

*This amended and restated confidential offering memorandum (this “Offering Memorandum”) constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. This Offering Memorandum amends and restates the previous amended and restated confidential information memorandum of Triumph Base Metals Advantage Fund dated September 21, 2012. These securities do not trade on any exchange or market. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of these securities.*

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

## AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM

Continuous Offering

May 5, 2015

# TRIUMPH BASE METALS ADVANTAGE FUND

## Offering of Series A Units, Series B Units, Series C Units and Series D Units

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**Subscription Purchase: Series Net Asset Value per Unit**  
**Minimum Initial Investment: \$500,000**

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Triumph Base Metals Advantage Fund (the “**Fund**”) is an open-ended trust established on February 24, 2012 under the laws of the Province of Québec by an amended and restated master trust agreement originally made as of February 24, 2012, and as amended and restated as of September 21, 2012. Denis Paquette is the settlor of the Fund, Computershare Trust Company of Canada (the “**Trustee**”) acts as the trustee of the Fund and Triumph Asset Management Inc./Gestion D'actifs Triumph (the “**Manager**”) acts as the manager of the Fund. Majestic Asset Management LLC (the “**Investment Advisor**”) acts as the investment advisor of the Fund. SGGG Fund Services Inc. acts as the administrator of the Fund. See “The Fund”.

Investments in the Fund are represented by trust units of the Fund (the “**Units**”). The Fund is permitted to have an unlimited number of Units which may be issued in an unlimited number of series of Units (each, a “**Series**”), having such terms and conditions designated or redesignated from time to time by the Manager without notice to existing holders of Units. Each Unit of a Series represents an undivided interest in the net assets of the Fund attributable to that Series of Units. The number of Units of each Series is unlimited. Under this Offering Memorandum, the Fund proposes to issue, on a continuing basis, Series A Units, Series B Units, Series C Units and Series D Units of the Fund (collectively, the “**Offered Units**”) at a price of equal to the Series Net Asset Value per Unit (as defined herein) calculated as of the applicable Subscription Date (as defined herein) (the “**Offering**”). Subject to applicable securities laws and the terms of this Offering, Offered Units are offered in minimum initial investment amount of \$500,000 unless a lesser amount is authorized by the Manager. See “The Fund” and “Investing in Units of the Fund”.

The Fund’s investment objective is to achieve long-term capital appreciation through direct investments in the main base metal commodity markets focused on the following base metals: Nickel, Copper, Aluminum, Zinc and Lead (the “**Fund Base Metals**”). Returns on investments in Fund Base Metals are non-correlated to traditional asset classes such as equities, real estate and bonds and as such represent a unique investment opportunity. The Investment Advisor will seek to achieve its investment objective through investments specifically in futures and options contracts on the futures tied to the Fund Base Metals. The Investment Advisor will attempt to maximize the Fund’s returns over time through an aggressive investment and trading strategy. See “Investment Objective and Strategy – Investment Strategy”. The Fund may only invest in specified securities. See “Investment Objective and Strategy – Permitted Investments”. There can be no assurance that the Fund will implement its investment strategies successfully. See “Risk Factors”.

Offered Units are offered for sale in each of the provinces of Canada under this Offering Memorandum pursuant to exemptions from the prospectus requirements of applicable securities legislation. Purchasers of Offered Units will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of their Province of residence. **The Offered Units do not trade on any exchange or market and there will not be any active market for the Offered Units. The Fund is not a reporting issuer or equivalent in any jurisdiction and currently has no intention of becoming a reporting issuer or equivalent.**

**See “Investing in Units of the Fund” and “Risk Factors”.**

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

**An investment in the Offered Units is speculative. A subscription for the Offered Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. There is no active market through which the Offered Units may be sold and none is expected to develop. The transfer of the Offered Units is subject to approval by the Manager and the Offered Units are also subject to resale restrictions under applicable securities legislation. See “Resale Restrictions”. Absent an exemption under applicable securities laws, holders of Offered Units will be restricted from selling their Offered Units for an indefinite period of time. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of the Offered Units under applicable securities legislation. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Offered Units. No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. See “Risk Factors”.**

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## FORWARD LOOKING STATEMENTS

This Offering Memorandum may contain certain forward-looking statements. These statements relate to future events or future performance and reflect expectations of management of the Manager regarding the growth, performance values, proceeds of realization and financing and business prospects and opportunities of the Fund. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, prospective purchasers should specifically consider various factors, including the risks outlined in the section of this Offering Memorandum entitled "Risk Factors", which may cause actual results to differ materially from any forward-looking statement. Although the forward-looking statements contained in this Offering Memorandum are based upon what management believes to be reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this Offering Memorandum and neither the Fund nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities legislation.

## OFFERING SUMMARY

The information set forth below should be read together with, and is qualified by, the more detailed information contained elsewhere in this amended and restated confidential offering memorandum (the “**Offering Memorandum**”) and the information contained in the Trust Agreement (as defined below). **Prospective investors are encouraged to consult their own professional advisors as to the investment, tax and legal consequences of investing in the Fund (as defined below).** All dollar amounts in this Offering Memorandum are expressed in Canadian dollars, except where indicated to the contrary. References to “\$” or dollars are to Canadian dollars.

**The Fund:** Triumph Base Metals Advantage Fund (the “**Fund**”) is an open-ended trust established on February 24, 2012 under the laws of the Province of Québec by an amended and restated master trust agreement originally made as of February 24, 2012, and as amended and restated as of September 21, 2012 (the “**Trust Agreement**”). Denis Paquette is the settlor of the Fund, Computershare Trust Company of Canada (the “**Trustee**”) acts as the trustee of the Fund and Triumph Asset Management Inc./Gestion D'actifs Triumph (the “**Manager**”) acts as the manager of the Fund. Majestic Asset Management LLC (the “**Investment Advisor**”) acts as the investment advisor of the Fund. SGGG Fund Services Inc. (the “**Administrator**”) acts as the administrator of the Fund. See “The Fund”.

**Series and Units:** Investments in the Fund are represented by trust units of the Fund (the “**Units**”). The Fund is permitted to have an unlimited number of Units which may be issued in an unlimited number of series of Units (each, a “**Series**”), having such terms and conditions designated or redesignated from time to time by the Manager without notice to existing holders of Units (“**Unitholders**”). Each Unit of a Series (a “**Series of Unit**”, and Series of Unit with a designation of a particular Series means a Unit of that particular Series) represents an undivided interest in the net assets of the Fund attributable to that Series of Units. The number of Units of each Series is unlimited. See “The Fund”.

Under this Offering Memorandum, the Fund is offering the following four Series of Units (collectively, the “**Offered Units**”):

- (a) *Series A Units:* Series A Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Manager or its affiliates;
- (b) *Series B Units:* Series B Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Investment Advisor or its affiliates;
- (c) *Series C Units:* Series C Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Manager or its affiliates using funds from the sale or redemption of units or shares of other existing investment funds managed by the Manager; and
- (d) *Series D Units:* Series D Units are offered to associates and affiliates of each of the Manager and the Investment Advisor and their respective directors, officers and employees.

If the creation of additional Series of Units of the Fund would materially adversely impact the financial interests or rights of Unitholders of another Series of the Fund, the Manager will notify the Unitholders of the affected Series at least 30 days prior to the creation of such additional Series of Units of the Fund. See “Units of the Fund”.

Certain expenses, including management fees, and liabilities of the Fund, as set out in this Offering Memorandum or as determined by the Manager, in its sole discretion, are attributed exclusively to a particular Series of Units of the Fund (“**Series Expenses**”).

- Offering:** Under the terms of this Offering Memorandum, the Offered Units are offered on a continuous basis to “accredited investors” resident in any province of Canada (the “**Offering Jurisdictions**”) pursuant to applicable exemptions from the prospectus requirements contained in the securities legislation in the Offering Jurisdiction. Under no circumstances will the Manager accept a subscription for Units, whether initial or subsequent, if its distribution cannot be made in reliance on any such exemptions. Any monies received with a rejected order will be promptly refunded to the investor without any interest. See “Investing in Units of the Fund”.
- Offering Price:** Offered Units are offered at the applicable Series Net Asset Value per Unit (as defined below) calculated as of the applicable Subscription Date (as defined below). Fractional Units will be issued up to three decimal points.
- Investment Objective and Strategy:** *Investment Objective:* The Fund’s investment objective is to achieve long-term capital appreciation through direct investments in the main base metal commodity markets focused on the following base metals: Nickel, Copper, Aluminum, Zinc and Lead (the “**Fund Base Metals**”). Returns on investments in Fund Base Metals are non-correlated to traditional asset classes such as equities, real estate and bonds and as such represent a unique investment opportunity.
- Investment Strategy:* The Investment Advisor will seek to achieve its investment objective through investments specifically in futures and options contracts on the futures tied to the Fund Base Metals. The Investment Advisor will attempt to maximize the Fund’s returns over time through an aggressive investment and trading strategy. See “Investment Objective and Strategy – Investment Strategy”.
- Permitted Investments:* The Fund may only invest in specified securities. See “Investment Objective and Strategy – Permitted Investments”.
- Trustee and Settlor:** Denis Paquette is the settlor of the Fund and Computershare Trust Company of Canada is the Trustee of the Fund. David Bilodeau resigned as trustee of the Fund effective September 20, 2012 and on such date, the settlor of the Fund appointed Computershare Trust Company of Canada as successor trustee of the Fund. See “Management of the Fund – The Trustee”.
- Manager:** The Manager is the manager of the Fund and has authority and is empowered to direct the day-to-day business, operations and affairs of the Fund and has authority to bind the Fund. The Manager was incorporated in 2004 pursuant to the laws of Ontario and is registered: (a) in Ontario as an exempt market dealer, portfolio manager and investment fund manager; and (b) in Québec as a portfolio manager. The Manager carries out its activities from Toronto, Ontario. See “Management of the Fund - The Manager”.
- Investment Advisor:** The Fund has retained the Investment Advisor to provide investment advisory and portfolio management services in respect of the Fund’s investment portfolio. The Investment Advisor is a limited liability company incorporated under Delaware law and has been registered under the *Commodity Exchange Act* (United States) as a Commodity Trading Advisor (CTA) since October 26, 2006. The Investment Advisor is a member of the National Futures Association, the industry-wide, self-regulatory organization for the United States futures industry. The Investment Advisor is also registered as an adviser under the *Commodity Futures Act* (Ontario) in the category of commodity trading manager and, in Québec, it relies on an exemption decision from the Autorité des marchés financiers (2007-DIST-0497), allowing it to provide portfolio management services in respect of the Fund’s investment portfolio. See “Management of the Fund – The Investment Advisor”.
- Valuation:** The Fund’s net asset value (the “**Net Asset Value**”) is calculated as the value of the Fund’s assets, less its liabilities, computed on a particular date in accordance with the Trust Agreement. The Administrator will calculate the Net Asset Value of the Fund as of each Business Day, any other day on which a distribution is made or declared payable in respect of which additional Units of the Fund are issued and any other day on which the Manager determines the Net Asset Value of the Fund is required to be calculated for any purpose (each,

a “**Valuation Date**”), at 6:00 pm. (Eastern time) (the “**Valuation Time**”). In addition, for the purpose of calculating the Performance Fees (as defined herein), the Administrator will calculate the Net Asset Value of the Fund as of December 31 of every calendar year (the “**Performance Fee Date**”). For the purpose of this Offering Memorandum, a “**Business Day**” is a day on which the main branch of TD Canada Trust in Toronto, Ontario is open for business.

The Administrator will also calculate on each Valuation Date and Performance Fee Date, the Net Asset Value of the Fund attributable to each Series of Units of the Fund (the “**Series Net Asset Value**”) and the Net Asset Value per Unit for each Series of Units of the Fund (the “**Series Net Asset Value per Unit**”). See “Determination of Net Asset Value”.

**Term:** Subject to the applicable requirements in Canadian securities legislation, the Fund may at any time be terminated (or a Series of Units of the Fund may be terminated) by the Trustee at the request of the Manager by giving at least 60 days advance notice to the Unitholders of the Fund (or the holders of the Series of Units of the Fund), which notice shall specify the date on which the termination is to take effect. See “The Fund”.

**Purchase of Units:** Offered Units are offered on a continuous basis. Investors may be admitted to the Fund and purchase Offered Units or may acquire additional Offered Units on the first Business Day of each calendar month and on such other dates as the Manager may approve (each, a “**Subscription Date**”).

Funds in respect of any subscription will be payable by investors at the time of the subscription. Investors who wish to make an initial or additional subscription for Units of the Fund may do so by delivering a completed and signed subscription agreement (in such form as the Manager may approve from time to time) to the Manager, through Dealers (as defined below), accompanied by a cheque, bank draft or wire transfer in an amount equal to the purchase price in Canadian dollars.

Units will be offered at the Series Net Asset Value per Unit calculated as at the close of business on the Business Day prior to the relevant Subscription Date. Subscriptions that are received by the Manager at least three (3) Business Days prior to the Subscription Date and accepted by the Manager by 3:00 pm on the Business Day preceding that Subscription Date, will be completed on that Subscription Date. Subscriptions that are received or accepted by the Manager after such days will be made as of the following Subscription Date. All subscriptions for Units are to be forwarded by Dealers to the Manager the same day that they are received. See “Investing in Units of the Fund – Purchase of Units”.

**Minimum Investment:** The minimum initial investment in the Fund is \$500,000 for any Series. Subsequent additional investments in the Fund are subject to acceptance or rejection by the Manager and may be subject to statutory minimum requirements. See “Investing in Units of the Fund – Minimum Initial and Subsequent Investments”.

**Redemptions:** A Unitholder shall be entitled to redeem such Unitholder’s Units as at the last Business Day of each of March, June, September and December in each fiscal year, or such other date as the Manager in its absolute discretion may determine, on or after the first anniversary of the purchase date of the Units to be redeemed (each a “**Redemption Date**”). Under certain circumstances, the Manager is entitled to suspend or restrict rights of redemption. See “Redemption of Units”.

**Short Term Trading Deduction:** In order to protect the interest of the majority of Unitholders in the Fund and to discourage short-term trading in the Fund, Unitholders may be subject to a short-term trading deduction. If a Unitholder redeems Units of the Fund: (a) within 180 days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, one and one-half percent (1.5%) of the Series Net Asset Value of the Units being redeemed; and (b) during the period from the 180<sup>th</sup> day to and including the 365<sup>th</sup> day of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, one percent (1%) of the Series Net Asset Value of the Units being redeemed.

**Transfer of Units:** No transfers of Units of the Fund may be made other than by operation of law or with the consent of the Manager. Units will also be subject to certain resale restrictions under applicable securities laws. See “Transfer of Units” and “Resale Restrictions”.

**Expenses:** The Fund will bear and pay for the costs relating to the operation and administration of the Fund. Expenses in connection with the initial organization of the Fund and the initial offering of Units are expected to be amortized over a period of five years. See “Fee and Expenses of the Fund – Expenses”.

**Management Fees:** For providing their services to the Fund, the Manager and the Investment Advisor receive monthly management fees (the “**Management Fees**”) from the Fund. Management Fees are, for each Series, Series Expenses attributable to that Series.

Units of each Series (other than Series D Units) are charged annual Management Fees equal to the following percentages of the Series Net Asset Value of the said Series of the Fund, calculated and accrued on each Valuation Date and payable monthly:

<u>Series of Units</u>	<u>Management Fees</u>
Series A Units	1.75%
Series B Units	1.75%
Series C Units	1.75%

No Management Fees will be payable in respect of Series D Units. The allocation of the Management Fees between the Manager and the Investment Advisor varies between the Series. Management Fees are subject to applicable taxes, including Québec sales tax (QST) (which may be refunded under certain circumstances) and goods and services tax (GST) or harmonized sales tax (HST).

**Performance Fees:** The Manager and the Investment Advisor also receive performance fees (the “**Performance Fees**”) from the Fund attributable to each Series A Unit, Series B Unit and Series C Unit. No Performance Fees will be payable in respect of Series D Units. The allocation of the Performance Fees between the Manager and the Investment Advisor varies between the Series.

Performance Fees are calculated and accrue monthly and are paid on each Performance Fee Date and on each redemption of Units.

Performance Fees are calculated at the Unit level and, in respect of Series A Units, Series B Units and Series C Units, will, subject to the Series Net Asset Value per Unit of a Series of Unit as at the Performance Fee Date of the relevant fiscal year exceeding the High Water Mark (as defined below), be equal to the sum of: (i) provided the Hurdle Rate (as defined below) has been exceeded, one hundred percent (100%) of the amount in excess of the Hurdle Rate (to a maximum of the Catch-Up Amount (as defined below)) by which the applicable Series Net Asset Value per Unit as at the last Valuation Date of the relevant fiscal year exceeds the applicable Series Net Asset Value per Unit as at the first Valuation Date of that fiscal year; and (ii) provided the Catch-Up Amount has been exceeded in (i), thirty percent (30%) of the amount in excess of the Catch-Up Amount by which the applicable Series Net Asset Value per Unit as at the last Valuation Date of the relevant fiscal year exceeds the applicable Series Net Asset Value per Unit as at the first Valuation Date of that fiscal year.

For this purpose: (a) “**Catch-Up Amount**” for a Series of Unit means such amount as is equal to thirty percent (30%) of the amount by which the applicable Series Net Asset Value per Unit of such Series of Unit as at the last Valuation Date of such fiscal year exceeds the applicable Series Net Asset Value per Unit of such Series of Unit as at the first Valuation Date of the such fiscal year; (b) “**High Water Mark**” for a Series of Unit means the greater of the following: (i) the subscription price of such Series of Unit; and (ii) the Series Net Asset Value per Unit of such Series of Unit as at the Performance Fee Date of such fiscal year in which the Manager last earned a Performance Fee in respect of such Series of Unit; and (c) “**Hurdle Rate**” for a Series of Unit, as at any date, means an amount equal to ten percent (10%) per annum of the amount by which the Series Net Asset Value per Unit of such Series of Unit as at the last

Valuation Date of the relevant fiscal year exceeds the Series Net Asset Value per Unit as at the first Valuation Date of that fiscal year of such Series of Unit. In each case, the Hurdle Rate will be calculated and prorated monthly, from the first Valuation Date of the relevant fiscal year to and including the date on which the Hurdle Rate is being calculated.

Performance Fees are subject to applicable taxes, including Québec sales tax (QST) (which may be refunded under certain circumstances) and goods and services tax (GST) or harmonized sales tax (HST).

**No Dealer Compensation:** Units will be distributed in the Offering Jurisdictions only through registered dealers who are the Manager, the Investment Advisor and/or their respective affiliates (the “**Dealers**”). There is no compensation payable by a purchaser to a Dealer upon the purchase of the Units through such Dealer. See “Dealer Compensation”.

**Distributions:** The Fund intends to distribute sufficient net income (including 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 *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended from time to time (the “**Tax Act**”), other than alternative minimum tax, after taking into account any loss carry forwards. All distributions (other than Special Distributions described in “Fees and Expenses of the Fund”) will be made on a *pro rata* basis within each Series to each registered Unitholder determined as of the Valuation Time (prior to any subscriptions or redemptions) on the applicable Valuation Date. The Manager will distribute net income and net realized capital gains of the Fund, if any, on an annual basis, on the last Valuation Date in each taxation year, and on such other dates as deemed appropriate by the Manager. Distributions will be reinvested in Units of the Fund. See “Distributions”.

**Tax Consequences:** A prospective Unitholder should consider carefully all of the potential tax consequences of an investment in the Units and should consult with their tax advisor before subscribing for Units. For a discussion of certain income tax consequences of this investment, see “Canadian Federal Income Tax Considerations”.

**Eligibility for Investment:** Provided the Fund is a mutual fund trust under the Tax Act, on the date hereof, the Offered Units will be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts. Holders of registered retirement savings plans, registered retirement income funds and tax-free savings accounts should consult with their own tax advisors as to whether Offered Units would be a prohibited investment under the Tax Act in their particular circumstances.

**Risk Factors:** **There are risks associated with an investment in the Fund as a result of the Fund’s proposed nature and activities. An investment in Offered Units should only be made after consultation with independent qualified sources of investment and tax advice. See “Risk Factors”.**

**Fiscal Year:** The Fund’s fiscal year will end on December 31 of each year.

**Reports:** Unitholders will be sent audited annual financial statements within 90 days of year end and unaudited semi-annual financial statements within 60 days of June 30, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager. The Fund may enter into other agreements with certain Unitholders, which may entitle such Unitholders to receive additional reporting. Unitholders will receive the applicable required tax form(s) within the time required by applicable law to assist Unitholders in making the necessary tax filings.

**Purchaser's Rights of Action:**

Investors are entitled to the benefit of certain statutory or contractual rights of action as are applicable in each of the provinces of Canada which are described under "Purchasers' Rights of Action".

**No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Risk Factors".**

## THE FUND

Triumph Base Metals Advantage Fund (the “**Fund**”) is an open-ended trust established on February 24, 2012 under the laws of the Province of Québec by an amended and restated master trust agreement originally made as of February 24, 2012, and as amended and restated as of September 21, 2012 (the “**Trust Agreement**”). Denis Paquette (the “**Settlor**”) is the settlor of the Fund, Computershare Trust Company of Canada (the “**Trustee**”) acts as the trustee of the Fund and Triumph Asset Management Inc./Gestion D'actifs Triumph (the “**Manager**”) acts as the manager of the Fund. See “Management of the Fund – The Trustee” and “Management of the Fund – The Manager”. Majestic Asset Management LLC (the “**Investment Advisor**”) acts as the investment advisor of the Fund. See “Management of the Fund – The Investment Advisor”.

The other service providers to the Fund include SGGG Fund Services Inc., who acts as the administrator (the “**Administrator**”) and registrar (the “**Registrar**”) of the Fund and RBC Dominion Securities Inc., who is the Fund’s prime broker and will hold assets of the Fund that are derivative products.

The principal office of the Fund is located at 1500 University Street, Suite 700, Montreal, Québec, Canada H3A 3S8.

The descriptions of various provisions of the Trust Agreement contained in this amended and restated confidential offering memorandum (this “**Offering Memorandum**”) are subject to, and qualified in its entirety by, the full text of the Trust Agreement.

Investments in the Fund are represented by trust units of the Fund (the “**Units**”). The Fund is permitted to have an unlimited number of Units which may be issued in an unlimited number of series of Units (each, a “**Series**”), having such terms and conditions designated or redesignated from time to time by the Manager without notice to existing holders of Units.

Each Unit of a Series (a “**Series of Unit**”, and Series of Unit with a designation of a particular Series means a Unit of that particular Series) represents an undivided interest in the net assets of the Fund attributable to that Series of Units. The number of Units of each Series is unlimited.

Four Series of Units of the Fund are offered under this Offering Memorandum (collectively, the “**Offered Units**”):

- (i) *Series A Units*: Series A Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Manager or its affiliates;
- (ii) *Series B Units*: Series B Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Investment Advisor or its affiliates;
- (iii) *Series C Units*: Series C Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Manager or its affiliates using funds from the sale or redemption of units or shares of other existing investment funds managed by the Manager; and
- (iv) *Series D Units*: Series D Units are offered to associates and affiliates of each of the Manager and the Investment Advisor and their respective directors, officers and employees.

Additional Series of Units may be offered in the future without notice to, approval of existing holders of Units of the Fund (“**Unitholders**”).

Subject to the applicable requirements in Canadian securities legislation, the Fund may at any time be terminated (or a Series of Units of the Fund may be terminated) by the Trustee at the request of the Manager by giving at least 60 days advance notice to the Unitholders of the Fund (or the holders of the Series of Units of the Fund), which notice shall specify the date on which the termination is to take effect.

## INVESTMENT OBJECTIVE AND STRATEGY

### Investment Objective

The Fund’s investment objective is to achieve long-term capital appreciation through direct investments in the main base metal commodity markets focused on the following base metals: Nickel, Copper, Aluminum, Zinc and Lead (the “**Fund Base Metals**”). Returns on investments in Fund Base Metals are non-correlated to traditional asset classes such as equities, real estate and bonds and as such represent a unique investment opportunity.

## **Investment Strategy**

The Investment Advisor will seek to achieve its investment objective through investments specifically in futures and options contracts on the futures tied to the Fund Base Metals. The Investment Advisor will attempt to maximize the Fund's returns over time through an aggressive investment and trading strategy. The Investment Advisor will utilize its unique direct metal market industry experience to uncover opportunities for mispriced base metals contracts. These mispriced contracts may allow for purchase in the event they are deemed inexpensive or they may allow for short sale in the event they are deemed overvalued. As noted above, the focus of the Fund will remain on the Fund Base Metals.

## **Permitted Investments**

Only the investments stipulated below are permitted for the Fund:

### *Money Market and Cash*

Permitted investments in this category consist of cash (in any currency), demand deposits, treasury bills, short-term notes, bonds, banker's acceptances, government paper, term deposits, guaranteed investment certificates or other financial instruments issued by chartered banks, and commercial paper.

### *Derivative Products*

Permitted investments in this category consist of futures, forwards, swaps, options on futures and currencies.

### *Currencies*

The Fund may also carry out spot transactions in currencies on foreign exchange markets.

### *Investment Funds*

The Fund may also invest in any investment fund managed by the Manager or the Investment Advisor that primarily invests in the above investments.

## **Investment Restrictions and Other Conditions**

The investment restrictions that the Investment Advisor must follow in investing the assets and property of the Fund, and other conditions that the Fund must meet, are as follows:

- (i) the Fund shall not take delivery of any physical commodities underlying any futures contract;
- (ii) the Fund's total gross exposure will not exceed three hundred percent (300%) of the total equity value of the Fund;
- (iii) the Fund will not commit more than one hundred percent (100%) of the total equity value of the Fund into any one specific base metal;
- (iv) the Fund will not make or retain an investment in a partnership if any interest in that partnership is a "tax shelter investment" for purposes of the *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended from time to time (the "**Tax Act**"); and
- (v) the Fund will not undertake any investment that would cause it to lose its status as a "mutual fund trust" for the purposes of the Tax Act.

## **Caution**

The foregoing disclosure of the Fund's investment strategies and intentions may constitute "forward-looking information" for the purpose of applicable securities legislation, as it contains statements of the Fund's intended course of conduct and future operations. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Investment Advisor's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made and the success of the Fund's investment strategy are subject to a number of mitigating factors. Investors are urged to read "Risk Factors" for a discussion of the factors that will impact the operations and success of the Fund.

## MANAGEMENT OF THE FUND

### The Trustee and Settlor

Computershare Trust Company of Canada acts as the trustee of the Fund and Denis Paquette is the settlor of the Fund, in each case, pursuant to the Trust Agreement. David Bilodeau resigned as trustee of the Fund effective September 20, 2012 and on such date, the settlor of the Fund appointed Computershare Trust Company of Canada as successor trustee of the Fund. The Trustee has those powers and responsibilities in respect of the Fund as described in the Trust Agreement. The Trustee is required to exercise its powers and discharge its duties under the Trust Agreement honestly and in good faith and in the best interests of the Fund and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Trustee and any successor to the Trustee appointed under the Trust Agreement will at all times meet the qualification requirements set out in applicable legislation to act as a trustee and will be resident in Canada for purposes of the Tax Act.

For all of its services under the Trust Agreement, the Trustee will receive fees which will be paid by the Fund as the Trustee and the Manager may agree.

Subject to the requirements in applicable legislation, the Trustee may resign as trustee of the Fund by giving notice in writing to the Manager 60 days, or such other period as agreed to by the Trustee and the Manager, prior to the date when such resignation is to take effect. The Trustee may be removed as trustee of the Fund at any time upon 60 days' prior written notice being given by the Manager to the Trustee, or such other period as agreed to by the Manager and the Trustee. If a vacancy occurs in the office of trustee under the Trust Agreement, a successor trustee may be appointed by the Manager. If, within 30 days after the resignation or removal notice period expiring or a vacancy in the office of trustee occurring (a "**Vacancy Date**"), the Manager fails to appoint a successor trustee, any Unitholder may, call a meeting of Unitholders of the Fund within 30 days following the Vacancy Date for the purpose of appointing a successor trustee. If the Unitholders of the Fund do not appoint a permanent successor Trustee at such meeting, that Fund will terminate.

Under the terms of the Trust Agreement, each of the Trustee, affiliates of the Trustee and any director, officer, employee or agent of the Trustee or affiliates of the Trustee benefits from a general disclaimer of liability and the Trustee and its heirs, personal legal representatives, executors and administrators, its affiliates and any director, officer, employee or agent of the Trustee or its affiliates, as applicable, have a right of indemnification from the Fund for any claims or liabilities arising out of the execution of its duties as trustee, except in cases of gross negligence or wilful default on the part of the Trustee or from the failure of the Trustee to meet its standard of care. To the extent that the Fund's property is insufficient or unavailable to meet the indemnity obligations of the Fund to the Trustee, the Manager has agreed to indemnify the Trustee from and against the foregoing claims and liabilities.

### The Manager

The Manager was incorporated on September 10, 2004 pursuant to the *Business Corporations Act* (Ontario) and is registered (a) in Ontario as an exempt market dealer, portfolio manager and investment fund manager; and (b) in Québec as a portfolio manager. The registered office and principal place of business of the Manager is 220 Bay Street, Suite 500, PO Box 25, Toronto, Ontario, Canada M5J 2W4. The Manager manages and distributes investment products designed to achieve long-term capital appreciation through investments primarily in equity based securities.

The Trustee may appoint, upon such terms and conditions as it may determine, a manager in respect of the Fund to provide management and administrative services to the Fund. The Trustee has retained the Manager to provide certain management and administrative services to the Fund and has delegated to the Manager the exclusive power and sole responsibility to manage the business and affairs of the Fund and to manage and direct the investment of the assets of the Fund and to make executive decisions which conform to general policies, objectives, restrictions and principles of the Fund, in each case, upon and subject to the terms and conditions contained in the amended and restated management agreement (the "**Management Agreement**") between the Fund and the Manager, originally made as of the 24<sup>th</sup> day of February, 2012, as amended and restated as of the 21<sup>st</sup> day of September, 2012.

Pursuant to the Management Agreement, the Manager has exclusive authority and is empowered to direct the day-to-day business, operations and affairs of the Fund, has full power and authority to bind the Fund and has been delegated full authority and responsibility to provide or cause to be provided to the Fund the applicable management and administration services. The Trustee has no responsibility for investment management of the securities or other property of the Fund or for any investment decisions or for compliance with any investment policy or principle of the Fund. The Manager has the power to appoint one or more investment advisors to manage the Fund's property and assets. Among its other powers, the Manager will administer or supervise the administration on behalf of the Fund of the payment of distributions from the Fund to the

Unitholders, supervise the processing and registration of subscriptions and transfers of Units and act as attorney-in-fact or agent of the Fund in obtaining for the Fund such services as may be required, disbursing and collecting monies for the Fund, arranging for the deposit of monies of the Fund, directing the payment of debts and fulfilment of the obligations of the Fund. The Manager is also authorized and empowered to direct the marketing and distribution of Units of the Fund under the Management Agreement.

The Manager may delegate any of its powers to third parties where it deems necessary for the proper administration of the Fund, provided that: (a) cost of third party administrators engaged to provide valuation, accounting, reporting and similar services may be borne by the Fund, however the Manager shall remain responsible for monitoring and supervising the activities of such service providers; and (b) the cost of third party marketers, dealers or selling agents engaged to assist in the distribution of Units shall be borne by the Manager (except to the extent that purchasers of Units agree to pay their own agents).

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Management Agreement may be terminated by mutual agreement of the parties at any time or by either party on not less than 60 days' prior written notice to the other party. Under the Trust Agreement, the Trustee may appoint a successor manager. The Management Agreement may also be terminated: (a) by a party by written notice taking immediate effect if the other party is in breach of any of the terms of the Management Agreement and has not remedied the breach within 15 days of receipt of written notice disclosing and requiring the breach to be remedied; or (b) by the Trustee upon 10 days' prior written notice if the Manager is in non-compliance with any provision of applicable anti-money laundering or anti-terrorist legislation, and the Manager's non-compliance is not rectified to the Trustee's satisfaction within such 10 day period. Notwithstanding the foregoing, either party may immediately terminate the Management Agreement : (i) if an order is made or a resolution passed or other proceedings taken for the dissolution of the other party, or (ii) if the other party consents to or makes a general assignment for the benefit of creditors, or makes a proposal to creditors under any insolvency law, or is declared bankrupt or if a liquidator, trustee in bankruptcy, custodian or receiver is appointed by the other party. If not terminated earlier, the Management Agreement will terminate on the date of termination of the Fund.

No provision of the Management Agreement may be changed, waived, discharged or discontinued except by a document signed by both the Manager and the Trustee, on behalf of the Fund. No change shall be made to the fees to be paid to the Manager under the Management Agreement if such change could result in an increase of fees paid by the Fund, or by any one Series of Units, to the Manager unless Unitholders so affected are given at least 90 days prior written notice of such change.

Under the terms of the Management Agreement, the Manager and its directors, officers, shareholders, managers, employees, consultants and agents have a right of indemnification from the Fund for any claims or liabilities arising out of the execution of the Manager's duties under the Management Agreement, except in cases of bad faith, gross negligence or wilful misconduct on the part of the Manager or a potential indemnitee or a failure to fulfill the standard of care.

The services of the Manager under the Management Agreement are not exclusive to the Fund, and nothing in the Management Agreement will prevent the Manager, or any director, officer, employee, principal, shareholder, affiliate or associate of the Manager, from providing similar services to other investment funds and other clients (irrespective of whether their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

### **Directors and Officers of the Manager**

The following individuals are the directors and officers of the Manager who will participate in providing services to the Fund under the Management Agreement::

*Steven Tuchner, Director, Chief Executive Officer and Ultimate Designated Person*

Steven Tuchner is a director and the Chief Executive Officer and a founder of the Manager. Mr. Tuchner brings a wealth of experience to the role from previous positions including founding partner and Managing Director of Equity Capital Markets at Westwind Partners Inc. where he served from 2003 to 2004. Prior to that, Mr. Tuchner held several positions (of increasing authority) at National Bank Financial. He began as Institutional Equity Salesperson at First Marathon Securities, predecessor to National Bank Financial, Limited, and then headed Institutional Equity Sales and Institutional Equity Trading. He began his career as Research Associate at CIBC World Markets covering both the Gold & Precious Metals and Consumer Products sectors. Mr. Tuchner is a Chartered Accountant, receiving his designation while working at Ernst & Young. He holds an MBA from the Schulich School of Business and a B.Sc in Mathematics from the University of Western Ontario. Mr. Tuchner

currently sits on the Resource Committee of the Mount Sinai Hospital and sits on the Board of Governors for the Sterling Hall School.

*Bruce Tatters, Director, President and Chief Investment Officer*

Bruce Tatters is a director and the President and Chief Investment Officer and a founder of the Manager. Mr. Tatters came to the Manager from Westwind Partners Inc. where he was a founding partner and Managing Director of Institutional Equity Sales from 2002 to 2004. Prior to that he was at National Bank Financial and its predecessor, First Marathon Securities Limited, from 1994 to 2002, where he began as a Research Associate covering Industrial Products and Financial Services before becoming an Institutional Equity Salesperson ultimately becoming Head of Institutional Equity Sales. He began his career as a Research Associate covering Small Capitalization - Special Situations at Burns Fry Limited. Mr. Tatters is a Chartered Financial Analyst and holds a BA in Economics from the University of Western Ontario.

*Bonnie Bloomberg, Director and Chief Compliance Officer*

Bonnie Bloomberg is a director and the Chief Compliance Officer and a founder of the Manager. Ms. Bloomberg brings deep experience managing funds, as well as in institutional sales in Canada and the US. During her tenure as Vice President at TD Asset Management, Ms. Bloomberg co-managed the TD Greenline Value Fund, and was an active member of the Bank's Investment Committee and a Research Analyst to the Bank's Pension Fund. Her areas of expertise were concentrated in: Media, Telecommunications, Consumer Products and Merchandising. Ms. Bloomberg was with TD Asset Management from 1994 to 1999. Ms. Bloomberg held the position of Vice-President of U.S. Institutional Equity Sales at Westwind Partners Inc. (2003 – 2004) and at National Bank Financial (2000 -2003), specializing in covering US based hedge funds. Ms. Bloomberg is a Chartered Financial Analyst. She holds an MBA from the Rotman School of Business at the University of Toronto and a BA in Philosophy from the University of Western Ontario.

*Ornella Gubiani Parker, Chief Operating Officer and Secretary*

Ornella Gubiani Parker is the Chief Operating Officer and Secretary of the Manager. Ms. Gubiani Parker has been with the Manager since its founding in 2004. Ms. Gubiani Parker began her career at First Marathon Securities Ltd., predecessor to National Bank Financial, on the Institutional Sales Desk. She has over 10 years of administrative experience in institutional equities and has worked with Ms. Bloomberg, Mr. Tatters and Mr. Tuchner since 1997. In 2003, Ms. Gubiani Parker moved to Westwind Partners Inc., where she was an integral part in the development of that company's equities desk. Ms. Gubiani Parker holds a Bachelor of Commerce degree from Ryerson University in Toronto.

**The Investment Advisor**

The Trustee has retained the Investment Advisor pursuant to the terms of an investment advisory and portfolio management services agreement (the "**Portfolio Management Agreement**") made and entered into as of the 24<sup>th</sup> day of February, 2012 between the Fund, the Manager (in its capacity as the manager of the Fund) and the Investment Advisor to provide investment advisory and portfolio management services in respect of the Fund's investment portfolio.

The Investment Advisor is a Montreal-based quantitative alternative asset manager that specializes in managing institutional and individual assets in a broad spectrum of global futures markets that consist of currency, treasury debt, equity, energy, metal, agricultural and soft commodity futures. The Investment Advisor focuses on long-term price trends that generally last three months or longer, with the objective of realizing superior absolute and risk-adjusted returns that are uncorrelated to equity and fixed income returns.

The Investment Advisor is a limited liability company incorporated under Delaware law and has been registered under the *Commodity Exchange Act* (United States) as a Commodity Trading Advisor (CTA) since October 26, 2006. The Investment Advisor is a member of the National Futures Association, the industry-wide, self-regulatory organization for the United States futures industry. The Investment Advisor is also registered as an adviser under the *Commodity Futures Act* (Ontario) in the category of commodity trading manager and, in Québec, it relies on an exemption decision from the Autorité des marchés financiers (2007-DIST-0497), allowing it to provide portfolio management services in respect of the Fund's investment portfolio.

The Investment Advisor is required to exercise its powers and discharge its duties in a manner which is fair and reasonable to the Fund, honestly, in good faith and in the best interests of the Fund, and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent professional portfolio manager and investment adviser would exercise in the circumstances. No provision of the Portfolio Management Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge

or termination is sought.

Pursuant to the terms of the Portfolio Management Agreement, except to the extent prohibited by law, the Investment Advisor and its affiliates and their respective officers, directors, members, managers, partners, employees, agents and mandataries will be indemnified by the Fund against any losses, judgments, liabilities, expenses (including reasonable attorneys' fees) and amounts paid in settlement of any claims sustained by them which arise out of any action or inaction of such person if such person reasonably and in good faith believed that such action or inaction was in or not opposed to the best interests of the Fund, as applicable, and such action or inaction did not constitute fraud, bad faith, willful misconduct or gross negligence of such person.

The Portfolio Management Agreement is subject to termination by the Investment Advisor or the Fund upon 60 days' prior notice to the other parties. If the Investment Advisor ceases to be authorized to provide discretionary portfolio management services, the Portfolio Management Agreement will forthwith terminate.

### **Senior Officers of the Investment Advisor**

The following individuals are the officers and employees of the Investment Advisor who will participate in providing services to the Fund under the Portfolio Management Agreement:

*David Bilodeau, DMS, FCSI, Co-Chief Executive Officer & Chief Investment Officer*

David Bilodeau is Co-Founder, Co-Chief Executive Officer and Chief Investment Officer of the Investment Advisor. He oversees all portfolio management and trading at the Investment Advisor and leads the firm's business development. Mr. Bilodeau earned a Bachelor's degree in Business Administration from HEC University and began his career working at Refco Canada Inc. and Man Financial Canada Co. He subsequently became a Fellow of the Canadian Securities Institute, which earned him the FCSI designation. As an FCSI, Mr. Bilodeau belongs to an elite group of professionals of the financial services industry who are instantly recognized as trusted leaders in their field and respected by their clients, employers and investors alike. Furthermore, he holds the Derivatives Market Specialist designation (DMS), a professional accreditation that few hold in Canada. Mr. Bilodeau has over 16 years of trading experience on stocks, options and futures contracts.

*Denis Paquette, FRM, CAIA, DMS, Co-Chief Executive Officer and Chief Operating Officer*

Denis Paquette is Co-Founder, Co-Chief Executive Officer and Chief Operating Officer of the Investment Advisor. He is responsible for the research and development of trading strategies and oversees the firm's operations, as well risk management policies and procedures. He is also actively involved in the firm's portfolio management and trading activities. Mr. Paquette studied in science at McGill University. He has significant experience in the derivatives markets with over twelve years of futures trading experience. Early in his trading career, he worked on the floor of the Montreal Stock Exchange as an assistant futures trader. Over the year trading derivatives, he became significantly involved in the development of quantitative trading strategies by applying what he had learned from studying in science. Mr. Paquette is a Certified Financial Risk Manager (FRM), and a member of the Global Association of Risk Professionals (GARP). He also holds the professional designation of Chartered Alternative Investment Analyst (CAIA) and is a member of the CAIA Association. In addition, he is a Derivatives Market Specialist (DMS), a designation earned from the Canadian Securities Institute.

*Gordon Tani, Director and Chairman of the Investment Committee*

Gordon Tani is Director and Chairman of the Investment Committee of the Investment Advisor. He has over 26 years of trading experience on stocks and derivative products. In 1984, he joined Prudential Bache where he became head of floor trading in stocks and options at the Montreal Stock Exchange. He then joined National Bank Financial Group in 1989. During his 20 years there, Mr. Tani played a pivotal role in creating and building the firm's equity derivatives group into one of the Group's major departments. As head of global equity derivatives, he was responsible for all equity options trading as well as over-the-counter equity derivatives products. He was also responsible for stock loans as well as the equity market makers and specialists employed at the Group. In addition, Mr. Tani headed a team of proprietary traders that employed numerous trading strategies, including those used by hedge funds. His latest achievement at the firm was creating and building a high frequency trading program. Since 2010, Mr. Tani manages private capital at his own business.

*Danny Fleisher, Analyst*

Danny Fleisher has been a partner and owner of Dominion Nickel Alloys Ltd. ("DNA") since 1988. DNA, based out of Burlington, Ontario, specializes in the purchasing, sorting, processing and marketing of a broad range of high temperature and specialty alloys, and selling to the various stainless mills. With a lifelong exposure to the industry, Mr. Fleisher has

cultivated a tight working relationship with the international giants in the mining industry. His decades of experience and emersion in the field of base metals has enabled Mr. Fleisher to recognize and predict the aspects of supply and demand of metals such as zinc, nickel, copper, lead, and aluminum. Mr. Fleisher graduated from Ryerson University with a Bachelor of Commerce degree in 1988.

### **Conflicts of Interest**

The services of the Manager, the Investment Advisor and their respective directors, officers, employees, principals, shareholders, affiliates or associates are not exclusive to the Fund. The Manager, the Investment Advisor and any of their respective directors, officers, employees, principals, shareholders, affiliates or associates may, at any time, engage in the promotion, management or investment management of any other fund or trust and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Manager or of the Investment Advisor. On occasion, however, the Investment Advisor may make the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Investment Advisor are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis. The Investment Advisor has adopted a conflict of interest policy to address and minimize potential conflicts of interest. The policy states that the Investment Advisor will deal fairly, honestly and in good faith with all clients and not advantage one client over another.

The Manager provides management and administrative services and facilities to the Fund. The Manager's directors, officers, employees, principals, shareholders, affiliates or associates, as the case may be, may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on behalf of the Fund. The Manager may take a position in securities of the Fund or other entities in which the Manager, the Investment Advisor or any of their respective affiliates manage or advise. As a result of differing trading and investment strategies or constraints, positions may be taken by directors, officers and employees of the Manager or the Investment Advisor that are the same, different or made at a different time than positions taken for the Fund.

Future investment activities of the Manager, the Investment Advisor and/or their respective directors, officers, employees, principals, shareholders, affiliates or associates may give rise to additional conflicts of interest.

### **UNITS OF THE FUND**

Investments in the Fund are represented by Units. The Fund is permitted to have an unlimited number of Units which may be issued in an unlimited number of Series, having such terms and conditions designated or redesignated from time to time by the Manager without notice to Unitholders. Each Unit of a Series represents an undivided beneficial interest in the net assets of the Fund attributable to that Series of Units. Accordingly, the Manager, in its discretion, determines the number of Series of Units and establishes the attributes of each Series, including investor eligibility, the designation and currency of each Series, the initial closing date for the first issuance of Units of the Series, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Series, sales or redemption charges payable in respect of the Series, redemption rights, convertibility among Series and any additional Series specific attributes. If the creation of additional Series of Units of the Fund would materially adversely impact the financial interests or rights of Unitholders of another Series of the Fund, the Manager will notify the Unitholders of the affected Series at least 30 days prior to the creation of such additional Series of Units of the Fund.

The Fund currently has the following four Series of Units:

- (i) *Series A Units*: Series A Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Manager or its affiliates;
- (ii) *Series B Units*: Series B Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Investment Advisor or its affiliates;
- (iii) *Series C Units*: Series C Units are offered to accredited investors under the terms of this Offering Memorandum who purchase such units through the Manager or its affiliates using funds from the sale or redemption of units or shares of other existing investment funds managed by the Manager; and
- (iv) *Series D Units*: Series D Units are offered to associates and affiliates of each of the Manager and the Investment Advisor and their respective directors, officers and employees.

Certain expenses, including management fees, and liabilities of the Fund, as set out in this Offering Memorandum or as determined by the Manager, in its sole discretion, are attributed exclusively to a particular Series of Units of the Fund

(“**Series Expenses**”).

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

The Trust Agreement provides Unitholders with the right to vote in limited circumstances. Where the general nature of the business to be transacted at a Unitholder meeting concerns an issue relevant to all Unitholders of the Fund, Units of all Series of the Fund will be voted together. Where an issue may affect the Unitholders of a particular Series in a manner that is materially different from another Series, only Unitholders of those Series to which such business is relevant will be entitled to vote and such Units will be voted separately as a Series.

All Units of the same Series are entitled to participate *pro rata*: (i) with respect to all distributions of the Fund made to that Series (other than Special Distributions as defined and described in “Fees and Expenses of the Fund” and distributions of net income and net capital gains paid to particular Unitholders in the case of a redemption); and (ii) upon liquidation of the Fund, with the other Unitholders of the same Series in the net assets of the Fund attributable to that Series remaining after the satisfaction of outstanding liabilities of that Fund.

Units are not transferable except upon the death of a Unitholder or otherwise by operation of law (for example, the bankruptcy of a Unitholder) or with the consent of the Manager. To dispose of Units, a Unitholder must have them redeemed. See “Redemption of Units”.

Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights, which only may be exercised with respect to one or more whole Units) in the proportion that they bear to a whole Unit. Outstanding Units of any Series may be subdivided or consolidated in the Manager’s discretion and after any subdivision or consolidation, the Manager will give to each Unitholder of the applicable Series such notice thereof as the Manager in its discretion may consider reasonable in the circumstances. The Manager may redesignate Units of a Series as Units of any other Series based on the applicable Series Net Asset Value (as defined under “Determination of Net Asset Value”) on the date of redesignation.

#### **DETERMINATION OF NET ASSET VALUE**

The Fund’s net asset value (the “**Net Asset Value**”) is calculated as the value of the Fund’s assets, less its liabilities, computed on a particular date in accordance with the Trust Agreement. The Administrator will calculate the Net Asset Value of the Fund as of each Business Day, any other day on which a distribution is made or declared payable in respect of which additional Units of the Fund are issued and any other day on which the Manager determines the Net Asset Value of the Fund is required to be calculated for any purpose (each, a “**Valuation Date**”), at 6:00 pm. (Eastern time) (the “**Valuation Time**”). In addition, for the purpose of calculating the Performance Fees (as defined under “Fees and Expenses of the Fund – Performance Fees”), the Administrator will calculate the Net Asset Value of the Fund as of December 31 of every calendar year (the “**Performance Fee Date**”). For the purpose of this Offering Memorandum, a “**Business Day**” is a day on which the main branch of TD Canada Trust in Toronto, Ontario is open for business.

The Administrator will also calculate on each Valuation Date and Performance Fee Date, the Net Asset Value of the Fund attributable to each Series of Units of the Fund (the “**Series Net Asset Value**”) and the Net Asset Value per Unit for each Series of Units of the Fund (the “**Series Net Asset Value per Unit**”). The Series Net Asset Value will be, for each Series of the Fund, the proportionate share of the Net Asset Value of the Fund attributable to that Series, less the Series Expenses of that Series. The Series Net Asset Value per Unit for the Units of each Series of the Fund will be the quotient obtained by dividing the amount equal to the Series Net Asset Value by the total number of outstanding Units of that Series, including fractions of Units of that Series and adjusting the result to a maximum of three decimal places.

The number of Units, the fair market value of the assets and the amount of the liabilities of the Fund is calculated in such manner as the Administrator in its sole discretion determines from time to time, subject to the following:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses and interest accrued and not yet received, is deemed to be the face amount thereof, unless the Administrator determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof is deemed to be such value as the Administrator determines to be the reasonable value thereof;
- (b) the value of any bonds, debentures, and other debt obligations are valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Administrator, in its discretion, deems appropriate. Short-term

investments including notes and money market instruments are valued at cost plus accrued interest;

- (c) the value of any securities, index futures or index options thereon which is listed on any recognized exchange is determined by the closing sale price at the Valuation Time or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security or other asset for which a market quotation is not readily available is its fair market value as determined by the Administrator;
- (e) the value of any security, the resale of which is restricted or limited, is the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same series, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (f) purchased or written options on futures, and debt like securities are valued at the current market value thereof;
- (g) where a covered option on futures or over-the-counter option is written, the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options will be treated as an unrealized gain or loss on investment. The deferred credit will be deducted in arriving at the Net Asset Value of the Fund.
- (h) the value of a futures contract, or a forward contract, is the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value will be based on the current market value of the underlying interest;
- (i) margin paid or deposited in respect of futures contracts and forward contracts is reflected as an account receivable and margin consisting of assets other than cash is noted as held as margin;
- (j) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency are converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Administrator, including, but not limited to, the Administrator or any of its affiliates;
- (k) all expenses or liabilities (including fees payable to the Manager or the Investment Advisor) of the Fund are calculated on an accrual basis; and
- (l) the value of any security or property to which, in the opinion of the Administrator, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) is the fair value thereof determined in such manner as the Administrator from time to time provides.

The Administrator is entitled to rely on any values or quotations supplied to it by a third party, including the Manager, and is not required to make any investigation or inquiry as to the accuracy, completeness or validity of such values or quotations. Provided the Administrator acts in accordance with its standard of care, it will be held harmless by the Fund and will not be responsible for any losses or damages resulting from relying on such information.

## **INVESTING IN UNITS OF THE FUND**

### **Purchase of Units**

Offered Units are offered on a continuous basis. Investors may be admitted to the Fund and purchase Offered Units or may acquire additional Offered Units on the first Business Day of each calendar month and on such other dates as the Manager may approve (each, a "**Subscription Date**").

Funds in respect of any subscription will be payable by investors at the time of the subscription. Investors who wish to make an initial or additional subscription for Units of the Fund may do so by delivering a completed and signed subscription agreement (in such form as the Manager may approve from time to time) to the Manager, through Dealers (as defined below) or other persons permitted by applicable securities laws to sell Units, accompanied by a cheque, bank draft or wire transfer in an amount equal to the purchase price in Canadian dollars. Purchasers of Offered Units will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of their jurisdiction of residence. Investors will be required to complete all forms necessary to ensure compliance with applicable securities laws and anti-money laundering legislation.

Units will be offered at the Series Net Asset Value per Unit calculated as at the close of business on the Business Day prior to the relevant Subscription Date. Subscriptions that are received by the Manager at least three (3) Business Days prior to the Subscription Date and accepted by the Manager by 3:00 pm on the Business Day preceding that Subscription Date, will be completed on that Subscription Date. Subscriptions that are received or accepted by the Manager after such days will be made as of the following Subscription Date. All subscriptions for Units are to be forwarded by Dealers to the Manager the same day that they are received.

The Manager reserves the right to accept or reject orders, and any monies received with a rejected order will be refunded forthwith, without interest, other compensation or deduction after the Manager has made such determination. All subscriptions will be irrevocable. Fractional Units will be issued up to three decimal points.

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

Units of each Series can only be purchased in Canadian dollars.

### **Distribution of Units**

Units of the Fund are offered to investors who are “accredited investors”, as described in applicable securities legislation and resident in the provinces of Canada (the “**Offering Jurisdictions**”) pursuant to applicable exemptions from the prospectus requirements of the securities legislation in the Offering Jurisdictions. Under no circumstances will the Manager accept a subscription for Units, whether initial or subsequent, if its distribution cannot be made in reliance on any such exemptions.

### **Know-Your-Client and Suitability**

The Dealer through whom the Units are purchased has an obligation under applicable securities laws to determine suitability of the investment for such purchaser, unless the purchaser is a “permitted client” and either waives such requirement or the Dealer is otherwise exempt from such requirement. Subscribers purchasing from a Dealer will be required to provide certain information in the subscription agreement (referred to as know-your-client information) on which such Dealer will rely in determining such suitability.

### **Minimum Initial and Subsequent Investments**

The minimum initial investment in the Fund is \$500,000 for any Series. The minimum initial investment amount may be waived by the Manager, in its sole discretion. Subsequent additional investments in the Fund are subject to acceptance or rejection by the Manager and may be subject to statutory minimum requirements.

## **REDEMPTION OF UNITS**

### **How to Redeem Units**

A Unitholder shall be entitled to redeem such Unitholder’s Units as at the last Business Day of each of March, June, September and December in each fiscal year, or such other date as the Manager in its absolute discretion may determine, on or after the first anniversary of the purchase date of the Units to be redeemed (each a “**Redemption Date**”). Redemption requests will only be considered if the Manager receives a written request for such redemption at least 30 days prior to the proposed Redemption Date. Any request for redemption received after such time will be processed on the next Redemption Date.

Requests for redemption will be accepted in the order in which they are received. If a redeeming Unitholder owns Units of more than one Series, Units will be redeemed on a “first in, first out” basis, meaning that Units of the earliest Series owned by the redeeming Unitholder will be redeemed first, at the redemption price for Units of such Series, until such redeeming Unitholder no longer owns Units of such Series (although this policy may be amended by the Manager depending on tax

considerations).

The Manager shall within three Business Days following the determination of the Series Net Asset Value per Unit for the applicable Redemption Date, distribute to the redeeming Unitholder an amount equal to the Series Net Asset Value per Unit determined as of the relevant Redemption Date for each Unit of a Series being redeemed (after any applicable deductions and less an amount equal to the distribution, if any, paid to the Manager and the Investment Advisor as a result of the redemption (to the extent not already reflected in the Series Net Asset Value per Unit). See “– Short-Term Trading Deduction” and “Fees and Expenses of the Fund – Performance Fees”. Payment of the redemption proceeds will be made in Canadian dollars and, upon the direction of the relevant redeeming Unitholder, may be made by wire transfer to the bank account of that Unitholder, by the mailing or delivery of a cheque representing the net redemption proceeds to that Unitholder at its last address as shown in the record of Unitholders or to such other payee or address as the Unitholder may in writing direct. Any payment referred to above, unless such payment is not honored, will discharge the Fund, the Trustee, the Manager and their agents from all liability to the redeeming Unitholder in respect of the payment and the Units redeemed and the Unitholder will cease to have any further rights with respect to such Units as of the Redemption Date.

### **Suspension of Redemptions**

The Manager may, under certain circumstances, suspend the right of Unitholders to require the Fund to redeem Units and the concurrent payment for Units of the Fund tendered for redemption and will so immediately advise the Unitholders so seeking a redemption.

In the event of such a suspension, a Unitholder who has delivered a redemption request for which the redemption price has not yet been calculated may either withdraw such Unitholder’s redemption request within three Business Days of receiving notice of the suspension or receive payment based on the Series Net Asset Value per Unit of the applicable Series of Units next calculated after the termination of the suspension.

### **Short-Term Trading Deduction**

In order to protect the interest of the majority of Unitholders in the Fund and to discourage short-term trading in the Fund, Unitholders may be subject to a short-term trading deduction. If a Unitholder redeems Units of the Fund: (a) within 180 days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, one and one-half percent (1.5%) of the Series Net Asset Value of the Units being redeemed; and (b) during the period from the 180<sup>th</sup> day to and including the 365<sup>th</sup> day of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, one percent (1%) of the Series Net Asset Value of the Units being redeemed.

### **Redemption at the Demand of the Manager**

The Manager may in its discretion, cause the Fund to redeem all or a portion of a Unitholder’s Units by giving 30 days’ prior written notice to the Unitholder, specifying the number or value of Units to be redeemed. For example, the Manager may cause the Units of any Unitholder to be redeemed if at any time as a result of redemptions the value of the Unitholder’s investment in the Fund is less than the minimum initial investment amount, unless the Unitholder increases the aggregate value of its investment to an amount which is not less than the minimum initial investment amount. If at any time the Unitholder is in breach of the representations, warranties and covenants made in the subscription application, the Manager may cause the Fund to redeem the Units owned by such Unitholder immediately and without notice. In addition, the Manager may cause the Fund to redeem, without notice, Units owned by: (i) a non-resident of Canada, if the continued ownership of such non-resident could cause the Fund to be unable to obtain or to lose its status as a mutual fund trust for the purposes of the Tax Act; or (ii) a person which would cause the Fund to contravene the laws of any jurisdiction or to become subject to the laws of a foreign jurisdiction.

## **TRANSFER OF UNITS**

Units are not transferable except by operation of law or with the consent of the Manager. There is no formal market for the Units and none is expected to develop. Furthermore, this offering of Units is not qualified by way of prospectus and consequently, the resale of Units will be subject to restrictions under applicable securities legislation. Unitholders may not be able to resell Units and may only be able to redeem them. Redemptions of Units may be subject to the limitations described under “Redemption of Units” and “Purchase of Units”. Investors are advised to seek legal advice prior to any resale of the Units. See “Resale Restrictions”.

## FEES AND EXPENSES OF THE FUND

### Expenses

The Fund will bear and pay for the costs relating to the operation and administration of the Fund, including, but not limited to: (i) administrative fees and expenses of the Fund, which include the Manager's fees, accounting and legal costs, insurance premiums, custodial fees, registrar and transfer agency fees and expenses, Unitholder communication expenses, promotional expenses, organizational expenses, the cost of maintaining the Fund's existence and regulatory fees and expenses, and all reasonable extraordinary or non recurring expenses; and (ii) fees and expenses relating to the Fund's portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, and banking fees. To the extent that such expenses are borne by the Manager or the Investment Advisor, the Manager or the Investment Advisor, as the case may be, shall be reimbursed by the Fund from time to time. Expenses in connection with the initial organization of the Fund and the initial offering of Units are expected to be amortized over a period of five years.

Each Series of Units is responsible for the Series Expenses specifically related to that Series and a proportionate share of expenses that are common to all Series of Units. The Manager will allocate expenses to each Series of Units in its sole discretion, as it deems fair and reasonable in the circumstances.

The Manager and the Investment Advisor may, from time to time, waive any portion of the fees and reimbursement of expenses otherwise payable to them, but no such waiver affects their right to receive fees and reimbursement of expenses subsequently accruing to them.

### Management Fees

For providing their services to the Fund, the Manager and the Investment Advisor receive monthly management fees (the "**Management Fees**") from the Fund. Management Fees are, for each Series, Series Expenses attributable to that Series.

Units of each Series (other than Series D Units) are charged annual Management Fees equal to the following percentages of the Series Net Asset Value of the said Series of the Fund, calculated and accrued on each Valuation Date and payable monthly:

<u>Series of Units</u>	<u>Management Fees</u>
Series A Units	1.75%
Series B Units	1.75%
Series C Units	1.75%

No Management Fees will be payable in respect of Series D Units. The allocation of the Management Fees between the Manager and the Investment Advisor varies between the Series.

Management Fees are subject to applicable taxes, including Québec sales tax (QST) (which may be refunded under certain circumstances) and goods and services tax (GST) or harmonized sales tax (HST).

### Performance Fees

The Manager and the Investment Advisor also receive performance fees (the "**Performance Fees**") from the Fund attributable to each Series A Unit, Series B Unit and Series C Unit. No Performance Fees will be payable in respect of Series D Units. The allocation of the Performance Fees between the Manager and the Investment Advisor varies between the Series.

Performance Fees are calculated and accrue monthly and are paid on each Performance Fee Date and on each redemption of Units. Performance Fees are calculated at the Unit level and, in respect of Series A Units, Series B Units and Series C Units, will, subject to the Series Net Asset Value per Unit of a Series of Unit as at the Performance Fee Date of the relevant fiscal year exceeding the High Water Mark (as defined below), be equal to the sum of: (i) provided the Hurdle Rate (as defined below) has been exceeded, one hundred percent (100%) of the amount in excess of the Hurdle Rate (to a maximum of the Catch-Up Amount (as defined below)) by which the applicable Series Net Asset Value per Unit as at the last Valuation Date of the relevant fiscal year exceeds the applicable Series Net Asset Value per Unit as at the first Valuation Date of that fiscal year; and (ii) provided the Catch-Up Amount has been exceeded in (i), thirty percent (30%) of the amount in excess of the Catch-Up Amount by which the applicable Series Net Asset Value per Unit as at the last Valuation Date of the relevant fiscal year exceeds the applicable Series Net Asset Value per Unit as at the first Valuation Date of that fiscal year.

For this purpose: (a) “**Catch-Up Amount**” for a Series of Unit means such amount as is equal to thirty percent (30%) of the amount by which the applicable Series Net Asset Value per Unit of such Series of Unit as at the last Valuation Date of such fiscal year exceeds the applicable Series Net Asset Value per Unit of such Series of Unit as at the first Valuation Date of the such fiscal year; (b) “**High Water Mark**” for a Series of Unit means the greater of the following: (i) the subscription price of such Series of Unit; and (ii) the Series Net Asset Value per Unit of such Series of Unit as at the Performance Fee Date of such fiscal year in which the Manager last earned a Performance Fee in respect of such Series of Unit; and (c) “**Hurdle Rate**” for a Series of Unit, as at any date, means an amount equal to ten percent (10%) per annum of the amount by which the Series Net Asset Value per Unit of such Series of Unit as at the last Valuation Date of the relevant fiscal year exceeds the Series Net Asset Value per Unit as at the first Valuation Date of that fiscal year of such Series of Unit. In each case, the Hurdle Rate will be calculated and prorated monthly, from the first Valuation Date of the relevant fiscal year to and including the date on which the Hurdle Rate is being calculated.

Once paid, any Performance Fees will be retained by the Manager and the Investment Advisor, regardless of the future performance of the Fund.

Although Performance Fees are calculated at the Unit level, the aggregate of these Performance Fees, for each Series, is a Series Expense attributable to that Series and borne indirectly by all Unitholders of that Series as such Performance Fees impact the Series Net Asset Value. Performance Fees are calculated at each Valuation Date and carried as a liability of the Fund until paid to the Manager and/or the Investment Advisor, as the case may be, on each Performance Fee Date or on a redemption of Units in respect of which such Performance Fees are payable.

The Manager may make such adjustments to the Series Net Asset Value per Unit and/or the applicable High Water Mark and Hurdle Rate as are determined by the Manager to be necessary to account for any Unit subdivisions or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of Performance Fees. Any such determination of the Manager will, absent manifest error, be binding on all Unitholders.

Performance Fees are subject to applicable taxes, including Québec sales tax (QST) (which may be refunded under certain circumstances) and goods and services tax (GST) or harmonized sales tax (HST).

### **Fee and Expense Rebates**

To encourage large investments in the Fund and to be able to offer fees which are competitive for investments of that size, and in certain other circumstances, the Manager and the Investment Advisor may, from time to time, reduce the Management Fees and/or the Performance Fees that they otherwise would be entitled to receive with respect to such an investor's investment in the Fund, provided that the amount of the fee reduction is distributed (a “**Special Distribution**”) to such Unitholder. Special Distributions of the Fund, where applicable, will be computed on each Valuation Date and will be payable annually, or at such other times as the Manager may determine, first out of net income and the net capital gains of the Fund and thereafter out of capital. Any such reduction in Management Fees and/or Performance Fees in respect of a large investment in the Fund will be negotiated by the Manager, the Investment Advisor and the investor and will be based primarily on the size of the investor's investment in the Fund and the total amount of services provided to the investor with respect to its investment in the Fund. The Manager and the Investment Advisor may also initially reduce their fees to encourage seed investments in the Fund. A qualified investor can choose to receive the Special Distribution in cash or in additional Units of the Fund. The amount of any Special Distribution is taxable to the Unitholder receiving it, to the extent it is paid out of net income or net taxable capital gains of the Fund. See “Canadian Federal Income Tax Considerations” and “Distributions”.

### **NO DEALER COMPENSATION**

Units will be distributed in the Offering Jurisdictions only through registered dealers who are the Manager, the Investment Advisor and/or their respective affiliates (the “**Dealers**”). No person or entity, other than the Dealers, will be involved in the distribution of Units. There is no compensation payable by a purchaser to a Dealer upon the purchase of the Units through such Dealer.

### **DISTRIBUTIONS**

The Fund intends to distribute sufficient net income (including 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 other than alternative minimum tax, after taking into account any loss carry forwards. All distributions (other than Special Distributions) will be made on a *pro rata* basis within each Series to each registered Unitholder determined as of the Valuation Time (prior to any subscriptions or redemptions) on the applicable Valuation Date. The Manager will distribute net income and net realized

capital gains of the Fund, if any, on an annual basis, on the last Valuation Date in each taxation year. Distributions of net income or net realized capital gains may also be made on such other dates that the Manager deems appropriate. Subject to applicable securities legislation, all distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units of the Fund or fractions of Units of the Fund at the Series Net Asset Value per Unit. Potential investors should keep this policy in mind when determining whether or not an investment in the Fund is suitable for their particular circumstances. Units acquired on a reinvestment of distributions are not subject to any sales charges.

The Manager, in consultation with the Administrator, may make such designations, determinations and allocations for tax purposes of amounts or portions of amounts which the Fund has received, paid, declared payable or allocated to Unitholder as distributions or redemption proceeds.

The costs of distributions, if any, will be paid by the Fund.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is, as of the date of this Offering Memorandum, a summary of the principal Canadian federal income tax considerations generally applicable to the Fund and to the acquisition, holding and disposition of Units by a Unitholder who acquires Offered Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund, and holds Units as capital property. This summary is based on the assumption that: (i) the Fund qualifies as a "mutual fund trust" as defined in the Tax Act and that it will continuously qualify as a mutual fund trust at all relevant times; and (ii) the Fund will not be a "SIFT trust" for the purposes of the Tax Act. If the Fund were not to qualify as a mutual fund trust under the Tax Act, the income tax considerations as described below and under "Eligibility for Investment" would, in some respects, be materially different.

To qualify as a mutual fund trust: (i) the Fund must be a Canadian resident "unit trust" for purposes of the Tax Act; (ii) the only undertaking of the Fund must be the investing of its funds in property (other than real property or interests in real property); (iii) either the Fund must comply with certain investment conditions or its units must be redeemable on demand; and (iv) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units. An additional condition to qualify as a mutual fund trust for the purposes of the Tax Act is that the Fund may not be established or maintained primarily for the benefit of non-resident persons unless substantially all of its property consists of property other than "taxable Canadian property" within the meaning of the Tax Act.

This summary is also based on the assumption that the Fund will at no time be a "SIFT trust" as defined in the rules in the Tax Act relating to SIFT trusts and SIFT partnerships. This, in turn, is based on the assumption that the Units will at no time be listed or traded on a stock exchange or other public market. For the purpose of such rules, the redemption mechanism does not result in the Units being considered to be traded on a public market.

Generally, Units of the Fund will be considered to be capital property to a Unitholder provided that the Unitholder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders may be entitled to make an irrevocable election to treat Units (and all other "Canadian securities" owned or subsequently acquired by them) as capital property pursuant to subsection 39(4) of the Tax Act.

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

**This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, 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 or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their own particular circumstances.**

## Taxation of the Fund

The Fund will generally be subject to tax in each year under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. The Fund intends to deduct in each year, in computing its income, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains, it will generally not be liable in such year for any tax on its net income or profit under Part I of the Tax Act.

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

All of the Fund’s deductible expenses for the purposes of the Tax Act, including expenses common to all Series of the Fund, all management and performance fees and other Series Expenses, will be taken into account in determining the income or loss of the Fund as a whole. Net income (or losses) including capital gains (or capital losses) realized by the Fund in a year in respect of a particular Series of Units must be netted against losses (or gains) or capital losses (or gains) realized by the Fund in that year in respect of all other Series of Units, in accordance with the rules provided in the Tax Act, to determine the net income and net capital gains of the Fund as a whole for that year. This netting may result in income and/or capital gains allocations to a particular Series of Units that differ from those that would result if such Units had been issued by a separate trust having only one series of units.

In general, gains and losses realized on transactions in derivatives will be on income account.

The Fund’s portfolio may include futures contracts that are not denominated in Canadian dollars. The cost and proceeds of disposition of futures contracts and all other amounts will be converted to an amount expressed in Canadian currency using the noon rate quoted by the Bank of Canada for the day on which a particular amount arose for the purposes of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

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

On October 31, 2003 the Department of Finance announced a draft proposed amendment (the “**2003 Proposed Amendment**”) relating to the deductibility of losses under the Tax Act, which is proposed to apply to taxation years beginning after 2004. As part of the February 23, 2005 Federal Budget, the Department of Finance announced that it has developed a more modest legislative initiative and that it will, at an early opportunity, release an alternative tax proposal (the “**Alternative Proposal**”) for comment. To date, the Alternative Proposal has not been released and no assurance can be given that it will not adversely affect the Fund. Under the 2003 Proposed Amendment, a taxpayer will be considered to have a loss from a business or property for a year only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If the 2003 Proposed Amendment were to apply to the Fund, deductions that would otherwise reduce the Fund’s taxable income could be denied, with after-tax returns to Unitholders reduced as a result.

The Tax Act contains rules concerning the taxation of certain trusts, the units of which are listed or traded on a stock exchange or other public market, that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation at rates comparable to those that apply to corporations or the trust’s income earned from “non-portfolio property”. These rules should not impose any tax on the Fund to the extent that the Units of the Fund (as well as any other securities that the Fund may issue) are not listed or traded on a stock exchange, trading system or other organized facility.

## Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a year the amount of the Fund's taxable income for the year, including net realized taxable capital gains and Special Distributions paid or payable to the Unitholder (whether in cash or in Units) in the year. The non-taxable portion of the Fund's net realized capital gains paid or payable to a Unitholder in a year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's taxable income for a year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would 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 Units will be increased by the amount of such deemed capital gain. Any loss of the Fund for purposes of the Tax Act cannot be treated as a loss of a Unitholder.

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund; (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit; and (iii) taxable dividends 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. A Unitholder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such holder in accordance with the detailed rules in 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.

The Series Net Asset Value per Unit will reflect any income and capital gains of the Fund that have accrued, or had been realized but not made payable, at the time Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and capital gains of the Fund that accrued, or had been realized but not made payable, before the Units were acquired.

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

Pursuant to the Trust Agreement, the Fund may allocate and designate any income or capital gains realized by the Fund as a 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 and designate any income or capital gains of the Fund to a Unitholder who has redeemed Units of the Fund 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 disposition.

One-half of any capital gain ("**taxable capital gain**") realized on the disposition of Units will generally be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of 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, and taxable capital gains realized on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

## ELIGIBILITY FOR INVESTMENT

Provided the Fund is a mutual fund trust under the Tax Act, on the date hereof, the Offered Units will be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts. Holders of registered retirement savings plans, registered retirement income funds and tax-free savings accounts should consult with their own tax advisors as to whether Offered Units would be a prohibited investment under the Tax Act in their particular circumstances.

## **RISK FACTORS**

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

### **Speculative Investment**

An investment in the Fund may be deemed speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objectives and investment strategies to be utilized by the Fund as outlined herein to familiarize themselves with the risks associated with an investment in the Fund. There is no assurance that the Fund will be able to achieve its investment objective.

### **General Investment Risk**

The Series Net Asset Value per Unit will vary directly with the market value and return of the investment portfolio of the Fund. There can be no assurance that the Fund will not incur losses. There is no guarantee that the Fund will earn a return.

### **Nature of Units**

The Units share certain attributes common to equity securities. The Units represent an undivided interest in the assets of the Fund. However, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

### **Fees and Expenses**

The Fund is obligated to pay fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether it realizes profits.

### **No Operating or Performance History for the Fund**

As at the date of this Offering Memorandum, the Fund has commenced operations for a short period of time. Although persons involved in the management of the Fund and the service providers to the Fund have had long experience in their respective fields of specialization, the Fund has little operating or performing history upon which prospective investors can evaluate the Fund’s likely performance. Investors should be aware that the past performance by those involved in the investment management of the Fund should not be considered as an indication of future results.

### **Not a Public Mutual Fund**

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

### **Changes in the Investment Objective and Strategy**

The Manager may alter the Fund’s investment objective, strategy and restrictions without prior approval by Unitholders.

### **Limited Ability to Liquidate Investment**

There is no formal market for Units and one is not expected to develop. This offering of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities legislation. In addition, Units may not be assigned, encumbered, pledged, hypothecated or otherwise transferred except with the prior written consent of the Manager, which may be withheld in the Manager’s sole and absolute discretion. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units on a Valuation Date. These redemptions will be subject to the limitations described under “Redemption of Units”. Unitholders may not be able to liquidate their investments in a timely manner. As a result, an investment in the Units is suitable only for sophisticated investors who do not require liquidity for their investment and are able to bear the financial risk of the investment for an extended period of time.

## **Redemptions**

There are circumstances in which the Fund may suspend redemptions. See “Redemption of Units”. Accordingly, Units may not be an appropriate investment for investors seeking liquidity. Substantial redemptions of Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

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

While the Fund will be independently audited by the auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the Fund’s investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Fund and the Series Net Asset Value per Unit could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund’s investments. Valuation determinations will be made in good faith in accordance with the Trust Agreement.

There is risk that an investment in the Fund by a new investor (or an additional investment by an existing Unitholder) could dilute the value of investments for the other Unitholders if the actual value of such investments is higher than the value designated by the Fund. The Manager does not intend to adjust the Net Asset Value of the Fund retroactively. The valuation of assets of the Fund for the purpose of determining subscription and redemption prices of Units and the calculation of applicable fees, may not be in accordance with Canadian generally accepted accounting principles or international financial reporting standards but will generally be in accordance with industry practice.

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

Unitholders are not entitled to participate in the management or control of the Fund or its operations. Unitholders do not have any input into the Fund’s trading. The success or failure of the Fund will ultimately depend on the indirect investment of the assets of the Fund by the Investment Advisor, with which Unitholders will not have any direct dealings.

## **Reliance on the Manager and the Investment Advisor**

The Fund will be relying on the ability of the Manager to actively manage the Fund and on the Investment Advisor to actively manage the Fund’s investments. There can be no assurance that satisfactory replacements for the Manager or the Investment Advisor will be available, if any of them ceases to act as such. Termination of the Manager will result in the Trustee seeking a successor manager of the Fund. Termination of the Investment Advisor will expose investors to the risks involved in whatever new investment management arrangements can be made.

## **Dependence of Manager and Investment Advisor on Key Personnel**

The Manager and the Investment Advisor each depend, to a great extent, on the services of a limited number of individuals in the administration of the Fund’s activities. The loss of such individuals for any reason could impair the ability of the Manager or the Investment Advisor to perform its management or advisory activities on behalf of the Fund.

## **Potential Conflicts of Interest**

The Manager and the Investment Advisor are required to satisfy their standard of care in exercising their duties with respect to the Fund. However, neither the Manager nor the Investment Advisor nor their officers, directors, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Fund. Each of the Manager, the Investment Advisor or the other members or affiliates thereof and their respective officers, employees and affiliates may undertake financial, investment or professional activities which give rise to conflicts of interest with respect to the Fund.

Certain inherent conflicts of interest arise from the fact that the Manager, the Investment Advisor and their affiliates may carry on investment activities for other clients (including other investment funds sponsored by the Manager, the Investment Advisor or their respective affiliates) or on a proprietary basis in which the Fund will have no interest. Future investment activities by the Manager or the Investment Advisor, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Manager, the Investment Advisor or their respective affiliates may also engage in the promotion, management or investment management or other services in relation to separate competitor investment products, vehicles or any other fund or trust. These competitor vehicles may have investment policies similar to those of the Fund or entities through which they make investment allocations and the Manager, the Investment Advisor or their respective affiliates may be compensated in a

different manner in respect of those vehicles. The Manager, the Investment Advisor or their respective affiliates will follow procedures designed to ensure an appropriate allocation of available investment opportunities among the Fund and competitor vehicles.

In addition, directors and officers of the Manager or the Investment Advisor may act as directors or officers of other entities that provide services, directly or indirectly, to the Fund.

Where there is a material risk of damage to the Fund arising from any conflict of interest, this conflict will be managed to prevent the conflict from adversely affecting the interests of the Fund. Where it cannot be managed it will be disclosed to the Fund.

### **Tax Liability**

Subject to applicable securities legislation, all distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units of the Fund or fractions of Units of the Fund at the Series Net Asset Value per Unit. Unitholders, therefore, will be required to include all such distributions in computing their income for tax purposes, irrespective of the fact that cash may not have been distributed to such Unitholders.

If the Fund were not to qualify or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the headings “Certain Canadian Federal Income Tax Considerations” and “Eligibility for Investment” would be materially and adversely different in certain respects.

### **Loss of Limited Liability**

The Fund is a unit trust and as such its Unitholders do not receive the protection of statutorily mandated limited liability in some provinces as is the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Fund. However, the Trust Agreement provides that no Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any other person or persons for any obligation or claim arising out of or in connection with any contract or obligation of the Fund, the Manager, the Investment Advisor or the Trustee, but rather the assets of a Fund only are intended to be liable and subject to levy or execution for satisfaction of all such obligations and claims.

Pursuant to the Trust Agreement, the Fund will indemnify and hold each Unitholder harmless from and against all claims and liabilities to which a Unitholder may become subject solely by reason of such Unitholder being or having been a Unitholder of the Fund and shall reimburse such Unitholder for all legal and other expense reasonably incurred by such Unitholder in connection with any such claim or liability.

As a result of the foregoing, it is considered that the risk of any personal liability of Unitholders is minimal in view of the nature of its activities. In the event that a Unitholder should be required to satisfy any obligation of the Fund, the Unitholder will be entitled to reimbursement from any available assets of the Fund.

### **Series Risk**

Since the Fund may have multiple Series of Units, each Series will be charged, as a separate Series, any Series Expenses such as management fees that are specifically attributable to that Series. However, the Manager generally will allocate all other expenses of the Fund among the Series of Units in a fair and equitable manner and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund as a whole, even though its claims relate only to a particular Series of Units.

### **Performance Fees**

The Manager and/or the Investment Advisor, as the case may be, receive Performance Fees in respect of each Series A Unit, Series B Unit and Series C Unit based upon appreciation, if any, in the Series Net Asset Value per Unit of such Units. The Performance Fees theoretically may create an incentive for the Investment Advisor to make investments that are riskier or more speculative than would be the case if such fees did not exist. In addition, because the Performance Fees are calculated on a basis that includes unrealized appreciation of the Fund’s assets, it may be greater than if such compensation were based solely on realized gains.

### **Potential Indemnification Obligations**

Under certain circumstances, the Fund might be subject to significant indemnification obligations in favour of the Trustee, the Manager, and other service providers to the Fund or certain parties related to them. The Fund will not carry any insurance

to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the Net Asset Value of such Fund and, by extension, the Series Net Asset Value per Unit.

### **Lack of Independent Experts Representing Unitholders**

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

### **No Involvement of Unaffiliated Selling Agent**

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

### **Trading Errors**

In the course of carrying out trading and investing responsibilities on behalf of the Fund, the Investment Advisor's personnel may make "trading errors", i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and *vice versa*). Trading errors are an intrinsic factor in any complex investment process, and may occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by the Investment Advisor's personnel. Consequently, the Investment Advisor 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 Investment Advisor which is inconsistent with such Investment Advisor's standard of care.

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

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

### **Early Termination**

In the event of the early termination of the Fund, the Fund would distribute to the Unitholders *pro rata* their interest in the assets of the Fund available for such distribution, subject to the rights of the Manager to retain monies for costs and expenses. Certain assets held by the Fund may be illiquid and might have little or no marketable value. In addition, the assets held by the Fund would have to be sold by the Fund or distributed in kind of the Unitholders. It is possible that at the time of such sale or distribution certain securities held by the Fund would be worth less than the initial cost of such assets, resulting in a loss to the Unitholders.

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

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

### **Fixed Income Securities**

The Fund may invest in money market instruments and in fixed income securities of U.S. and Canadian issuers. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Fund invests will change in response to fluctuations in interest rates. 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.

### **Currency Risk**

Investment denominated in a currency other than Canadian dollars will be affected by the changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Thus the value of such investments held by the Fund may be worth more or less depending on their susceptibility to foreign exchange rates.

### **Competition in the Non-Traditional Investment Industry**

The non-traditional investment industry is highly competitive. In recent years there has been a marked increase in the number of, and flow of capital into, investment vehicles established in order to implement non-traditional or “alternative” investment strategies. Prospective investors should understand that the Fund competes with other market participants that may have substantially greater financial and other resources as well as better access to investment opportunities than the Fund.

### **Portfolio Turnover**

The operation of the Fund may result in a high annual portfolio turnover rate. There has been no limit placed on the rate of portfolio turnover in the Fund and portfolio assets may be sold without regard to the time they have been held when, in the opinion of the Fund’s investment advisor(s), investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate (for example, greater transaction costs such as brokerage fees).

### **Futures Trading**

The Fund intends to trade in derivative financial instruments, including, without limitation, options, swaps, futures and forward contracts, and may use derivative techniques for hedging and for other trading purposes, including for the purpose of obtaining the economic benefit of an investment in an entity without making a direct investment. Futures markets can be highly volatile. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Fund’s assets, include: (i) credit risks (the exposure to the possibility of loss resulting from a counterparty’s failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party’s legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (iv) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty). In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended to influence prices directly which may negatively affect the Fund’s performance. The Fund is also indirectly subject to the risk of failure of any of the exchanges on which such contracts trade or of the exchange’s clearinghouses, if any.

### **Futures Trading May be Illiquid**

Most futures exchanges limit fluctuations in certain contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Pursuant to such regulations, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract has increased or decreased by an amount equal to the daily limit, positions in the contract can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Prices of various contracts have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating its unfavourable positions and subject it to substantial losses. While daily limits may reduce or effectively eliminate the liquidity of a particular market, they do not limit ultimate losses, and may in fact substantially increase losses because it may prevent the liquidation of unfavourable positions. There is no limitation on daily price moves in trading forward contracts. In addition, the Fund may not be able to execute trades at favourable prices if little trading in the contracts involved is taking place. Under certain circumstances, the Fund may be required to accept or make delivery of the underlying commodity if the position cannot be liquidated prior to its expiration date. It also is possible that an exchange might suspend trading in a particular contract, order immediate

liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Similarly, trading in options on a particular futures contract may become restricted if trading in the underlying futures contract has become restricted.

### **Options**

Selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option, however investment in an option may be subject to greater fluctuation than an investment in the underlying asset or derivative. In the case of the sale of an uncovered option, there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying asset or derivative.

### **Trading on Foreign Exchanges**

The Fund may trade in futures, forward and option contracts on exchanges located outside Canada and outside the United States where the Commodity Futures Trading Commission regulations do not apply. Some foreign exchanges, in contrast to U.S. and Canadian exchanges, are “principals’ markets” in which performance with respect to a contract is the responsibility only of the individual member with whom the trader has entered into a contract and not of the exchange or clearinghouse, if any. In the case of trading on such foreign exchanges, the Fund will be subject to the risk of the inability of, or refusal by, the counterparty, to perform with respect to such contracts. The Fund also may not have the same access to certain trades as do various other participants in foreign markets. Due to the absence of a clearinghouse system on certain foreign markets, such markets are significantly more susceptible to disruptions than Canadian or United States exchanges. Trading on foreign exchanges may involve certain risks which may not be applicable to trading on Canadian or United States exchanges, such as the risks of exchange controls, expropriation, burdensome or confiscatory taxation, moratoriums, or political or diplomatic events. In addition, certain of these foreign markets are newly formed and may lack personnel experienced in floor trading as well as in monitoring floor traders for compliance with exchange rules. Also, trading on foreign exchanges will be subject to the risk of currency fluctuations which may adversely affect the Fund’s unrealized gains or losses. Furthermore, with respect to trading on foreign markets the Fund will be subject to the risk of fluctuation in the exchange rate between the local currency and dollars and to the possibility of exchange controls.

### **Reliance on Trading Strategies and Analytical Tools**

The Investment Advisor may use certain strategies that depend on the reliability and accuracy of analytical models. To the extent such strategies are employed and such models, or the assumptions underlying them, do not prove to be correct, the Fund may not perform as anticipated, which could result in substantial losses for the Fund and, therefore, indirectly, Unitholders of the Fund. Since the Investment Advisor’s trading and risk-management strategies are proprietary, it is also not possible to independently verify that the Investment Advisor has employed such strategies and/or is following such strategies. There can be no assurance that such strategies, if used, will produce results similar to those produced in the past.

### **Legal, Tax and Regulatory Risks**

Legal, tax and regulatory changes to laws or administrative practice could adversely affect the Fund. For example, the regulatory or tax environment for derivative instruments is evolving and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the Fund and the ability of the Fund to pursue its investment strategies. Interpretation of law or administrative practice may affect the characterization of the Fund’s earnings as capital gains or income, which may increase the level of tax borne by the investor as a result of increased taxable distributions from the Fund.

### **Leverage**

The low margin deposits normally required in futures trading or the good faith deposits which may be required in forward contracts permit an extremely high degree of leverage. As a result, a relatively small price movement in a contract may result in immediate and substantial losses to a trader holding a position in such contract. Thus, like other such leveraged investments, any purchase or sale of a futures contract or forward contract may result in losses in excess of the amount invested in margin deposits or good faith deposits, as the case may be.

### **Hedging**

Although a hedge is intended to reduce risk, it does not eliminate risk entirely. A hedging strategy may not be effective. A hedge can result in a loss in the case of an extraordinary event. There are several such possible cases including, but not limited to: (i) lack of liquidity during market panics; (ii) imperfect correlation between the underlying asset of the derivative

and the asset being hedged; and (iii) default of counterparties. To protect the Fund's capital against the occurrence of such events, the Investment Advisor will attempt to maintain a diversified portfolio.

### **No Review by Regulatory Authorities**

This Offering Memorandum constitutes a private offering of the Units in Canada pursuant to prospectus and registration exemptions under the securities laws of Canadian provinces. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement, or public offering of Units. Neither this Offering Memorandum or any other material relating to this Offering has been reviewed or considered by any securities commission, Revenue Canada, or any other governmental or regulatory authority.

**In light of the foregoing, there can be no assurance that the Fund's investment objectives will be achieved or that the Series Net Asset Value per Unit at redemption will be equal to or more than an investor's original cost.**

## **REPORTING TO UNITHOLDERS AND MEETINGS OF UNITHOLDERS**

### **Reporting to Unitholders**

The fiscal year end of the Fund is December 31. Unitholders will be sent audited annual financial statements within 90 days of year end and unaudited semi-annual financial statements within 60 days of June 30, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager. The Fund may enter into other agreements with certain Unitholders that may entitle such Unitholders to receive additional reporting. Unitholders will receive the applicable required tax form(s) within the time required by applicable law to assist Unitholders in making the necessary tax filings.

### **Meetings of Unitholders**

Pursuant to the terms of the Trust Agreement, any provision of the Trust Agreement may be amended, including deleted, by the Trustee at the request of the Manager, without notice to or prior approval of the Unitholders of the Fund, unless the amendment relates to matters for which the approval of the Unitholders of the Fund is required by applicable securities legislation. However, if the Manager reasonably believes that a proposed amendment to the Trust Agreement has the potential to materially adversely impact the financial interests or rights of Unitholders, such that it is equitable to give Unitholders advance notice, then no amendment will be made until the Manager has provided Unitholders with 30 days advance notice of any such change, or such longer time as may be required by applicable securities legislation. All persons remaining or becoming Unitholders after the effective date of such change shall be bound by such change. The Manager is not aware of any requirement under applicable securities legislation which currently requires Unitholder approval for any amendment to the Trust Agreement or other change to the Fund.

A meeting of Unitholders of the Fund or, if applicable, Unitholders of a Series of the Fund may be convened as follows: (i) by the Manager at any time; or (2) by the Manager when requested by one or more Unitholders of the Fund, or of the Series of the Fund, as applicable, holding in the aggregate 50% or more of the outstanding Units of the Fund, or of the Series of the Fund, as applicable, provided that the Manager is funded and indemnified by such Unitholders to the reasonable satisfaction of the Manager for fees and costs associated therewith.

Where meetings of more than one Units of a Series of the Fund are convened jointly, Units of a Series of the Fund will be voted separately on any matter that requires a Series vote. Not less than 21 days' notice will be given of any meeting of Unitholders. Two Unitholders holding Units of the Fund, represented in person or by proxy, will constitute a quorum. If a quorum is not present at the opening of a meeting of Unitholders of the Fund, the meeting will be adjourned without notice to a fixed time and place but may not transact any other business. The Unitholders present in person or by proxy at the adjourned meeting, whatever their number and the number of Units held by them, provided that at least one Unitholder is present in person or by proxy, will form a quorum. Except as may be required under applicable securities legislation or any agreement relating to the Fund, and except as otherwise set out in the Trust Agreement, any matter put before a meeting of Unitholders will be effective if passed by a majority of the votes cast for such resolution at such meeting.

## **MATERIAL CONTRACTS**

The only material contracts of the Fund at present are: (a) the Trust Agreement; (b) the Management Agreement; and (c) the Portfolio Management Agreement. Copies of such contracts will be made available to Unitholders upon request and may be inspected at the principal office of the Fund during normal business hours.

## **TRUSTEE AND SETTLOR**

The trustee of the Fund is Computershare Trust Company of Canada and the settlor of the Fund is Denis Paquette. David Bilodeau resigned as trustee of the Fund effective September 20, 2012 and on such date, the settlor of the Fund appointed Computershare Trust Company of Canada as successor trustee of the Fund. Subject to the requirements in applicable legislation, the Trustee may resign as trustee of the Fund by giving notice in writing to the Manager 60 days, or such other period as agreed to by the Trustee and the Manager, prior to the date when such resignation is to take effect. The Trustee may be removed as trustee of the Fund at any time upon 60 days' prior written notice being given by the Manager to the Trustee, or such other period as agreed to by the Manager and the Trustee.

## **ADMINISTRATOR AND REGISTRAR**

The administrator and registrar of the Fund is SGGG Fund Services Inc. or such other person as the Manager may retain.

## **PRIME BROKER**

RBC Dominion Securities Inc., or such other party as the Manager may retain, acts as the Fund's prime broker. The prime broker will hold assets of the Fund that are derivative products.

## **AUDITORS**

The auditors of the Fund are Goodman & Associates LLP (formerly SGGG LLP), Chartered Accountants. The auditors of the Fund are appointed by the Manager.

## **LEGAL COUNSEL**

Legal counsel to the Fund and the Manager is Fogler, Rubinoff LLP.

## **LEGAL PROCEEDINGS**

There are no legal proceedings outstanding or, to the best of the knowledge of the Fund, threatened against the Fund.

## **ENGLISH LANGUAGE**

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

## **RESALE RESTRICTIONS**

The Offered Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Unitholder will not be able to trade the Offered Units unless such Unitholder complies with an exemption from the prospectus and registration requirements under securities legislation. Unless permitted under securities legislation, a Unitholder cannot trade the Offered Units before the date that is four months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada. However, in Manitoba, unless permitted under securities legislation, a Unitholder must not trade the Offered Units without the prior written consent of the regulator in Manitoba unless: (a) the Fund has filed a prospectus with the regulator in Manitoba with respect to the Offered Units such Unitholder has purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) such Unitholder has held the Offered Units for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

In addition, pursuant to the Trust Agreement, Offered Units are not transferable without the prior approval of the Manager. See "Summary of the Trust Agreement".

Purchasers are advised to seek legal advice prior to any resale of the Offered Units.

## PURCHASER'S RIGHTS OF ACTION

The following statutory or contractual rights of action for damages or rescission will apply to a purchase of Units. The applicable securities legislation in certain Offering Jurisdictions provides purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.

### Rights for Purchasers in Ontario

In accordance with Section 130.1 of the *Securities Act* (Ontario) (the "**Ontario Act**"), in the event that this Offering Memorandum or any amendment thereto contains a misrepresentation (as defined in the Ontario Act), the purchaser who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action against the Fund for damages or, while still the owner of the Units purchased by that purchaser, a right of rescission, except as provided below. If the purchaser exercises the right of rescission, the purchaser ceases to have a right of action for damages against the Fund.

The foregoing rights are subject to the following limitations:

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

No action shall be commenced to enforce these statutory rights more than:

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

The rights discussed above are in addition to and without derogation from any other rights or remedies available at law to the purchaser.

### Rights for Purchasers in Alberta

Securities legislation in Alberta provides that every purchaser of Units pursuant to this Offering Memorandum or any amendment thereto shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, against the Fund and certain other persons if this Offering Memorandum or any amendment thereto contains a "misrepresentation" (as defined in the *Securities Act* (Alberta) (the "**Alberta Act**")). However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. In particular, Section 204 of the Alberta Act provides that if this Offering Memorandum or any amendment thereto contains a misrepresentation, a purchaser who purchases Units offered under this Offering Memorandum or any amendment will be deemed to have relied upon the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund and every person or company who signed this Offering Memorandum or, alternatively, for rescission against the Fund, provided that if the purchaser exercises its right of rescission against the Fund, the purchaser will not have a right of action for damages against the Fund or against any aforementioned person or company.

No action can be commenced to enforce the rights of action described above more than:

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

In addition, no person or company referred to above is liable if the person or company proves that the purchaser had knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any part of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon. The amount recoverable under this right of action will not exceed the price at which the Units were offered under this Offering Memorandum or any amendment thereto. The rights of action for rescission or damages are in addition to and without derogation from any other right the purchaser may have at law.

### **Rights for Purchasers in Saskatchewan**

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Offering Memorandum) or any amendment thereto is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a Unit covered by this Offering Memorandum or any amendment thereto is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the Fund or has a right of action for damages against:

- (a) the Fund;
- (b) every promoter of the Fund at the time this Offering Memorandum or any amendment thereto was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed this Offering Memorandum or any amendment thereto; and
- (e) every person who or company that sells Units of the Fund on behalf of the Fund under this Offering Memorandum or amendment thereto.

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

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

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

- (a) this Offering Memorandum or any amendment thereto was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of this Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

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

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

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

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is 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 individual who made the verbal statement.

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

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

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

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

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

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

### **Rights for Purchasers in Manitoba**

The *Securities Act* (Manitoba) (the “**Manitoba Act**”) provides that if the purchaser is resident in Manitoba and if this Offering Memorandum, together with any amendment thereto, contains a misrepresentation (as defined in the Manitoba Act), each purchaser in Manitoba to whom the Offering Memorandum has been sent or delivered and who purchases Units, will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, and the purchaser has a right of action for damages against the Fund, and, subject to certain additional defenses, against any person or company who signed the Offering Memorandum and any amendment thereto, but may elect instead to exercise a right of rescission against the Fund, in which case the purchaser will have no right of action for damages against the Fund or any other person or company who signed this Offering Memorandum, provided that, among other limitations:

- (a) in an action for rescission or damages, no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, the Fund will not be held liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable under the right of action described above exceed the price at which the Units were offered.

In addition, no person or company other than the Fund is liable if the person or company proves that:

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

In addition, no person or company other than the Fund is liable with respect to any part of this Offering Memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) failed to conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

In addition, 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 any action, other than an action for rescission, the earlier of: (i) 180 days after the date on which the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) two years after the date of the transaction that gave rise to the cause of action.

The rights discussed above are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

### **Rights for Purchasers in New Brunswick**

The *Securities Act* (New Brunswick) (the "**New Brunswick Act**") provides that, subject to certain limitations, where this Offering Memorandum or any amendment thereto, which is provided to a purchaser of the Units contains an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser who purchases the Units shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and the purchaser has, subject to certain defenses, a right of action for damages against the Fund or may elect to exercise a right of rescission against the seller, in which case he shall have no right of action for damages, provided that:

- (a) in an action for rescission or damages, the defendant will not be liable if it proves that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon; and

- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which the security was offered.

The right of action for rescission or damages described herein is conferred by section 150 of the New Brunswick Act and is in addition to and without derogation from any right the purchaser may have at law.

Pursuant to section 161 of the New Brunswick Act, no action shall be commenced to enforce a right of rescission unless such action is commenced not later than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for rescission, such action shall be commenced before the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

### **Rights for Purchasers in Nova Scotia**

The *Securities Act* (Nova Scotia) provides that, subject to certain limitations, where this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature (as such terms are defined in the *Securities Act* (Nova Scotia)) disseminated in connection with the offering, contains an untrue statement of material fact or omits to state a material fact that is necessary to prevent a statement in this Offering Memorandum, any amendment thereto or advertising or sales literature from being misleading in light of the circumstances in which the statement was made (each, a “**Misrepresentation**”), that was a Misrepresentation at the time of purchase, a purchaser who purchases Units has a right of action for damages against the Fund, subject to certain additional defenses, every seller (other than the Fund) of Units and persons who have signed this Offering Memorandum.

Alternatively, where the purchaser purchased Units from the Fund, 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 seller or persons who have signed the Offering Memorandum.

The foregoing rights are subject to, among other limitations, the following:

- (a) no action shall be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the Units;
- (b) no person will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were offered under this Offering Memorandum or amendment thereto.

In addition, no person or company other than the Fund is liable if the person or company proves that:

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

Furthermore, no person or company other than the Fund is liable with respect to any part of this Offering Memorandum or any amendment thereto not purporting to be made on the authority of an expert; and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) failed to conduct a reasonable

investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or amendment thereto, the Misrepresentation is deemed to be contained in this Offering Memorandum or in any amendment thereto.

The rights of action for rescission or damages are in addition to and without derogation from any other right the purchaser may have at law.

### **Rights for Purchasers in Québec**

Legislation has been adopted in Québec, but is not yet in force, that will provide the purchasers of Units 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 the purchasers of Units under ordinary civil liability rules, purchasers are granted the same rights of action for damages or rescission as purchasers in Ontario. If and when this legislation is in force, then purchasers of Units residing in the Province of Québec 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 purchasers of Units residing in the Province of Québec under ordinary civil liability rules:

If there is a misrepresentation in this Offering Memorandum, purchasers will have a statutory right to sue:

- (a) to cancel subscription agreement to buy the Units or to revise the price at which the Units were sold to the purchaser; and
- (b) for damages against the Fund, the persons in charge of the Fund's patrimony, the dealer(s) under contract to the Fund in connection with the sale of these Units and any expert whose opinion appears in this Offering Memorandum if such opinion contains a misrepresentation.

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

However, there will be various defences available to the persons that purchasers will have a right to sue. For example, they will have a defence if purchasers knew of the misrepresentation when they purchased the Units. In an action for damages, a person listed above, other than the Fund or the persons in charge of the Fund's patrimony, 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) this 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 purchasers of Units intend to rely on the rights described in (a) or (b) above, they will have to do so within strict time limitations. Purchasers will have to commence an action to cancel the agreement or revise the price within three years after the date of the purchase. Purchasers will have to commence an action for damages within the earlier of: (i) three years after they first had knowledge of the facts giving rise to the cause of action (except on proof of tardy knowledge imputable to purchasers negligence); or (ii) five years after the filing of this Offering Memorandum with the AMF.

### **Rights for Purchasers in British Columbia, Prince Edward Island and Newfoundland and Labrador**

Notwithstanding that securities legislation in British Columbia, Prince Edward Island and Newfoundland and Labrador does not provide or require the Fund to provide to purchasers resident in these jurisdictions any rights of action in circumstances where this Offering Memorandum or an amendment thereto contains a misrepresentation, such purchasers shall have the equivalent rights of action as are set forth above with respect to purchasers resident in Ontario.

**General**

The foregoing summaries are subject to the express provisions of the relevant provincial securities legislation and the regulations, rules and policy statements thereunder and reference should be made thereto for the complete text of such provisions. The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

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