunds. Distributions will be made in a fair and reasonable manner by the Manager within each series of Units to each Unitholder as determined as of the close of business on the date of distribution.

The Fund does not intend to make cash distributions. Any distributions to Unitholders (less any amounts required by law to be deducted) will automatically be reinvested for the account of each Unitholder in additional Units of the same series at their net asset value per Unit next determined after the declaration of the distribution. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. The costs of distributions, if any, will be paid by the Fund.

The Fund may also make such additional distributions of net income and net realized capital gains on any other Valuation Day as the Manager deems appropriate in its sole discretion. The Fund may also effect a distribution that is a return of capital.

The Manager expects that Units will be automatically consolidated immediately after each distribution by the Fund such that the net asset value per Unit of each series following a consolidation will be equal to

their net asset value per Unit immediately prior to such distribution. These consolidations will result in a net asset value per Unit which is not diluted by distributions, thereby allowing the Manager and the Unitholders to better track the performance of such Units. The Manager may, in its discretion elect not to proceed with a consolidation. Notice to Unitholders will not be required provided that the consolidation would not be material to the Fund.

## **REPORTING TO UNITHOLDERS**

Each Unitholder will receive a monthly statement from the Fund showing the number of Units that Unitholder holds, including any transactions (e.g., subscriptions, redemptions and/or reinvestments) that have occurred since the last statement. Each Unitholder will also be provided with all applicable income tax forms on an annual basis.

The Administrator will maintain the books and records of the Fund. Except for confidential information, as determined by the Manager to be in the best interests of the Fund, or as otherwise required by law, each Unitholder or its duly appointed representative has the right, on reasonable notice, to examine the books and records of the Fund during normal business hours at the office of the Administrator.

The fiscal year-end of the Fund is December 31<sup>st</sup>. Each Unitholder has the right to receive the audited annual financial statements of the Fund within 90 days after each year-end and the unaudited semi-annual financial statements of the Fund within 60 days after June 30<sup>th</sup> of each year.

Confirmations will be sent to each Unitholder who buys, switches or redeems a Unit.

The Fund is not a reporting issuer for the purpose of applicable securities legislation.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act that generally apply to the acquisition, holding and disposition of Units by a purchaser who acquires Units pursuant to this Confidential Offering Memorandum. This summary only applies to a Unitholder who is an individual (other than a trust), and who, for purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund and holds Units as capital property. Units will generally be considered capital property to a

Unitholder unless the Unitholder holds the Units in the course of carrying on a business or has acquired the Units in a transaction or transactions considered to be an adventure or concern in the nature of a trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and our understanding of the current publicly available administrative and assessing policies of the Canada Revenue Agency ("**CRA**"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all.

This summary is also based on the assumptions that (i) none of the securities held by the Fund will be an interest in a non-resident trust other than an "exempt foreign trust" under the Tax Act; (ii) none of the issuers of securities held by the Fund will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) the Fund will at no time be a "SIFT trust" within the meaning of the Tax Act, and (iv) the Fund will not be a "financial institution" within the meaning of the Tax Act.

This summary further assumes that the Fund will not be subject to a “loss restriction event” within the meaning of the Tax Act.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor’s particular circumstances including the province(s) or territory(ies) 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 particular investor. Prospective investors should consult their own tax advisers for advice with respect to the income tax consequences of an investment in Units based on their particular circumstances.**

### **Tax Status of the Fund**

The Fund is a “unit trust” under the Tax Act and depending on the dispersal of its Units may be a “mutual fund trust” under the Tax Act at a given time. In order to qualify as a mutual fund trust, the Fund cannot, and may not at any time, reasonably be considered to be established or maintained primarily for the benefit of non-resident persons unless certain exceptions apply. In addition, among other requirements, the Fund must have at least 150 Unitholders of a particular class of units each of whom holds a minimum number and value of units (the “**Unitholder Requirement**”). There can be no assurance that the Fund will meet the Unitholder Requirement at any particular time and therefore no assurance is provided that the Fund will be a “mutual fund trust” at any particular time.

The Fund is a “registered investment” under the Tax Act.

Units (and any other securities that may be issued by the Fund) will not be listed or traded on a stock exchange and will not trade on any other trading system or organized facility and to the best of the Manager’s knowledge there are no securities that derive their value from, or replicate the return on, the Units, that are listed or traded on a stock exchange or other organized facility. Accordingly, the Fund should not be a SIFT trust under the Tax Act.

The Fund will not be a “financial institution” for purposes of the mark-to-market rules of the Tax Act as long as no more than 50% of the value of its Units is held by one or more “financial institutions.”

### **Taxation of the Fund**

The Fund will be subject to tax under Part I of the Tax Act in each taxation year on the amount of its income for the year, including net taxable capital gains as computed in accordance with the Tax Act, less the portion thereof that is paid or payable to Unitholders in the year. An amount will be considered payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. The Trust Agreement requires that sufficient amounts be paid or made payable each taxation year so that the Fund will not be liable for any income tax under Part I of the Tax Act.

Notwithstanding the foregoing, for taxation years throughout which the Fund is not a mutual fund trust under the Tax Act, the Fund may in certain circumstances be subject to alternative minimum tax even though its net income and net realized capital gains are paid or payable to Unitholders.

In determining the income of the Fund, gains or losses realized upon dispositions of securities of the Fund which are not the subject of short sales will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of a trade.

If the Fund is a mutual fund trust for purposes of the Tax Act and if it has elected in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property, then gains or losses realized by the Fund on the disposition of such Canadian securities will give rise to capital gains or capital losses, as the case may be.

Generally, the Fund will include gains and deduct losses in connection with investments made through derivative securities on income account except where such derivatives are used to hedge securities held on capital account, and that the Fund will recognize such gains and losses for tax purposes at the time that they are realized. To the extent that the Fund uses derivative securities to hedge against fluctuations in currency, gains or losses of the Fund in respect of such derivative securities will be reported on capital account and the Fund will recognize such gains and losses for tax purposes at the time they are realized.

The Fund will be required to include in its income for each taxation year in respect of debt obligations held by the Fund all interest that accrues 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. Upon the actual or deemed disposition of a debt obligation, the Fund will be required to include in computing its income for the year of disposition all interest that accrued on such debt obligation from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund’s income for that or another taxation year and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss.

The Fund is entitled to deduct in computing income reasonable administrative and other operating expenses (other than expenses on account of capital) incurred by it for the purposes of earning income from property or a business.

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 is required to compute all amounts, including interest, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses for the Fund may be affected by changes in the value of a foreign currency relative to the Canadian dollar.

The Fund may derive income (including gains) from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries.

For a taxation year throughout which the Fund is not a mutual fund trust under the Tax Act, the amount of distributions of net realized capital gains to Unitholders made by the Fund in the taxation year and, therefore, the amount required to be included in the income of Unitholders of the Fund, may exceed the amount of distributions of net realized capital gains that otherwise would be required to be made by the Fund if it qualified as a mutual fund trust.

For taxation years throughout which the Fund is not a mutual fund trust under the Tax Act, the Fund will be liable to a special tax under Part XII.2 of the Tax Act if its Unitholders include “designated beneficiaries” and it has “designated income”. If the Fund has a “designated beneficiary” (which includes a non-resident of Canada, certain trusts and certain tax-exempt persons) and has “designated income” (which includes capital gains from the dispositions of “taxable Canadian property” and income from a business carried on in Canada), the Fund will be liable to pay Part XII.2 tax on such designated income. Such tax will be effectively borne by the “designated beneficiaries” and all tax-exempt Unitholders while taxable Unitholders of the Fund who are resident in Canada should generally achieve the same after-tax return as if the Fund were not subject to Part XII.2 tax.

If the Fund is a registered investment but not a mutual fund trust for purposes of the Tax Act, it will be liable to pay a penalty tax under the Tax Act if, at the end of any month, the Fund holds any investments that are not qualified investments for registered plans such as trusts governed by a registered retirement savings plans. The tax for a month is equal to one percent (1%) of the fair market value of the non-qualified investments at the time it was acquired by the Fund.

The Tax Act includes “loss restriction event” (“**LRE**”) rules that could potentially apply to certain trusts including the Fund. In general, a LRE occurs to the Fund if a person (or group of persons) acquires more than 50% of the Units of the Fund. If a LRE occurs to the Fund (i) the Fund will be deemed to have a year-end for tax purposes, (ii) any net income and net realized capital gains of the Fund at such year-end will be distributed to the Unitholders of the Fund, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. However, the Fund will not be subject to the application of the LRE rules in most circumstances if the Fund is an “investment fund” which requires the Fund to satisfy certain investment diversification rules.

### **Taxation of Unitholders**

Unitholders will be required to include in their income for tax purposes for a particular year the amount of the Fund’s net income and net taxable capital gains, if any, paid or payable to them by the Fund, whether or not such amount is paid in cash or automatically reinvested in additional Units.

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 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. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply including an enhanced gross-up and dividend tax credit in respect of “eligible dividends” paid by taxable Canadian corporations.

In addition, provided that appropriate designations are made by the Fund in respect of foreign income or gains of the Fund, for the purpose of computing any foreign tax credit available to a Unitholder, and subject to the rules in the Tax Act, the Unitholder will be deemed to have paid as tax to the government of a foreign country the Unitholder’s share of the taxes paid or considered to be paid by the Fund to that country.

Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

To the extent that distributions to Unitholders exceed the net income and net realized capital gains of the Fund for the year, such excess distributions will be a return of capital and will not be taxable in the hands of the Unitholder but will reduce the adjusted cost base to the Unitholder of such Unitholder’s Units, except to the extent such amount is the non-taxable portion of a capital gain of the Fund, the taxable portion of which was designated to the Unitholder. To the extent that the adjusted cost base of a Unit would 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 of the Units will be increased by the amount of such deemed capital gain.

The Fund will advise Unitholders 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.

Any upfront sales charges payable by Unitholders to dealers on the acquisition of Units are not deductible by Unitholders but are added to the adjusted cost of the Units purchased.

The cost of additional Units acquired by a Unitholder at a particular time (including on a reinvestment of distributions) must be averaged with the adjusted cost base of all other Units held by the Unitholder at such time as capital property.

Upon the actual or deemed disposition of a Unit, including the redemption of a Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit to the Unitholder and any costs of disposition. Under the Tax Act, one-half of capital gains (“**taxable capital gains**”) are included in an individual’s income and one-half of capital losses (“**allowable capital losses**”) are generally deductible only against taxable capital gains realized in the year. Allowable capital losses for a taxation year in excess of taxable capital gains of such year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Pursuant to the Trust Agreement, the Fund may allocate, designate and treat as having been paid to a Unitholder who redeems Units during a year, any income or capital gains realized by the Fund in the year as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to such Unitholder. In addition, the Fund has the authority to distribute, allocate, designate and treat as having been paid, any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the Fund’s income and capital gains for the year or such other amount that is determined by the Fund to be reasonable. Any such allocations will reduce the redeeming Unitholder’s proceeds of distribution.

A reclassification of one series of Units into another series of Units that is denominated in the same currency will not result in a disposition of Units under the Tax Act.

In general terms, income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units, may increase the Unitholder’s liability for alternative minimum tax.

A Unitholder will be required to compute all amounts, including the adjusted cost base of Units of the Fund, proceeds of disposition of Units of the Fund, and distributions from the Fund, in Canadian dollars for purposes of the Tax Act and may as a result be subject to tax under the Tax Act on foreign exchange gains or losses if the Unitholders owns Units of the Fund that are denominated in the U.S. dollar.

### **Units held in a Registered Account**

Provided that the Fund qualifies as a “registered investment” or a “mutual fund trust” for purposes of the Tax Act, Units will be qualified investments for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), tax-free savings accounts (“**TFSAs**”), deferred profit sharing plans, registered education savings plans, and registered disability savings plans (each a “**Registered Plan**”).

The Fund may qualify as a “mutual fund trust” under the Tax Act at a given time if it meets the Unitholder Requirement. Regardless, the Fund is a “registered investment”.

As long as a Unit is a qualified investment for a Registered Plan, a Unitholder who holds Units in a Registered Plan (and the Registered Plan itself) generally pays no tax under the Tax Act on distributions received from the Fund or on any capital gains that the Registered Plan realizes from selling Units as long the money remains in the Registered Plan. When a Unitholder withdraws amounts from a Registered Plan

(other than a TFSA or, in some circumstances, a registered education savings plan or registered disability savings plan), it will generally be subject to tax at the Unitholder's applicable marginal income tax rate.

The Units will not be a prohibited investment for a TFSA, a RRSP, or a RRIF, provided that the holder of the TFSA or the annuitant of the RRSP or RRIF does not hold a significant interest (as defined in the Tax Act) in the Fund, and provided that such holder or annuitant deals at arm's length with the Fund within the meaning of the Tax Act. Generally, an investor will have "significant interest" in the Fund if the investor (together with persons who do not deal at arm's length with the investor) holds 10% or more of the fair market value of all Units of the Fund. Investors who plan on holding Units in a RRSP, RRIF or TFSA should consult their own tax advisers regarding the application of the "prohibited investment" rules in their particular circumstances.

## **ENHANCED TAX INFORMATION REPORTING**

The Fund is a "Reporting Canadian Financial Institution" for purposes of the Canada-U.S. Enhanced Tax Information Exchange Agreement (the "IGA") and Part XVIII of the Tax Act, and intends to satisfy its obligations under Canadian law for enhanced tax reporting to the CRA. Consequently, Unitholders may be requested to provide information to the Fund or their registered dealer relating to their citizenship, residency and, if applicable, a U.S. federal tax identification number or such information relating to the controlling person(s) in the case of certain entities. If a Unitholder or any of the controlling person(s) of certain entities is identified as a U.S. taxpayer (including a U.S. citizen who is resident in Canada) or if the Unitholder does not provide the requested information, the IGA and Part XVIII of the Tax Act will generally require certain account information and payments made with respect to the Unitholder to be reported to the CRA, unless the investment is held in a Registered Plan. The CRA will then provide the information to the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Treaty. Part XIX of the Tax Act contains similar rules in respect of other non-Canadian investors in the Fund with the first reporting deadline being in 2018.

## **RISK CLASSIFICATION METHODOLOGY**

The Fund uses the methodology required under National Instrument 81-102 *Investment Funds* ("NI 81-102") to determine the volatility risk rating for its units. Under that methodology, the investment risk level of the Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Fund as measured by the 10-year standard deviation of the returns of the Fund. Just as historical performance may not be indicative of future returns, the Fund's historical volatility may not be indicative of its future volatility. Under that methodology, since the Fund has less than 10 years of performance history, the Manager calculates the investment risk level using an index (a "**Similar Index**") that reasonably approximates the standard deviation of the Fund.

You should be aware that other types of risk, both measurable and non-measurable, also exist. Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

Since the Fund was only formed on February 1, 2017, it has a historical performance of less than 10 years. The Manager uses standard deviation data from the Fund from February 1, 2017 to present and a blend of data comprised of 60% MSCI All Country World Net Total Return USD Index and 40% Bloomberg Barclays Global-Aggregate Total Return Index Value Hedged USD as its Similar Index. The composition of the indices used to create the Similar Index is substantially the same as those utilized by the Manager in the Fund. The Fund's base case equity allocation uses the MSCI All Country World Index as it is a good representation of the broader global market for large and mid-cap companies. The Fund's

allocation to equities ranges from nil to 70%. For the fixed income portion of the Fund, the Fund invests in a combination of U.S. Treasuries, investment grade credit or high yield indices. The Bloomberg Barclays Global-Aggregate Total Return Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS. The Fund's allocation to fixed income indices ranges from 30% to 100%.

The range of possible risk ratings are low, low to medium, medium, medium to high, or high risk as described below. Using the methodology under NI 81-102, **the Manager has assigned a risk rating to the Fund of low to medium.**

**Low** – for funds that are rated with a low risk rating are commonly associated with money market funds and Canadian fixed-income funds.

**Low to medium** – for funds that are rated with a low to medium risk rating are commonly associated with balanced, higher yielding fixed-income and asset allocation funds.

**Medium** – for funds that are rated with a medium risk rating are commonly associated with equity funds investing in large capitalization companies in developed markets.

**Medium to high** – for funds that are rated with a medium to high risk rating are commonly associated with equity funds investing in small-capitalization companies or specific regions or sectors.

**High** – for funds that are rated with a high risk rating are commonly associated with equity funds investing in narrow sectors or emerging market countries where there may be substantial risk of loss over short to medium periods.

You can obtain an explanation of the methodology under NI 81-102 at no cost by contacting the Manager at (416) 640-4961 or by writing to the Manager at 20 Eglinton Avenue West, Suite 1505 – P.O. Box 2037, Toronto, Ontario, M4R 1K8.

## **RISK FACTORS**

**There are certain risks associated with an investment in Units. An investment in Units should be viewed as a means of diversification within the context of an overall investment portfolio, and an investment should be made only after consulting with independent and qualified sources of investment and tax advice. Prospective investors should consider the following risk factors before subscribing for Units.**

### **No Assurance of Achieving Investment Objective**

There can be no assurance that the Fund will achieve its investment objective or that an investment in Units will earn any positive return in the short or long term. The value of Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Fund's portfolio.

All potential investors in the Fund should understand the investment approaches and techniques that the Manager expects to use in the management of the Fund and the particular risks associated with those approaches and techniques.

### **General Economic and Market Conditions**

Changes in economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances may

adversely affect the Fund's operations and/or its investment returns. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

### **Equity Securities**

To the extent that the Fund holds equity securities, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Fund. Additionally, to the extent that the Fund holds any foreign investments, it will be influenced by world political and economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment positions held by the Fund.

### **Fixed Income Securities**

The Fund may invest in bonds or other fixed income securities of U.S., Canadian and other issuers. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed income investments are not held to maturity, the Fund may suffer a loss at the time of sale of such securities.

### **Commodities**

To the extent the Fund holds commodities such as gold, silver and other precious metals, it will be influenced by changes in the price of such commodities. Commodity prices can change significantly as a result of supply and demand, speculation, international monetary and political factors, government and central bank activity and changes in interest rates and currency values.

### **Derivatives**

The Fund may enter into derivative transactions. These transactions may be used for hedging purposes or to achieve exposure to a market and a cost effective after tax basis. Use of derivatives in general presents additional risks. If 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 from achieving the intended hedge effect or expose it to the risk of loss. Derivative instruments may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss.

The Fund may purchase or write call and put options on securities and stock indexes, on exchanges or over-the-counter markets. The uncovered selling of an option generally exposes the seller to unlimited risk. The ability of the Fund to close out a position as a purchaser or writer of a listed put or call option is dependent, in part, upon the liquidity of the option market.

The use of over-the-counter derivatives by the Fund will be subject to the credit risk that its counterparty may not be able to meet its financial obligations, and the Fund could possibly lose its margin and any gains on a contract.

### **Turnover**

The Fund may invest on the basis of short-term market considerations from time to time. The turnover rate associated with such investments may be significant, potentially involving substantial brokerage commissions and fees.

## **Hedging**

Although a hedge is intended to reduce risk, it may not eliminate risk entirely. A hedging strategy may not be effective under certain market conditions arising from adverse economic, political or other disruptive events. A hedge can result in a loss in such circumstances.

## **Liquidity of Units**

While Unitholders may redeem their Units as described herein, under certain circumstances redemptions may be temporarily restricted or suspended. Unitholders requesting redemptions may therefore experience delays in receiving redemption payments. An investment in Units is suitable only for sophisticated investors who do not need full liquidity with respect to their investment in the Fund.

## **Counterparty Risk**

The Fund may be subject to credit risk with respect to the counterparties with which the Fund enters into derivatives contracts, foreign exchange, and currency forward contracts. If a counterparty becomes insolvent or otherwise fails to perform its obligations, the Fund may experience significant delays in obtaining any recovery in an insolvency, bankruptcy, or other reorganization proceeding (including recovery of any collateral posted by it) and may obtain only a limited recovery or may obtain no recovery in such circumstances. In addition, if the credit rating of a derivatives counterparty or potential derivatives counterparty declines, the Manager may determine not to enter into transactions on behalf of the Fund with that counterparty in the future and/or may terminate any transactions currently outstanding between the Fund and that counterparty; alternatively, Manager may in its discretion determine on behalf of the Portfolio to enter into new transactions with that counterparty and/or to keep existing transactions in place, in which event the Fund would be subject to any increased credit risk associated with that counterparty. Regulatory changes adopted or proposed to be adopted by regulators in Canada and outside Canada may have the effect of increasing certain counterparty risks in connection with over-the-counter transactions entered into by the Fund.

## **Limited Operating History**

The Fund is a recently-formed investment trust with limited operating history. There is currently no public market for Units and none is expected to develop.

## **Reliance on the Manager**

The Fund is highly dependent upon the expertise and abilities of the Manager. The loss of services of key personnel of the Manager could adversely affect the Fund. Unitholders have no right to take part in the management of the Fund.

Substantially all decisions with respect to the management of the Fund's investments are made exclusively by the Manager (although it may delegate administrative responsibilities from time to time). The Manager makes and implements decisions with respect to the investment of the assets of the Fund. The Manager has substantial authority to identify, structure, execute, administer, monitor and liquidate the assets comprising the Fund's investment portfolio based on its judgement. In exercising its authority, the Manager has no responsibility to consult with the Trustee or any other person. The Fund's ability to identify attractive investment opportunities is substantially dependent upon the Manager.

## **Liquidity of Investments**

Investments held by the Fund cannot always be liquidated at the desired price. In certain circumstances it may not be possible to sell such an investment promptly.

## **Credit**

The Fund will be subject to credit risk with respect to any assets that it places on deposit with financial institutions or its investments in money market instruments, as the case may be.

## **Registration Status**

The Manager is registered with the Ontario Securities Commission as a portfolio manager, commodity trading manager, investment fund manager and exempt market dealer. Registrations with the Ontario Securities Commission or any other regulatory body in no way implies an endorsement.

## **Foreign Markets**

Investments made by the Fund may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. issuers, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. issuer. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Other risks include the application of foreign tax law, changes in governmental administration or economic or monetary policy, and the effect of local market conditions on the availability of public information. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

## **Foreign Currencies**

Some of the investments of the Fund, at any time, will consist of securities denominated in currencies other than the Canadian dollar (primarily the U.S. dollar) and, accordingly, the net asset value of the Fund will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

## **Fees and Expenses**

Regardless of whether the Fund realizes a profit, it may be obligated to pay management fees, trading costs and other expenses. Under certain circumstances, the Fund also may be subject to indemnification obligations payable out of its assets in respect of the Manager and/or certain parties related to it.

## **Multiple Series of Units**

Expenses of the Fund generally will be allocated among the various series of Units, and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund as a whole, even though its claim relates only to a particular series of Units.

## **Current Income**

Since distributions, if any, will generally be automatically reinvested on behalf of Unitholders in additional Units of the same series, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

### **Electronic Trading**

The Manager places trades for the Fund using an electronic order routing system. Electronic trading, while more efficient than traditional order placement methods, exposes the Fund to the risks associated with the system including the failure of hardware or software components. The result of such failure can lead to order execution problems that can result in losses. The Manager has procedures and backups in place to mitigate the effect of any system outage. However, provided the Manager has adhered to its standard of care, the Manager will not be responsible for any losses that may be incurred due to failures of the electronic trading system or the failure of any other technology.

### **Trading Errors**

In the course of carrying out trading and investing responsibilities on behalf of the Fund, the Manager may make “trading errors”. 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 typically distinguishable from errors in judgement, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by personnel of the Manager. Consequently, the Manager will (unless the 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 Fund, unless they are the result of conduct by the Manager which is inconsistent with the Manager’s standard of care.

### **Conflicts of Interest**

The Manager is required to satisfy a standard of care in exercising its duties with respect to the Fund. However, neither the Manager nor its partners, officers, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Fund. Certain inherent conflicts of interest arise from the fact that the Manager and its affiliates may carry on investment activities for other clients (including other investment funds sponsored by the Manager and its affiliates) or on a proprietary basis in which the Fund will have no interest. Future investment activities by the Manager, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Manager and its affiliates may also engage in the promotion, management or investment management of any other fund or trust or engage in other activities. In addition, partners, officers and employees of the Manager may act as partners, directors or officers of other entities that provide services to funds.

The Manager has discretion regarding the selection of the broker-dealers and other intermediaries with and through which the Fund executes and clears portfolio transactions, the commissions and fees payable and the prices at which investments are bought and sold. Some allocations may be based in part on the provision of or payment for other products or services (including but not limited to investment research) to the Fund, the Manager or affiliated persons (“soft-dollars”). Such services may not be used for the direct or exclusive benefit of the Fund and may reduce the overhead and administrative expenses otherwise payable.

### **Restrictions on Certain Unitholders and Liquidity of Units**

At no time may non-residents of Canada be the beneficial owner of a majority of Units. This restriction may limit the rights of certain Unitholders, including non-residents of Canada, to acquire Units.

### **Liability of Unitholders**

No Unitholder shall be subject to any personal liability for the satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Fund or the Manager according to the Trust Agreement. Rather, only the Fund's property is intended to be liable and subject to levy or execution for such satisfaction.

However, despite this statement in the Trust Agreement, there is no guarantee that a Unitholder could not be made a party to a legal action involving the Fund. While considered remote, if this were to occur, the Unitholder will be entitled to be reimbursed from any available assets of the Fund.

### **Taxation of the Fund**

If the Fund does not qualify at all relevant times as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

### **Changes in Applicable Law**

Legal, tax and regulatory changes may occur that may adversely affect the Fund and Unitholders.

### **Effect of Redemptions and Termination**

A redemption of a large percentage of the outstanding Units may cause a temporary imbalance in the Fund's investment portfolio that may adversely affect the remaining Unitholders. In addition, the Fund may be wound up at any time. In the event of termination, the Fund will distribute to each Unitholder their *pro rata* interest in the assets of the series of Units held by such Unitholders after all the liabilities of the Fund have been paid or provided for. A redemption of a large percentage of the outstanding Units or the termination of the Fund may also create adverse tax and/or economic consequences to Unitholders depending on the timing of such redemption or termination.

**The foregoing factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Confidential Offering Memorandum and consult with their legal and other professional advisers before determining to invest in Units.**

### **AMENDMENT OF TRUST AGREEMENT**

The Trust Agreement may be amended by the Trustee at any time without notice to, or approval by, the Unitholders if the amendment does not adversely affect the pecuniary value of the interest of any Unitholder. Any other amendment to the Trust Agreement will be made the Trustee only after providing Unitholders with 60 days' prior written notice of the amendment.

### **TERMINATION**

The Manager may terminate the Fund at any time. Prior to the termination of the Fund, the Manager will take all necessary steps to convert the assets of the Fund into cash, and will distribute to each Unitholder their *pro rata* interest in the assets of the applicable series of Units held by such Unitholders after all the liabilities of the Fund have been paid or provided for.

### **CONFLICTS OF INTEREST**

The Manager may provide investment management services to other accounts and investment funds that may or may not follow investment programs substantially similar to that of the Fund, and in which the

Fund has no interest. The services of the Manager to the Fund are not exclusive, and nothing in the Trust Agreement prevents the Manager from providing similar services to other investment funds and other clients (whether their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

Participation in specific investment opportunities may be appropriate, at times, for the Fund and one or more other clients of the Manager. In such cases, participation in such opportunities will be allocated by the Manager between the Fund and other clients of the Manager on an equitable basis taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, the clients for which participation is appropriate and the investment programs and portfolio positions of each client for which participation is appropriate. Although other clients may pursue investment objectives that are similar to the Fund, the portfolio of the Fund and such other clients may differ as a result of subscriptions and redemptions being made at different times and in different amounts, as well as because of different tax and regulatory considerations, among other factors. The Manager may give advice and recommend securities to other clients which may differ from advice given to, or securities recommended, or bought, for the Fund.

The Manager may engage in investment activities for its own accounts and for family members and friends. Such activities may involve the purchase and sale of securities that are the same as, but in different concentrations or at different times than, those purchased or sold by the Fund. In addition, they may involve the purchase and sale of securities that are different from those purchased by the Fund.

In the course of providing services to the Fund, the Manager will attempt to avoid potential conflicts of interest that may arise as a result of its registration as an adviser and as an exempt market dealer, by discharging its duties as manager and principal distributor of the Fund, honestly and in good faith and in the best interests of the Fund, respectively, and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. In addition, the Manager shall not undertake any trading activities on behalf of the Fund, unless such trades are transacted at prices that generally reflect current market rates.

In the course of its activities, the Manager may also provide advice in respect of the purchase or sale of securities of other companies or issuers which may be considered to be related issuers or connected issuers to the Manager, including other investment vehicles that may be formed, sponsored and/or managed by the Manager. The Fund is a connected issuer of the Manager. A copy of the Manager's relationship disclosure document will be provided to any Unitholder on request.

## **MATERIAL AGREEMENTS**

The material agreements of the Fund currently consist of the Trust Agreement and the Administration Agreement. A copy of each agreement will be made available to a Unitholder on request.

## **INTEREST OF MANAGER**

Other than the right to buy Units, to receive certain fees from the Fund and to be reimbursed by the Fund in respect of certain expenses, neither the Manager nor any affiliate has any material financial interest in the Fund.

## **PROMOTER**

The Manager is the promoter of the Fund, having taken the initiative in the establishment of the Fund.

## **AUDITORS**

Ernst & Young LLP, Toronto, Ontario currently acts as the auditors of the Fund.

## **LEGAL COUNSEL**

Fasken Martineau DuMoulin LLP, Toronto, Ontario currently acts as legal counsel for the Manager and the Fund.

## **RIGHTS OF ACTION FOR DAMAGES OR RESCISSION**

Securities legislation in certain provinces and territories of Canada provides purchasers of Units with, in addition to any other right they may have at law, rights of rescission or damages, or both, where this Confidential Offering Memorandum, any amendment thereto and, in some cases, advertising, and sales literature used in connection with the offering of Units, contains a misrepresentation. For the purposes of this section, “misrepresentation” means:

- (a) an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of Units (a “**material fact**”); or
- (b) 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.

These rights must be exercised by purchasers of Units within the prescribed time limits under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province or territory for the full particulars of these rights or consult with their legal adviser.

The rights of action for rescission or damages provided such securities legislation are in addition to and do not derogate from any other right that purchasers of Units may have at law.

A summary of these statutory rights of action for rescission or damages, or both, are described in Schedule “A”. Prospective purchasers of Units should consult their own legal advisers with respect to their rights and the remedies available to them.

## **Schedule "A"**

### **Rights of Action for Damages or Rescission**

#### **Alberta**

If this Confidential Offering Memorandum contains a misrepresentation, securities legislation in Alberta provides that every purchaser resident in Alberta who buys Units shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund and every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units that they purchased) to exercise a right of rescission against the Fund, in which case the purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of the Units as a result of the misrepresentation relied on; and
- (c) in no case will the amount recoverable under this right of action exceed the price at which the Units were sold to the purchaser.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential 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;
- (b) if the person or company proves that the person or company, on becoming aware of the misrepresentation, withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential 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.

In Alberta, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, not later than the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased Units.

## **Manitoba**

If this Confidential Offering Memorandum contains a misrepresentation, a purchaser who purchases Units offered by this Confidential Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has (a) a right of action for damages against (i) the Fund and (ii) every person or company who signed this Confidential Offering Memorandum; and (b) a right of rescission against the Fund. If the purchaser chooses to exercise a right of rescission against the Fund, the purchaser has no right of action for damages.

No person or company is liable if the person or company proves that the purchaser had knowledge of the misrepresentation.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (b) if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (c) if, with respect to any part of this Confidential Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, 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 this Confidential Offering Memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (d) with respect to any part of this Confidential Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, 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.

The amount recoverable under the right of action for damages may not exceed the price at which Units were offered under this Confidential Offering Memorandum.

In 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.

No action may be commenced to enforce the foregoing rights more than:

- (a) 180 days after the day on which the purchaser acquired the Units, in the case of an action for rescission; or
- (b) the earlier of (i) 180 days after the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the day of the purchase of the Units, in any other case.

## **New Brunswick**

If this Confidential Offering Memorandum or any information relating to the offering provided to the purchaser of the securities thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every purchaser of Units that is resident in New Brunswick that buys Units pursuant to this Confidential Offering Memorandum shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and will have a right of action, in addition to any other rights they may have at law, for damages against the Fund. Alternatively, the purchaser may elect to exercise a right of rescission against the Fund, in which case the purchaser shall have no right of action for damages against the Fund.

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

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to Units and the verbal statement is made either before or contemporaneously with the purchase of Units, the purchaser 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) no individual is liable if, prior to the purchase of the securities by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

The Fund and any promoter, person or company referred to above will not be liable, whether for misrepresentations in the Confidential Offering Memorandum, any advertising or sales literature or in a verbal statement:

- (a) if the Fund or such promoter, person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, for all or any portion of the damages that the Fund or such promoter, person or company proves do not represent the depreciation in value of 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 securities 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 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 that was disseminated contained a misrepresentation.

In no case will the amount recoverable by a purchaser exceed the price at which Units were sold to the purchaser.

In New Brunswick, no action may be commenced to enforce such right of action unless the right is exercised:

- (a) in the case of an action for rescission, 180 days after the date the purchaser purchased Units; and
- (b) in the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the purchaser purchased Units.

#### **Newfoundland and Labrador**

In the event that this Confidential Offering Memorandum and any amendment thereto contains a misrepresentation, an investor to whom this Confidential Offering Memorandum was delivered and who purchases Units offered under it will be considered to have relied on the misrepresentation, if it was a misrepresentation on the date of investment, and will have, subject as hereinafter provided, a right of action for rescission or damages against the Fund and every each person or company who signed the Confidential Offering Memorandum, provided that:

- (a) neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of Units as a result of the misrepresentation relied upon;
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which Units were offered; and
- (d) the rights of action for rescission or damages are in addition to any other right or remedy available at law to the purchaser.

No person or company, except the Fund, shall be liable:

- (a) if the person or company proves that this Confidential 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 person's or company's knowledge and consent;

- (b) if the person or company proves that, on becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential 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 such 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.

No action shall be commenced to enforce a contractual right of action unless the purchaser gives notice to the Fund of the purchaser's intention to exercise such right not more than 90 days subsequent to the date on which the purchaser paid for Units, and an action is commenced to enforce such right:

- (a) in the case of an action for rescission, not later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of an action for damages, the earlier of 180 days after the person had knowledge of the facts giving rise to the cause of action or three (3) years from the date the purchaser purchased Units.

#### **Northwest Territories**

If this Confidential Offering Memorandum contains a misrepresentation when a purchaser resident in the Northwest Territories buys Units, securities legislation in the Northwest Territories provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units that they purchased) to exercise a right of rescission against the Fund, in which case the purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which Units purchased by the purchaser were offered.

No person or company, other than the Fund, shall be liable:

- (a) if the person or company proves that this Confidential 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 person's or company's knowledge and consent;

- (b) if the person or company proves that, on becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential 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 such 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.

In the Northwest Territories, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased Units.

### **Nova Scotia**

If this Confidential Offering Memorandum or any amendment thereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection therewith contains a misrepresentation, every purchaser resident in Nova Scotia of Units in reliance on an exemption under the *Securities Act* (Nova Scotia), the regulations thereunder or a decision of the Nova Scotia Securities Commission pursuant to this Confidential Offering Memorandum shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action, in addition to any other rights they may have at law, for damages against the Fund and every person who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units that they purchased) to exercise a right of rescission against the Fund, in which case he or she shall have no right of action for damages, provided that:

- (a) neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of Units as a result of the misrepresentation relied upon;
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which Units were sold to the purchaser.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential 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 promptly gave reasonable general notice that it was delivered without the person's or company's knowledge and consent;
- (b) if the person or company proves that after delivery of this Confidential Offering Memorandum, and before the purchase of the Securities by the purchaser, on becoming aware of any

misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it; or

- (c) with respect to any part of this Confidential 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) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

No action shall be commenced to enforce these rights more than 120 days after the date on which payment was made for Units.

### **Nunavut Territory**

If this Confidential Offering Memorandum contains a misrepresentation when a purchaser resident in the Nunavut Territory buys Units, securities legislation in the Nunavut Territory provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units that they purchased) to exercise a right of rescission against the Fund, in which case the purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which Units purchased by the purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential 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 had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;
- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential 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 (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Nunavut Territory, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased Units.

## **Ontario**

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of Units pursuant to this Confidential Offering Memorandum shall have a statutory right of action for damages or rescission against the Fund and any selling security holder of the Fund in the event that this Confidential Offering Memorandum contains a misrepresentation. A purchaser who purchases Units offered by this Confidential Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of Units, for rescission against the Fund provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Fund;
- (b) the Fund will not be liable if it proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (c) the Fund will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of Units as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which Units were offered.

Section 138 of the *Securities Act* (Ontario) 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 Confidential Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “**accredited investor exemption**”). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply if this Confidential Offering Memorandum is delivered to a prospective purchaser in Ontario in connection with a distribution made in Ontario in reliance on the accredited investor exemption if the prospective purchaser is:

- (c) a Canadian financial institution or a Schedule III bank (each as defined in OSC Rule 45 501 *Ontario Prospectus and Registration Exemptions*);

- (d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (e) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

### **Prince Edward Island**

If this Confidential Offering Memorandum contains a misrepresentation when a purchaser resident in Prince Edward Island buys Units, securities legislation in Prince Edward Island provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units that they purchased) to exercise a right of rescission against the Fund, in which case the purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which Units purchased by the purchaser were offered.

In an action for damages, no person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware that it was sent, the person or company had promptly given reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (b) if the person or company proves that on becoming aware of the misrepresentation, the person or company had withdrawn the person's or company's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential 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) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In Prince Edward Island, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or

- (b) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased Units.

### Québec

Legislation has been adopted in Québec, but is not yet in force, that will provide you with a statutory right to sue (if proclaimed in force). Until such time as this legislation is in force, in addition to any other right or remedy available to you under ordinary civil liability rules, you are granted the same rights of action for damages or rescission as purchasers in Ontario who purchase Units. If and when this legislation is in force, then you will no longer have the rights granted to purchasers in Ontario and the following will apply, in addition to any other right or remedy available to you under ordinary civil liability rules:

If there is a misrepresentation in respect of the Fund in the Confidential Offering Memorandum, you will have a statutory right to sue:

- (a) to cancel your agreement to buy these Units or to revise the price at which the Units were sold to you; and
- (b) for damages against the Fund acting on behalf of the applicable Fund, its officers and directors, the dealer under contract to the Fund acting on behalf of the Fund in connection with the sale of these Units and any expert whose opinion appears in the Confidential Offering Memorandum if such opinion contains a misrepresentation.

This statutory right to sue will be available to you whether or not you have relied on the Confidential Offering Memorandum. You will be able to elect to cancel your agreement to buy these Units or to bring an action to revise the price without prejudice to your claim for damages.

However, there will be various defences available to the persons that you will have a right to sue. For example, they will have a defence if you knew of the misrepresentation when you purchased these Units. In an action for damages, a person listed above, other than the Fund acting on behalf of the Fund, will not be liable if that person acted with prudence and diligence.

In addition, the defendant will not be liable for a misrepresentation in forward-looking information if the defendant proves that:

- (a) the Confidential 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 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; and
- (b) there was a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If you intend to rely on the rights described in (a) or (b) above, you will have to do so within strict time limitations. You will have to commence an action to cancel the agreement or revise the price within three years after the date of the purchase. You will have to commence an action for damages within the earlier of (i) three years after you first had knowledge of the facts giving rise to the cause of action (except on proof of tardy knowledge imputable to your negligence) or (ii) five years after the filing of the Confidential Offering Memorandum with the *Autorité des marchés financiers*.

## Saskatchewan

If this Confidential Offering Memorandum or any amendment thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every purchaser of Units that is resident in Saskatchewan shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and will have a right of action, in addition to any other rights they may have at law, for damages against:

- (a) the Fund;
- (b) the promoters of the Fund;
- (c) every person or company that signed this Confidential Offering Memorandum or any amendments thereto; and
- (d) every person or company that sells Units on behalf of the Fund under this Confidential Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased Units from the Fund, the purchaser may elect to exercise a right of rescission against the Fund, and, when the purchaser so elects, the purchaser shall have no right of action for damages against the Fund.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to Units and the verbal statement is made either before or contemporaneously with the purchase of Units, the purchaser 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) no individual is liable if, prior to the purchase of the securities by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

Neither the Fund nor any promoter, person or company referred to above will be liable, whether for misrepresentations in the Confidential Offering Memorandum or in a verbal statement:

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

In no case will the amount recoverable by a purchaser exceed the price at which Units were sold to the purchaser.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum, or any advertising, or sales literature was sent or delivered, or disseminated, as the case may be, to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware that it was sent and delivered or disseminated, the person or company promptly gave reasonable general notice that it was so sent and delivered or disseminated;

- (b) if the person or company proves that after the filing of this Confidential Offering Memorandum, or after the dissemination of the advertising or sales literature, and before the purchase of the Securities by the purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum, or to the advertising or sales literature and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum, or any 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 or company (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In Saskatchewan, no action may be commenced to enforce such right of action unless the right is exercised:

- (a) in the case of an action for rescission, 180 days after the date the purchaser purchased the Units; and
- (b) in the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the purchaser purchased Units.

### **Yukon Territory**

If this Confidential Offering Memorandum contains a misrepresentation when a purchaser resident in the Yukon Territory buys Units, securities legislation in the Yukon Territory provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of Units that they purchased) to exercise a right of rescission against the Fund, in which case the purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Confidential Offering Memorandum will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of the Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Units purchased by the purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential 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 had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;

- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential 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 (i) failed to conduct an investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Yukon Territory, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased Units.

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