This offering memorandum ("Offering Memorandum") has been prepared solely for the purpose of assisting prospective purchasers in making an investment decision with respect to units ("Units") of YTM Capital Credit Opportunities Fund (the "Fund"). The Units are offered for sale only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a public offering or advertisement of Units. No securities commission or similar regulatory authority has passed on the merits of the Units or reviewed this Offering Memorandum and any representation to the contrary is an offence. The Units do not trade on any exchange or market. Subject to the availability of exemptions from the prospectus and registration requirements under applicable securities laws, holders of Units will be restricted from selling their Units for an indefinite period. Holders of Units will have certain redemption rights (see "Description of Units - Redemption of Units").

The Units have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). Prospective purchasers of Units agree, for the benefit of the Fund, that Units may be offered, sold or otherwise transferred only (a) to the Fund; (b) outside the United States in accordance with Rule 904 of regulations under the U.S. Securities Act; (c) in accordance with the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws; or (d) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws, and, in the case of paragraph (c) or (d), the Fund receives an opinion of counsel of recognized standing in form and substance satisfactory to the Fund to such effect.

OFFERING MEMORANDUM

Continuous Offering **June 30, 2021**

YTM CAPITAL CREDIT OPPORTUNITIES FUND

OFFERING PRICE: Net Asset Value per Unit of the Class A, Class F and Class I Units

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Minimum Subscription: $25,000
subject to compliance with securities laws and may be waived in the Fund Manager's discretion

YTM Capital Credit Opportunities Fund is offering on a private placement basis Units of the Fund at a price equal to the Class NAV per Unit (as defined herein) for each Class (as defined herein) (the "**Offering**"). Each Unit represents an undivided beneficial interest in the assets of the Fund, which will principally be comprised of fixed-income securities, derivatives, and cash. See "The Fund".

The Offering is being made to Canadian residents in all Canadian jurisdictions (only Ontario residents may buy from the Fund Manager directly) in reliance on certain exemptions to the prospectus requirements under the applicable securities laws of the provinces and territories of Canada. **As a result, the Units will be subject to the applicable resale restrictions.** As at the date of this Offering Memorandum, the Offering is also being made in reliance on certain exemptions to the registration requirements under the applicable securities laws of the Provinces and Territories of Canada.

There are certain risk factors inherent in an investment in the Units and in the activities of the Fund, including that redemptions may be suspended in certain circumstances. See "Risk Factors".

The Fund was established as an open-end mutual fund trust under the laws of the Province of Ontario on May 27, 2015. The Fund is governed by a declaration of trust, that may be amended from time to time (the "**Declaration of Trust**").YTM Capital Asset Management Ltd. ("**YTM Capital**") a registered portfolio manager, exempt market dealer and investment fund manager, is the manager of the Fund (the "**Fund Manager**") and is the trustee of the Fund (the "**Trustee**"). In the event of any conflict or inconsistency between the Declaration of Trust and this Offering Memorandum, the provisions of the Declaration of Trust shall govern. A copy of the Declaration of Trust is available from the Fund Manager upon request in writing, by calling 1(833) 828-4098, or by e-mail at david.burbach@ytmcapital.com. The head office of the Fund Manager, Trustee, and the Fund is 295 Robinson Street, Suite 202, Oakville, ON, L6J 1G7.

The Fund is a related issuer of the Fund Manager and the Trustee. The Fund Manager will earn fees from the Fund.

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 applicable legislation governing trust companies in any jurisdiction. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under that act or any other legislation.

Subscriptions will be received if, as and when accepted, subject to prior sale and satisfaction of the conditions set forth under "Subscription Procedure" and to the right of the Trustee to close the subscription books at any time without notice. Closings will be held from time to time as determined by the Trustee. **Subscribers will have two Business Days (as defined herein) to cancel their agreement to purchase Units. If there is a misrepresentation in this Offering Memorandum, Subscribers will have the right to sue either for damages or to cancel their agreement to purchase Units.** See "Subscription Procedure" and "Rights of Action for Damages or Rescission".

DISCLAIMERS

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and disposition of the Units offered hereby.

Subscribers should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the investment, business, legal, income tax and other aspects of this investment.

The Units will be issued only on the basis of information contained in this Offering Memorandum and provided by the Trustee in writing, and no other information or representation is authorized or may be relied upon as having been authorized by the Trustee or the Fund. Any subscription for the Units made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale to Subscribers of any of the Units shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Fund since the date of the sale to any Subscriber of the securities offered hereby or that the information contained herein is correct as of any time subsequent to that date.

This Offering Memorandum is confidential. By their receipt hereof, prospective Subscribers agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.

Cautionary Notice About Forward-Looking Statements

Prospective Subscribers should be aware that certain statements used herein, including, without limitation, sensitivity analyses, analyses of market trend, trends in revenue and anticipated expense levels as well as other statements about anticipated future events or results, are forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. The forward-looking statements that are contained herein involve a number of risks and uncertainties. Should one or more of these risks materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual events or results might differ materially from events or results projected or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "Risk Factors". Additional information regarding these factors and other important factors that could cause actual events or results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements made by the Fund are qualified in their entirety by reference to the important factors discussed in "Risk Factors" and to those that may be discussed as part of particular forward-looking statements. Neither the Fund nor the Fund Manager intends, or assumes any obligation, to update these forward-looking statements.

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SUMMARY OF THE OFFERING

This is a summary only and is qualified by the information appearing elsewhere in this Offering Memorandum. Capitalized terms appearing herein and not otherwise defined have the respective meanings ascribed thereto in the "Definitions" section or elsewhere in this Offering Memorandum. Unless otherwise indicated, all references to dollar amounts in this Offering Memorandum are to Canadian dollars.

Significant Parties

Issuer	YTM Capital Credit Opportunities Fund is an open-end mutual fund trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The head office of the Fund is located in Oakville, Ontario.
Trustee and Fund Manager	The Trustee and Fund Manager of the Fund is YTM Capital. YTM Capital is focused on providing conservatively-managed, private investment opportunities to investment advisors, qualified individuals, and institutions. YTM Capital is comprised of three investment veterans with lengthy, successful professional experience. Daniel Child has spent more than 25 years in financial services, with 14 years as a corporate bond trader. Karl Burnham has traded credit markets for more than 20 years. David Burbach has spent more than 20 years as an investment management executive and lawyer.

Investment Objectives, Strategies, Investor Suitability, and Risk

Investment Objectives	The objectives of the Fund are to seek maximum risk-adjusted returns while preserving capital.
Investment Strategies	The Fund Manager will implement diversified investment strategies that focus on Canadian investment grade corporate fixed-income securities and include cash and derivatives. The strategies are intended to mitigate the impact of market corrections and to deliver returns based on the Fund Manager's expertise in evaluating credit markets.
Investor Suitability	The Fund is suitable for investors who want exposure to positive returns that are not correlated to traditional markets and who are comfortable with a low to medium amount of risk. See "Investment Risk Classification" for more information. Investors in the Fund should have a long-term investment horizon.
Risks	Investors in the Fund are subject to risk, both in terms of risks related to the Fund's portfolio and risks related to the operation of the Fund. **It is possible that investors in the Fund could lose a significant portion of their investment and/or might be unable to redeem their investment in the Fund for a significant period of time.** Investors should carefully review the "Risk Factors" section and consult with their professional investment advisor.

The Offering

Offering	Continuous offering of Class A, Class F, and Class I Units, each of which are issuable in series, in the Fund.
Price	Class NAV per Unit.
Attributes of Units	The Units represent the beneficial ownership interests of the holders thereof in the Fund. Each dollar invested entitles a Unitholder to a vote at meetings of

	Unitholders. Each Unitholder is entitled to Distributions as described under "Description of Units – Distribution Policy".
Use of Proceeds	All proceeds from the Offering will be used by the Fund to acquire a portfolio of fixed-income securities, derivatives, and cash or cash securities, and other investments described in the "Investment Universe" section to pursue the Fund's investment objective.
Payment Terms	Subscribers may subscribe for Units in the Offering by delivering an executed subscription agreement in the form provided with this Offering Memorandum and a certified cheque or bank draft made payable to "SGGG Fund Services Inc. in trust for YTM Capital Credit Opportunities Fund" in the amount of the subscription price for the Units.

Fees, Commissions, and Expenses

Management Fees	An annual management fee of up to 2.00% is payable to the Fund Manager by Class A Unitholders of the Fund and an annual management fee of up to 1.50% is payable to the Fund Manager by Class F Unitholders of the Fund. Management fees for Class I Unitholders are negotiable between the Fund Manager and the investors who qualify for Class I. All management fees are subject to applicable taxes and are paid by the Fund each month.
Performance Fees	The Fund Manager is entitled to a performance fee of 15% of Net Profit paid by the Fund, subject to a permanent High Watermark in respect of each series of each Class, calculated each calendar year, plus applicable taxes. Unitholders who redeem Units will pay a performance fee that has been accrued by the Fund, if any, up to the date of the redemption.
Trailer Fees	Trailer fees of 0.50% per year are payable monthly by the Fund Manager to Registered Dealers in respect of Class A Units.
Sales Commissions	Registered Dealers may negotiate a front-end sales commission of up to 5% of the Class NAV per Unit of the Fund with purchasers of Class A Units. Class F Units are not subject to a sales commission. All amounts to be paid on Class I Units are to be negotiated between the Fund and the applicable Registered Dealer. Any such sales commission will be payable directly by the purchaser to their Registered Dealer. No sales commission is payable by a Subscriber in respect of Units purchased directly from YTM Capital.
Operating Expenses	The Fund is responsible for paying expenses it incurs or that the Fund Manager incurs on the Fund's behalf.

Distributions, Redemptions, Tax, and Rights

Distributions	The Fund will make Distributions to the Unitholders if, as and when declared by the Trustee. The Trustee expects that it will make quarterly distributions. Subject to securities law, distributions will be automatically reinvested in

	additional Units of the Fund at the Class NAV per Unit unless an investor provides instructions to the Fund Manager to pay distributions in cash.
Redemptions	Units may be redeemed by presentation by the Unitholder to SGGG Fund Services Inc. (the "**Fund Administrator**") of a notice indicating the intention of that Unitholder to redeem the Units (a "**Redemption Notice**") to the principal office of the Fund Administrator in Toronto, Ontario specifying the number and class of Units to be redeemed no later than 5:00 p.m. (Toronto time) thirty days prior to the relevant Redemption Date. The Redemption Date is the last day of each month. If the last day of each month is not a Business Day the Redemption Date shall be the next succeeding Business Day. The Unitholder will receive payment in respect of any Units surrendered for redemption as soon after the relevant Redemption Date as the Fund's NAV and Class NAV per unit are calculated – usually within 15 days – at a redemption price per Unit equal to the Redemption Amount. Redemption Amount means, in respect of Units, a redemption price per Unit surrendered for redemption on the Redemption Date that is equal to 100% of the Class NAV per Unit of the relevant Class minus costs associated with the redemption, including commission, brokerage costs and other such costs, if any. The Fund Manager may waive the notice period in its discretion.
Income Tax Considerations	Each investor should satisfy himself or herself as to the tax consequences of investing in, holding, or redeeming Units of the Fund applicable in his or her jurisdiction by obtaining advice from his or her tax advisor. See "Income Tax Considerations for Investors".
Eligibility for Investment	Provided that the Fund qualifies as a "mutual fund trust" for purposes of the Tax Act, Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and tax-free savings accounts. Unitholders planning to hold their Units in a tax-free savings account, registered retirement savings plan or registered retirement income fund should consult their own tax advisor as to whether the Units are "prohibited investments" for such accounts. See "Income Tax Considerations for Investors".
Rights of Action	Securities legislation in certain of the Provinces of Canada where the Units are being offered provide or require that Subscribers be provided with, in addition to any rights they may have at law or equity, statutory or contractual rights of rescission or rights to damages, or both. In general, these rights are available where an offering memorandum or any amendment to it (or advertising or sales literature in respect of Subscribers in the Provinces of Nova Scotia or New Brunswick) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary to make any statement in it not misleading in light of the circumstances in which the statement was made. However, the Subscriber must exercise such rights within the prescribed time limits. See "Rights of Action for Damages or Rescission".

Service Providers

Fund Administrator	SGGG Fund Services Inc.
Auditor	PricewaterhouseCoopers LLP
Prime Brokers	BMO Nesbitt Burns Inc. TD Securities Inc.
Custodian	One or more financial institutions and/or their affiliates will act as the custodian of the assets of the Fund. See “Custodian”.
Legal Counsel	Wildeboer Dellelce LLP

DEFINITIONS

The following terms used in this Offering Memorandum have the meanings set out below:

"**BMO**" means BMO Nesbitt Burns Inc.

"**Business Day**" means a day other than a Saturday, Sunday or any day on which the Schedule I Banks located in Toronto, Ontario are not open for business during normal banking hours.

"**Class**" means any class of Units described in this Offering Memorandum or such other class of Units as may be established by the Trustee in accordance with provisions of the Declaration of Trust.

"**Class A Units**", "**Class F Units**" and "**Class I Units**" means the class of transferable, redeemable units of the Trust designated as "Class A Units", "Class I Units" and "Class F Units", respectively, and includes each series of such Class.

"**Class Expenses**" is defined in "Description of the Units – Nature of Units".

"**Class NAV**" means, with respect to the Units of any particular Class of the Fund, the net asset value of the Fund's assets, as of that Valuation Date, referable to that Class determined in accordance with the provisions of the Declaration of Trust.

"**Class NAV per Unit**" means, with respect to the Units of any particular Class of the Fund or each series of that Class on any Valuation Date, the quotient obtained by dividing the Class NAV of the Class or series by the total number of Units of that Class or series outstanding at that Valuation Date, all as determined by the Trustee.

"**Closing**" means each closing of the Offering.

"**Closing Class NAV per Unit**" shall be the Class NAV per Unit (determined prior to any Performance Fees being accrued and including any Distributions on the Units of the Fund attributable to the Performance Fee Determination Period) at the close of business on the Performance Valuation Date (or the actual redemption date for Units that were redeemed during the Performance Fee Determination Period).

"**CRA**" means Canada Revenue Agency.

"**Declaration of Trust**" means the declaration of trust of the Fund dated as of May 27, 2015, governed by the laws of Ontario, pursuant to which the Fund was created, as amended, supplemented or amended and restated from time to time.

"**Distributable Cash**" means the amount of available cash collected to be distributed by the Fund, calculated as set out under "Distribution Policy".

"**Distribution**" means a distribution of the Fund declared in accordance with the Declaration of Trust.

"**Distribution Date**" means the date on which the Fund Manager declares a Distribution will be paid.

"**Exempt Plans**" means trusts governed by a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), a deferred profit sharing plan (DPSP), a registered disability savings plan (RDSP), a tax-free savings account (TFSA) or a registered education savings plan (RESP).

"**Fair Market Value**" in relation to a Unit means the fair market value of such Unit as determined by the Trustee from time to time, acting reasonably, but in its sole discretion, based upon the price at which the Units were offered for sale in the most recent offering of Units by the Fund less the net issue costs of such Unit, adjusted as determined by the Trustee including, without limitation, an adjustment for profits and losses up to the date of determination; provided however that such fair market value shall not exceed the proportionate share of the net asset value of the Fund represented by such Unit.

"**Fund**" means YTM Capital Credit Opportunities Fund, an unincorporated investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

"**Fund Administrator**" means SGGG Fund Services Inc.

"**Fund Manager**" means YTM Capital Asset Management Ltd.

"**High Watermark**" means, for each series of each Class, the point at which the Class NAV per Unit exceeds the highest Class NAV per Unit for that series in respect of which a Performance Fee has been previously paid.

"**Initial Class NAV per Unit**" means, for each series of each Class, the Class NAV per Unit at the Valuation Date at the end of the previous Performance Fee Determination Period (for any new series of a Class of Units issued during the relevant Performance Fee Determination Period, the Initial Class NAV per Unit of the Class shall be the subscription price of the Units when first issued).

"**Investment Objectives**" means the investment objectives under "Investment and Operating Policies of the Fund – Investment Objectives and Strategies".

"**Investment Restrictions**" means the investment restrictions under "Investment and Operating Policies of the Fund – Investment Guidelines and Restrictions".

"**Material Agreements**" means the contracts under "Material Agreements".

"Management Expense Distribution" is defined in "Description of the Units – Additional Distributions".

"**Management Fee**" means compensation paid by the Fund to the Fund Manager for its services as manager of the Fund.

"Management Provisions" means those portions of the Declaration of Trust pursuant to which the Manager will perform the management functions for the Fund.

"**Net Profit**" means, in respect of any series of any Class of Units of the Fund for any Performance Fee Determination Period, the amount calculated by deducting the Initial Class NAV per Unit for that Performance Fee Determination Period from the Closing Class NAV per Unit for that Performance Fee Determination Period and multiplying the resulting amount by the total number of the Units of such series of such Class outstanding at the final Valuation Date in that Performance Fee Determination Period (and, with respect to an intra-year redemption, on the actual redemption date).

"**NI 31-103**" means National Instrument 31-103 –*Registration Requirements*, as amended, supplemented or replaced from time to time.

"**NI 45-106**" means National Instrument 45-106 –*Prospectus and Registration Exemptions*, as amended, supplemented or replaced from time to time.

"**NI 81-102**" means National Instrument 81-102 – *Mutual Funds*, as amended, supplemented or replaced from time to time.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended, supplemented or replaced from time to time.

"**Offering**" means the continuous offering on a private placement basis of Units at a price of the Class NAV per Unit described in this Offering Memorandum.

"**Ontario Act**" means the *Securities Act* (Ontario), and the regulations, rules, policies and other instruments promulgated thereunder, as amended, supplemented or replaced from time to time.

"**Ordinary Resolution**" means a resolution passed by a simple majority of the votes cast by those Unitholders who, being entitled to do so, vote in person or by proxy at a duly convened meeting of Unitholders, or, subject to applicable laws, regulations and regulatory policies, a written resolution, in one or more counterparts, consented to in writing by Unitholders holding not less than 50% plus one of the votes attached to Units held by all Unitholders entitled to vote at that time.

"**Performance Fee**" is a fee payable by the Fund to the Fund Manager that is calculated for each Performance Fee Determination Period, in arrears, and is equal to 15% of the Net Profit of each series of Class A Units, of Class F Units, and of Class I Units subject to the High Watermark.

"**Performance Valuation Date**" is the final Valuation Date of a Performance Fee Determination Period.

"**Performance Fee Determination Period**" means a calendar annual year, except that (i) a new series, including a new series of Class I, shall start on the first day of issuance and end on the next December 31st, or (ii) a new Class shall start the first day that units of the new Class are issued and shall end on the next December 31st;

"**Person**" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof.

"**Prime Broker"** means BMO Nesbitt Burns Inc. ("BMO") and TD Securities Inc. ("**TD**") and other prime brokers appointed by the Fund from time to time.

"**Prime Brokerage Agreement"** means the agreements entered into with the Fund's Prime Broker or Prime Brokers.

"**Pro Rata Share**" of any particular amount in respect of a Unitholder at any time shall be the product obtained by multiplying the particular amount by the number obtained when the dollar value of Units that are owned by that Unitholder at that time is divided by the total dollar value of Units at that time.

"**Record Date**" means the date determined by the Fund Manager as of which Persons who are Unitholders on such date will be entitled to receive distributions;

"**Redemption Amount**" means in respect of Units a redemption price per Unit surrendered for redemption on the Redemption Date that is equal to 100% of the Class NAV per Unit of the relevant Class less costs associated with the redemption, including commission, brokerage costs and other such costs, if any, and less accrued Performance Fees, if any.

"**Redemption Date**" means the last Business Day of each month and includes any other date which the Trustee elects, in his sole discretion.

"**Redemption Notice**" means a notice, in a form acceptable to the Fund Administrator, made by a Unitholder to the Fund Administrator indicating the intention of such Unitholder to redeem his, her or its Units.

"**Registered Dealer**" means an investment dealer registered with a securities commission in a Canadian Province or Territory who has agreed to distribute Units.

"**Register**" means that record of the names and addresses of Unitholders together with other pertinent information to be kept by, on behalf of, or under the direction of the Trustee.

"**Series Roll Up**" is defined in "The Offering – Series Roll Up".

"**SGGG**" means SGGG Fund Services Inc., the Fund's Fund Administrator.

"**Special Resolution**" means a resolution approved by not less than 66 2/3% of the votes cast by those Unitholders who, being entitled to do so, vote in person or by proxy at a duly convened meeting of Unitholders, or, subject to applicable laws, regulations and regulatory policies, a written resolution, in one or more counterparts, consented to in writing by Unitholders holding not less than 66 2/3% of the votes attached to Units held by all Unitholders entitled to vote at that time.

"**Subscriber**" means a subscriber for Units hereunder, pursuant to the Offering, whose subscription has been accepted by the Trustee, and to whom Units have been issued and not revoked or transferred, and any other holder of Units from time to time (collectively, the "Subscribers").

"**Subscription Agreement**" means the agreement to be entered into between the Fund and Subscribers in furtherance of a subscription for Units under the Offering.

"**Tax Proposals**" means the proposals for specific amendments to the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof.

"**Tax Act**" means the Income Tax Act (Canada) and the regulations promulgated thereunder, as amended from time to time.

"TD" means TD Securities Inc.

"**Trustee**" means YTM Capital.

"**Unitholder**" means a holder of Units.

"**Unit**" means the units of the Fund (collectively, the "Units").

"**Valuation Date**" means the last Business Day of each calendar month upon which date the Trustee will determine the aggregate Fair Market Value of Units.

"**Valuation Time**" means the time at which trading closes on the Toronto Stock Exchange on the Valuation Date.

"**YTM Capital**" means YTM Capital Asset Management Ltd.

THE FUND

Overview of the Legal Structure of the Fund

The Fund is an unincorporated open-end investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The head office of the Fund is located in Oakville, Ontario. The Trustee is responsible for the general control and direction of the Fund.

The Fund has been established for an indefinite term. Pursuant to the Declaration of Trust, termination of the Fund (other than by reason that it is in the best interest of the Unitholders as determined by the Trustee, or the inability for the Trustee to appoint a new fund manager within 120 days of the Fund Manager giving its notice of resignation) or the sale or transfer of all or substantially all of the Fund's assets (other than as part of an internal reorganization of the assets of the Fund as approved by the Trustee) requires approval by Special Resolution. See "Description of Units".

INVESTMENT OBJECTIVES AND STRATEGIES

Investment Objectives

The objectives of the Fund are to seek maximum risk-adjusted returns while preserving capital.

Investment Strategies

The Fund Manager will implement diversified investment strategies that focus on Canadian investment grade corporate fixed-income securities and include cash and derivatives. The strategies are intended to mitigate the impact of market corrections and to deliver returns based on the Fund Manager's expertise in evaluating credit markets.

In addition to long and short investing, the Fund Manager will employ other investment strategies including leverage, securities lending and repurchase or reverse repurchase agreements. Leverage will be obtained through loan facilities, margin purchases, short selling, and derivative instruments.

The Fund Manager's strategies generally fall into four categories:

Market Analysis

The Fund Manager will invest in securities that it has identified are mispriced by the market either on a short-term trading basis, or a more fundamentally long-term view. The Fund Manager will ordinarily seek to hedge out unwanted risk – such as interest rate, credit, or currency risk. It may take long or short positons in order to take advantage of market inefficiencies. It may take positions in distressed securities of companies involved in bankruptcy proceedings, reorganizations and financial restructurings.

Relative Value

Relative Value involves taking a long position in one security and short in another to create a reduced risk position that is less dependent on overall market movements and more focused on price movements between individual securities that are specific to differences between those securities. For example:

- *Spread anomalies.* The Fund Manager expects that an issuer will outperform the general market. It will invest long in that issuer and short government bonds.

- *Pairs Trading.* The Fund Manager may implement a short position in securities of an issuer while taking a long position in securities of another issuer in an attempt to take advantage of relative valuation differences between the two issuers. The Fund Manager will make such a pairs trade when it believes that the fundamentals of the issuer in which the Fund holds a long position will become increasingly attractive as compared to those of the issuer in which the Fund holds a short position.

Carry Trades

Carry trades involve investing in a security or position that offers a compelling risk-adjusted rate of return that is partially offset by a lower cost of obtaining funds to finance the purchase of the security or position.

Credit Arbitrage

Credit arbitrage involves taking long and short positions in a single issuer. There are many types of trades that fall into this category. Some of the more common examples are:

- *Capital Structure Arbitrage.* The Fund Manager may take a short position in securities of an issuer while taking a long position in different securities of the same or related issuer. The Fund Manager will engage in this strategy when it believes that the fundamentals of a particular security in the issuer's capital structure are significantly more or less attractive than the fundamentals of another security in the same structure. The objective of inter-capital arbitrage is to earn a total return that is uncorrelated with general capital markets conditions, or earn a total return with favorable risk/reward characteristics.

- *Convertible Arbitrage.* The Fund Manager may purchase convertible securities of an issuer while short selling the underlying securities into which such convertible securities may be converted. In doing so, the Fund will attempt to take advantage of mispricing between the market price of the convertible securities and the underlying securities or will attempt to lower the volatility of the long convertible bond position by short selling the underlying common equity.

- *Yield and Credit Curve Arbitrage:* The Fund Manager may combine a long position in an issuer's bond at one maturity with a short position in the bonds of the same issuer at a different maturity. The Fund Manager may take offsetting long and short positions in government bonds and investment grade corporate bonds to take advantage of unsustainable pricing anomalies, while hedging against interest rate risk.

Investment Universe

The Fund Manager will invest primarily in fixed-income credit assets, which include: investment-grade fixed income securities issued by investment grade corporations, Canadian or non-Canadian governments, government agencies, non-investment grade fixed-income securities, credit derivatives, convertible bonds, convertible debentures, credit linked notes, bank loans, asset backed securities, mortgage backed securities, mortgages, collateralized debt and loan obligations, preferred shares, exchange traded funds, closed-end funds, open-end funds, YTM Capital funds, trusts, limited partnerships, foreign currencies, cash and cash equivalents, and new debt-like investments that create an acceptable risk / reward trade-off for the Fund. The Fund Manager may, from time to time, also invest in equities, equity derivatives, and commodities primarily for hedging purposes. Investments held by the Fund may be issued by private companies or the subject of private placements. Depending on market conditions, the Fund Manager may invest a substantial portion of the Fund's assets in a single asset class, including cash and cash equivalents.

The Fund Manager may use all types of derivatives in order to implement strategies, including credit-focused derivatives such as: interest rate and currency swaps, futures and forwards, options on interest rate and currency swaps, credit default swaps, credit indices, options on credit default swaps and credit indices, credit index tranches, recovery rate swaps, or other credit related derivative products and equity-related derivatives. The Fund Manager may use derivatives both to hedge against investment risk – such as market, interest rate, credit, and currency risk – and to seek investment exposure. For example, the Fund Manager may:

(i) trade swaps, options, futures, or forwards to hedge interest rate risk inherent in long fixed-income securities, leaving the Fund's principal investment exposure in these investments to changes in credit spreads;

(ii) trade credit default swaps on credit indices and specific fixed-income issuers to either hedge against market or issuer risk or to seek incremental returns;

(iii) trade options to take advantage of market dislocation, to monetize periods of extreme volatility, and to manage systemic market risk;

(iv) trade swaps, options, futures, or forwards to hedge the currency risk inherent in securities denominated in currencies other than the Canadian dollar or to seek exposure to non-Canadian currencies.

Risk Management

The Fund Manager employs a disciplined and rigourous risk monitoring system. It actively monitors and manages the relative weightings of the Fund's long and short positions and the Fund's exposure to default, financial distress, foreign currencies, interest rates, industries, single issuers, and asset class concentration.

The Fund Manager will ordinarily endeavour to hedge the majority of the Fund's currency risk back to Canadian Dollars, but the Fund Manager may seek to take incremental currency exposure where consistent with the objectives of the Fund.

The Fund Manager will ordinarily endeavour to hedge the majority of the Fund's interest rate risk by using interest rate swaps and forwards and by shorting government bonds, but the Fund Manager may seek to take incremental interest rate exposure where consistent with the objectives of the Fund.

The Fund Manager will utilize only one prime broker until the Fund has reached a sufficiently large size, at which point the Fund Manager plans to retain two or more prime brokers to mitigate potential counterparty risk. The Fund Manager will monitor the financial health of any prime brokers it utilizes and take actions necessary to minimize counterparty risk to the Fund. In addition, the Fund Manager intends to maintain relationships with multiple trading counterparties.

While the Fund Manager seeks to minimize risk in selecting investments and operating the Fund, it should be understood that the Fund Manager's risk management techniques cannot provide any assurance that the Fund will not be exposed to the risk of significant investment losses. See "Risk Factors".

The investment strategies described in this section are not intended to be exhaustive. Other strategies may also be employed, depending on the Fund Manager's assessment of market conditions and the relative attractiveness of the available opportunities. The Fund Manager may, in its sole discretion, use strategies other than those described above or discontinue the use of any strategy without notice to Unitholders.

INVESTMENT RESTRICTIONS

The activities of the Fund are subject to certain investment restrictions. These restrictions are determined by the Fund Manager from time to time. The Fund Manager may change the restrictions if necessary to comply with law or if necessary to respond to changes in market conditions. If the changes are material, the Fund Manager will notify Unitholders. The Fund Manager may not adhere to these restrictions during times of substantial market volatility, when major changes are being made to the Fund's portfolio, or where the Fund subscribes to new issuances. If a position is out of compliance with a restriction the Fund Manager will have a reasonable length of time to change the positon provided that doing so is in the best interests of the Fund.

The current investment restrictions are that the Fund will not:

(i) purchase securities such that the Fund would have more than 25% of its total assets (both long and short exposure) invested in non-investment grade issuers ("non-investment grade issuers" are any issuers that are rated by a major rating agency (Moody's, S&P, DBRS, Fitch) below investment grade, provided that the issuer will not be considered "non-investment grade" if one or more major agency rates it investment grade;

(ii) purchase the securities of an issuer for the purposes of exercising control over management of that issuer or that would require the Fund to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws;

(iii) make any investment that would result in the Fund failing to qualify as a "mutual fund trust" within the meaning of the Tax Act; or

(iv) make or hold any investment that could deem, specifically for tax purposes, the Fund to have earned income from a foreign entity.

MANAGEMENT OF THE FUND

Overview

The Fund is under the general control and direction of the Fund Manager, including the day-to-day operations of the Fund. The Fund has retained YTM Capital as the Fund Manager. YTM Capital was incorporated under the laws of Canada in 2010. YTM Capital is a debt-focused asset manager and is registered with the Ontario Securities Commission as an Investment Fund Manager, Portfolio Manager and Exempt Market Dealer.

Daniel R. Child is co-portfolio manager of the Fund. He has more than 25 years of experience in financial markets and investment management. Prior to founding YTM Capital Asset Management Ltd., he was employed by Scotia Capital most recently as a Managing Director, Head Corporate Bond Trader. He was directly responsible for managing a $1 billion portfolio of corporate bonds, including public and private investment grade and high yield bonds, asset backed securities and both mortgage backed securities and commercial mortgage backed securities, distressed debt, and preferred shares. His mandate also included credit default swaps in Canadian and U.S. dollars, interest rate options, and interest rate futures and he was responsible for the oversight of the Mortgage Backed Securities and Asset Back Securities trading operations. Mr. Child holds Chartered Professional Accountant, Chartered Accountant (CPA, CA), and Chartered Financial Analyst (CFA) designations and graduated with an Honors degree in Business Administration from the Ivey School of Business at the University of Western Ontario. He was the recipient of the Michael Nobrega Award of Excellence for the top nationwide mark in his firm on the Uniform Final Examination (CA Final Exam).

Karl U. Burnham is co-portfolio manager of the Fund. He has more than 20 years of experience trading credit markets. Karl began his trading career at CIBC in the corporate bond sector and steadily assumed increasing responsibilities. His most recent responsibilities at CIBC World Markets as a Managing Director involved actively trading and managing the corporate trading book while overseeing other major credit trading businesses, including Provincial, MBS, ABS, and CMBS, Strip, Crown, Yankee, Municipal, Emerging Market, and Eurobond. Karl was responsible for more than $5 billion in fixed-income assets. Karl holds a Master's degree of Business Administration from the Schulich School of Business and is a Chartered Financial Analyst (CFA).

David S. Burbach is YTM Capital's Chief Compliance Officer. He has spent more than 20 years in the investment management industry as an executive and lawyer. He has extensive experience in product structuring and fund operations in Canada, the U.S., Europe, and Asia. Prior to joining YTM he was Director of Legal Services for Mackenzie Investments. David has been a lawyer since 1996, earned his LL.B from the University of Toronto, and graduated with an Honors degree in Business Administration from the Ivey School of Business at the University of Western Ontario. He holds a Chartered Investment Manager (CIM) designation.

Although Daniel Child and Karl Burnham will not devote all of their time to the business and affairs of the Fund, they will devote as much time as is necessary to supervise the management of, and to manage or to advise on the business and affairs of, the Fund.

Duties and Services to be Performed by the Fund Manager

Pursuant to the Declaration of Trust, the Fund Manager is appointed as the sole and exclusive manager of the affairs of the Fund. In such capacity, the Fund Manager is responsible for the day-to-day activities of the Fund. The services to be provided by the Fund Manager under the terms of the Declaration of Trust will include, without limitation:

(a) appointing and monitoring the performance of persons, including the custodian, the registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund;

(b) monitoring the suitability of the Investment Objectives and Investment Restrictions and preparing for adoption by the Unitholders of any amendments to the Investment Objectives or notifying Unitholders of any material changes to Investment Restrictions which the Fund Manager believes are in the best interests of the Fund;

(c) the authorization and payment on behalf of the Fund of expenses incurred on behalf of the Fund and the negotiation of contracts with third party providers of services (including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers);

(d) the provision of office space, telephone service, office equipment, facilities, supplies and executive, secretarial and clerical services;

(e) the preparation of accounting, management and other reports, including such interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns as may be required by applicable law;

(f) keeping and maintaining the books and records of the Fund and the supervision of compliance by the Fund with record keeping requirements under applicable regulatory regimes;

(g) monitoring the ability of the Fund to pay Distributions (including, without limitation, an additional Distribution) if, as and when determined necessary or appropriate by the Manager;

(h) communications and correspondence with Unitholders and the preparation of notices of Distributions to Unitholders;

(i) ensuring that the Class NAV per Unit for each class is calculated on each Valuation Date;

(j) general investor relations and responding to investors' inquiries in respect of the Fund;

(k) dealing with banks and custodians, including the maintenance of bank records and the negotiation and securing of bank financing or refinancing;

(l) obtaining such insurance as the Fund Manager considers appropriate for the Fund;

(m) arranging for the provision of services by the Fund Administrator;

(n) reviewing fees and expenses charged to the Fund and ensuring the timely payment thereof;

(o) ensuring:

    (i) that the Fund complies with all regulatory requirements; and

    (ii) the organization of meetings of Unitholders; and

(p) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund.

In carrying out the obligations of the manager under the Declaration of Trust, the Fund Manager will be required to exercise its powers and discharge its duties diligently, honestly and in good faith and in the best interests of the Fund, including without limitation exercising the standard of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

The roles of the Fund Manager are subject to the terms and conditions of the Declaration of Trust (the "**Management Provisions**"). The statements in this Offering Memorandum concerning the Declaration of Trust are intended to be only a summary of the provisions of the Declaration of Trust and do not purport to be complete. A copy of the Declaration of Trust will be provided to each prospective Subscriber on request in writing to the Trustee. Prior to executing a Subscription Agreement, each prospective Subscriber should review with his, her or its advisors the provisions of the Declaration of Trust for the complete details of these provisions and all other provisions thereof. All capitalized terms in this section not otherwise defined herein shall have the meaning as set out in the Declaration of Trust.

Liability and Indemnity of the Fund Manager

The Fund Manager, and any agent to whom the Fund Manager has delegated any of its duties, shall exercise its powers and perform its duties honestly, in good faith and in the best interests of the Fund and its Unitholders and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Fund Manager will not be liable in any way for any default, failure or defect of the assets of the Fund if it has satisfied the duties and the standard of care, diligence and skill. However, the Fund Manager shall be liable to the Fund for any loss, damage, claim, cost, charge, expense or liability resulting from the Fund Manager's wilful misconduct, bad faith, negligence or breach by the Fund Manager of its duties or the standard of care, diligence and skill.

The Fund Manager and its directors, officers, employees, consultants and agents (as applicable) shall be entitled to indemnity and reimbursement out of the property of the Fund to the full extent of such liability and the costs of any litigation or other proceedings in which such liability shall have been determined, including the fees and disbursements of counsel to the Fund.

Term and Termination of the Fund Manager

The services of the Fund Manager will continue until terminated in accordance with the Declaration of Trust. If the Fund Manager is in material breach or default of the Management Provisions and, if capable of being cured, such breach or default has not been cured within twenty (20) Business Days of such breach or default, the Unitholders may terminate the Fund Manager by a Special Resolution.

The Fund Manager may be terminated immediately in the event of the commission by the Fund Manager of any fraudulent act and shall be automatically terminated if the Fund Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors or ceases to be resident in Canada for purposes of the Tax Act.

In the event that the Fund Manager is terminated as provided above, the Trustee shall promptly appoint a successor Fund Manager to carry out the activities of the Fund Manager. Any subsequent Fund Manager so appointed will be subject to removal or termination with the approval of the Unitholders by an Ordinary Resolution approved at a meeting of Unitholders. Any such successor will enter into a management agreement with the Fund on substantially the same terms as set out in the Management Provisions.

Other than payment of the fees payable to the Fund Manager and the reimbursement of the Fund Manager's expenses up to and including the date of termination of the Fund Manager, no additional payments will be required to be made by the Fund to the Fund Manager as a result of any termination of the Fund Manager.

The Fund Manager may resign as the manager of the Fund on sixty (60) days' notice.

RISK FACTORS

In addition to factors included in other sections of this Offering Memorandum, potential Subscribers should carefully consider the following summary of the risk factors involved in an investment in the Units. Since this section is only a summary, prospective Subscribers should consult with their own professional advisors to assess the income tax, legal and other aspects of an investment in the Units.

An investment in the Fund may not be suitable for certain investors and is not intended as a complete investment program. **There is no assurance that the Fund will be able to achieve its investment objectives and there is a risk that an investor may lose a significant part of his or her investment in the Fund.** 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.

Risks inherent in the Fund's Underlying Investments

Investment and Trading Risks in General

All investments and arrangements made by the Fund Manager risk the loss of capital. The Fund Manager may utilize trading techniques or instruments, which can, in certain circumstances, maximize the adverse impact to which the Fund may be subject. No guarantee or representation is made that the Fund's investment program will be successful, and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Fund's portfolio and performance.

Market Illiquidity

The Fund will be impacted by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, regulatory influences, and national and international political circumstances. These factors have an impact on the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity may result in Fund losses.

Credit Risk

Credit risk is the risk that the government or company issuing a fixed income security will be unable to make interest payments or pay back the original investment. Securities with lower credit ratings generally have higher credit risk. The value of certain fixed-income securities fluctuates in response to perceptions of credit-worthiness, political stability or soundness, economic policies, general market liquidity, and specific security liquidity.

Interest Rate Risk

The value of fixed-income securities fluctuates with changes in interest rates. When interest rates decline, the value of such securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline. While the Fund Manager generally will hedge against interest changes, portions of the Fund's portfolio may be subject to the impact of changes in interest rates because the Fund Manager chooses not to hedge or is unable to hedge effectively. There is also no guarantee that the hedges will offset all losses, as discussed under "Derivatives Risk".

Derivatives Risk

The Fund may use derivatives to pursue its investment objectives, either to hedge against risk or to seek investment exposure. The Fund uses options, forwards, futures, swaps, or other types of derivatives. An option gives the holder the right, but not the obligation, to buy or sell the underlying interest at an agreed price within a certain time period. A call option gives the holder the right to buy; a put option gives the holder the right to sell. A forward is a commitment to buy or sell the underlying interest for an agreed price on a future date. A future is similar to a forward except that futures are traded on exchanges. A swap is a commitment to exchange one set of payments for another set of payments. Some derivatives are settled by one party's delivery of the underlying interest to the other party; others are settled by a cash payment representing the value of the contract.

The use of derivatives carries several risks:

(i) There is no guarantee that a market will exist for some derivatives, which could prevent the Fund from selling or exiting the derivative prior to the maturity of the contract. This risk may restrict the mutual fund's ability to realize its profits or limit its losses.

(ii) It is possible that the counterparty to the derivative contract will fail to perform its obligations under the contract resulting in a loss to the Fund.

(iii) When entering into a derivative contract, the Fund may be required to provide margin or collateral to the counterparty. If the counterparty becomes insolvent, the Fund could lose its margin or its collateral or incur expenses to recover it.

(iv) Securities and commodities exchanges could set daily trading limits on options and futures. Such rule changes could prevent the Fund from completing a futures or options transaction, causing the Fund to realize a loss because it cannot hedge properly or limit a loss.

(v) The Fund uses derivatives to hedge against risks associated with investments in foreign markets, currencies or specific securities. Hedging may not be effective in preventing losses. Hedging may also reduce the opportunity for gain if the value of the hedged investment rises, because the derivative could incur an offsetting loss. Hedging may also be costly or difficult to implement.

(vi) Derivatives are complex, as are the operations necessary to transact in derivatives. Operations risk at brokers, dealers, and counterparties in the form of inadequate controls, deficient procedures, human error, system failure or fraud can cause losses.

Short Selling Risk

The Fund may engage in short selling, either to hedge against risk or to seek investment exposure. A short sale is a transaction in which the Fund sells, on the open market, securities that it has borrowed from a lender for this purpose. At a later date, the Fund purchases identical securities on the open market and returns them to the lender. In the interim, the Fund must pay compensation to the lender for the loan of the securities and provide collateral to the lender for the loan.

Short selling involves certain risks:

(i) There is no assurance that the borrowed securities will decline in value during the period of the short sale by more than the compensation paid to the lender, and securities sold short may instead increase in value, exposing the Fund to losses.

(ii) The Fund may experience difficulties in purchasing and returning borrowed securities if a liquid market for the securities does not exist at that time.

(iii) A lender may require the Fund to return borrowed securities at any time. This may require the Fund to purchase such securities on the open market at an inopportune time.

(iv) The lender from whom the Fund has borrowed securities or the prime broker that is used to facilitate short selling may become insolvent and the Fund may lose the collateral it has deposited with the lender and/or the prime broker.

Liquidity

The Fund may invest in securities and instruments that are thinly traded. There are no restrictions on the investment of Fund assets in illiquid securities. It is possible that the Fund may not be able to sell or repurchase significant portions of illiquid positions without facing substantially adverse prices. If the Fund is required to transact in such securities before its intended investment horizon, the performance of the Fund could suffer.

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 (except to the extent such fluctuations are hedged by the

Manager). In addition, the value of certain fixed-income securities can fluctuate in response to credit market conditions. 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). To the extent that the Manager elects not to or is unable to hedge these risks, the Fund may be adversely impacted.

Leverage risk

The Fund Manager uses financial leverage by borrowing funds against the assets of the Fund. It may also access leverage through margin purchases, short selling, and using derivatives. Leverage increases both the possibilities for profit and the risk of loss for the Fund. If the cost of borrowing is higher than the gains earned by the assets purchased with the loan proceeds or if the assets decline in value, then the Fund will suffer losses.

Credit markets can be subject to periods in which there is a severe contraction of both liquidity and available leverage. The combination of these two factors can result in the Fund being required to sell positions at disadvantageous prices in order to meet margin requirements, contributing to a general decline in a wide range of different securities. This general decline may result in dealers raising margin requirements, which would require the Fund to attempt to sell positions in order to comply with increased requirements at a time when there are no buyers at fair prices. These market conditions have in the past resulted in major losses to a substantial number of private investment funds. If these conditions occur again, Unitholders will be solely reliant upon the ability and experience of the Manager to limit losses to the Fund.

Concentration

The Fund Manager will take concentrated positions in issuers, industries, asset classes, or geographic regions from time to time. Concentration means less diversification and a greater risk of loss.

Foreign Currency Risk

The Fund may have foreign currency exposure. The Fund Manager may hedge against fluctuations in foreign currencies compared to the Canadian dollar by using derivatives, as discussed under "Derivatives Risk". If the Fund Manager chooses not to hedge, or is unable to effectively hedge, and the foreign currencies to which the Fund is exposed depreciate compared to the Canadian dollar, the Fund's performance will be negatively impacted.

Counterparty Risk

The Fund bears the risk of loss of the amount expected to be received under prime brokerage arrangements, derivatives, or securities lending agreements if a counterparty to such contracts or agreements defaults or declares bankruptcy. In the case of derivatives, although the counterparties are primarily regulated entities and are subject to independent credit evaluation and regulatory oversight, a large majority of the markets may be over-the-counter or interdealer markets. These markets expose the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a contractual or because of a credit or liquidity problem. In addition, where a counterparty defaults, the Fund could become subject to adverse market movements while replacement transactions are executed. This risk is accentuated for longer maturities contracts where events may intervene to prevent settlement or where the Fund has concentrated its transactions with a single or small group of counterparties.

Custody Risk and Broker or Dealer Insolvency

The Fund may not directly control the custodianship of all of its securities. The Fund's assets will be held in one or more accounts maintained for the Fund by its prime brokers or other brokers. Such brokers are subject to laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. The practical effect of these laws and their application to the Fund's assets are subject to substantial limitations and uncertainties. The large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker or any sub-custodians, agents or affiliates makes it impossible to generalize about the effect of insolvency on the Fund. Investors should assume that the insolvency of any of the prime brokers or such other service providers would result in the loss of all or a substantial portion of the Fund's assets held by or through such prime broker and it also may cause losses on trades involving prime brokers that have not settled prior to insolvency. This risk is greater than the risk borne by funds offered by simplified

prospectus because the standard of care agreed to by BMO and TD acting as prime brokers may be less protective than the standard of care required of custodians to funds offered by simplified prospectus and the operations of BMO and TD more complex.

Options

The Fund Manager may use options selectively as a return enhancement and portfolio hedging tool. In certain circumstances, it may write and sell 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, but investment in an option can be subject to greater fluctuation than an investment in the underlying security. Where the Fund Manager sells an uncovered option there is the risk of an unlimited loss. The Fund Manager may hedge a portion of this risk by buying or selling of the underlying security.

Futures Trading Risk

Futures prices are highly volatile, with price movements being influenced by a multitude of factors such as changing supply and demand relationships, government trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events and speculative frenzy and the emotions of the marketplace. In addition, governments from time to time intervene in certain markets, particularly currency and interest-rate markets.

Foreign Obligations

Investments in obligations of foreign entities and instruments denominated in foreign currencies, particularly those issued in emerging countries, involve risks not normally associated with domestic investment including currency fluctuations, investment controls and political events.

Distressed Securities

The Fund may invest in distressed securities -- claims and obligations of domestic and foreign entities that are experiencing significant financial or business difficulties. Distressed securities may result in significant returns to the Fund, but also involve a substantial degree of risk. The Fund may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the Fund's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such instruments may also be subject to abrupt and erratic market movements and above average price volatility. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Special Situation Investing

The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. The consummation of mergers, tender offers and exchange offers can be prevented or delayed by a variety of factors, including management or shareholder opposition, government intervention, an attempt by a third party to acquire the offeror, market conditions resulting in material changes in securities prices, compliance with any applicable legal requirements and inability to obtain adequate financing. Additionally, such investment can result in a distribution of cash or a new security the value of which is less than the purchase price of the security in respect of which such distribution is received. Similarly if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss.

Securities Lending

The Fund may enter into securities lending transactions (including repurchase transactions and reverse repurchase transactions) to generate additional income from securities held in the Fund. If the other party to the transaction becomes insolvent or otherwise cannot fulfill its agreement, the Fund may suffer losses.

Trading Errors

In the course of carrying out trading and investing responsibilities on behalf of the Fund, the Fund Manager may make trading errors. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are typically distinguishable from errors in 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 Fund Manager. Consequently, the Fund Manager will (unless the Fund 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 Fund Manager, which is inconsistent with the Fund Manager's standard of care.

Portfolio Turnover

The Fund Manager adjusts the proportions of investments held in the Fund on a relatively frequent basis. In order to do so, the Fund Manager actively trades on a frequent ongoing basis, such that the operation of a Fund may result in a high, annual portfolio turnover rate. The amount of leverage that a Fund operates at also exaggerates the turnover rate of the Fund. The Fund Manager has not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time that they have been held when, in the opinion of the Fund Manager, investment considerations warrant such action. The high rate of portfolio turnover of the Funds involves correspondingly greater expenses than a lower turnover rate – for example greater transaction costs such as brokerage fees and market impact costs – and the greater the chance that a Unitholder will receive distributions of income or capital gains from a Fund in a year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Risks inherent in an investment in the Fund

Units are Illiquid

As there is no developed market for the Units and the Units are subject to resale restrictions under securities laws, a Unitholder will not be able to liquidate his investment. In addition, redemption rights may be suspended or prorated in extraordinary circumstances as described in "Description of Units – Redemption of Units". These two factors mean that a Unitholder may not be able to recover his investment in a timely way. Accordingly, an investment in Units should only be considered by investors who do not require liquidity.

History of Operation

Although the principals of the Fund Manager have substantial investment management experience, the Fund has a relatively short operating history upon which prospective investors can evaluate the Fund's possible performance. Investors must rely on the ability, expertise, judgment, discretion, integrity and good faith of the principals of the Fund Manager. See "Reliance on Trustee and Fund Manager".

Reliance on Trustee and Fund Manager

In assessing the risks and rewards of an investment in Units, potential investors should appreciate that they are relying on the good faith, judgment, knowledge, and expertise of the principals of the Trustee and Fund Manager in administering and managing the Fund. Although approval of the Unitholders is required for certain matters, Unitholders have no right to take part in the management of, or the stated purpose of the Fund and the Fund will be bound by the decisions of the Trustee as provided in the Declaration of Trust. It would be inappropriate for investors who are unwilling to rely on the Trustee to this extent to subscribe for Units. There is no certainty that the principals who currently lead the Trustee and Fund Manager will continue to be available to the Fund for the entire period during which it requires the provision of its services. See "Risk Factors - Conflicts of Interest".

Dependence of Fund Manager on Key Personnel

The Fund Manager will 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 Fund Manager to perform its management activities on behalf of the Fund.

Valuation of the Fund

Valuation of the Fund may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Fund could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's assets. Valuation determinations will be made in good faith in accordance with the Declaration of Trust.

The Fund will invest in over-the-counter securities and derivatives, which are less liquid than exchange-traded instruments. The Fund may, from time to time, have significant exposure to these investments which can be extremely difficult to value accurately. To the extent that the value assigned by the Fund Manager differs from the actual value, the Class NAV per Unit may be understated or overstated. There is a risk to redeeming Unitholders or to new investors in the Fund that they will be negatively impacted by the overstatement or understatement. For example, a Unitholder who redeems all or part of his or her Units will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Unitholder might be overpaid if the actual value of such investments is lower than the value designated by the Fund in respect of a redemption.

Performance Fees

The estimated Performance Fee, if any, payable to the Fund Manager will be accrued at each Valuation Date as a liability of the Fund, ultimately reducing the Class NAV per Unit of the Fund on a series by series basis. The redemption price received by an investor whose Units are redeemed will reflect an accrual for performance bonuses, based on any increase in Class NAV per Unit from the beginning of the Performance Fee Determination Period through the date of redemption. However, the accrual of performance bonuses may subsequently be reversed if the Fund's performance declines during the remainder of the Performance Fee Determination Period, and no adjustment to a redemption price will be made after it has been established.

Changes in Legislation

There is no guarantee that certain laws applicable to the Fund, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the Fund or Unitholders. In addition, the regulatory environment for alternative funds and for derivatives is evolving at a relatively rapid pace. Future rule changes may adversely impact the net asset value of the Fund. The changes might restrict certain investment strategies, impose new costs on the Fund and Fund Manager, or have a negative impact on the value of investments held by the Fund.

Taxation of the Fund

If the Fund does not qualify as a "mutual fund trust", the income tax considerations as described under "Income Tax Considerations for Investors" would in some respects be materially different. Neither current law nor the Tax Proposals provide any means of rectifying a loss of mutual fund trust status. There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Fund or the Unitholders.

Certain US Taxation Risk

Pursuant to new US tax rules, Unitholders of the Fund may be required to provide identity and residency information to the Fund, which may be provided by the Fund to Canadian and/or US tax authorities in order to avoid a US withholding tax being imposed on US and certain non-US source income and on proceeds of disposition received by the Fund or on certain amounts (including distributions) paid by the Fund to certain Unitholders.

Status of the Fund

The Fund is not subject to many policies and regulations that apply to retail mutual funds, including NI 81-102 which implements investment restrictions ensuring diversification and liquidity.

Changes in Investment Strategy

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

Possible Impact of Substantial Redemptions

Substantial redemptions of Units may require the Fund to liquidate positions rapidly in order to meet the redemption requests. Selling the Fund's assets rapidly is likely to adversely affect the net asset value of the Fund, including both the value of the Units being redeemed and the remaining Units.

Lack of Independent Experts Representing Unitholders

The Fund and the Manager have consulted with legal counsel about the formation and terms of the Fund and the offering of Units. Unitholders have not been independently represented. 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 other own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Fund.

Units are not Insured

The Fund is not a member institution of the Canada Deposit Insurance Fund and the Units offered pursuant to this Offering Memorandum Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under provisions of that statute or any other legislation.

Nature of Units

The Units are neither fixed income nor equity securities. An investment in Units does not constitute an investment by Unitholders in the securities included in the portfolio of the Fund. Unitholders will not own the securities held by the Fund by virtue of owning Units of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. 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.

Buying units late in the year

The Class NAV per Unit may include income and/or capital gains that the Fund has earned or realized but not yet distributed. Distributions of a Fund's income and capital gains are taxable even if that income and capital gains is attributable to a time before you acquired the Units. This could be particularly significant if you purchase Units late in the year.

Unitholder Liability

The Declaration of Trust limits the liability of Unitholders in respect of the Fund and states that the assets of the Fund only are intended to be liable and subject to levy or execution for satisfaction of Fund liabilities and that no resort is to be had to, nor recourse or satisfaction sought from, the private property of any Unitholder in respect of such liabilities.

Notwithstanding the above, to the extent that claims are not satisfied by the Fund, there is a risk that a Unitholder or annuitant will be held personally liable for obligations of the Fund where the liability is not disclaimed in the contracts or arrangements entered into by the Fund with third parties. The Fund will make best efforts to disclaim and limit Unitholder liability through contractual means by way of limiting provisions. Personal liability may also arise in respect of claims against the Fund that do not arise under contracts, including claims in tort, claims for taxes and certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered by the Fund's management to be remote due to the nature of the Fund's activities as beneficiary and creditor and the Trustee's obligations pursuant to the Declaration of Trust. Further, in the unlikely

event of Unitholder liability, such liability will be limited to the net assets of the Fund. In the event that payment of a Fund obligation is required to be made by a Unitholder, such Unitholder is entitled to reimbursement from the available assets of the Fund.

Potential Indemnification Obligations

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

Conflicts of Interest

As YTM Capital acts as the Trustee and Fund Manager to the Fund, and, in certain circumstances, as exempt market dealer in selling securities of the Fund to investors, it faces several potential conflicts between its interests and the interests of the Fund. These potential conflicts are increased where YTM Capital in the same capacity to other funds or in the case where it acts as an advisor to other accounts, particularly those accounts with similar mandates to the Fund. Although none of the principals of the Fund Manager will devote all of his full time to the business and affairs of the Fund, each will devote as much time as is necessary to supervise the management of, to manage or to advise on the business and affairs of, the Fund and its individual members and business. See "Management of the Fund".

In executing its duties on behalf of the Fund, the Fund Manager will do so in good faith and with a view to the best interests of the Fund and its Unitholders. In that vein, YTM Capital has implemented several policies designed to mitigate potential conflicts of interest. Those policies are described in the "YTM Capital Policies" section.

Investment Risk Classification

The Fund Manager has identified the investment risk level of the Fund as an additional guide to help prospective investors and their professional advisors decide whether the Fund is suitable. The Fund Manager's determination of the investment risk rating for the Fund is guided by the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the "**Task Force**"). The Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a fund as measured by the standard deviation of its performance. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of a fund's relative volatility and related risk. Standard deviation is widely used to measure volatility of return. A fund's risk is measured using rolling one, three and five year standard deviation and comparing these values against other funds and an industry standard framework. The standard deviation represents, generally, the level of volatility in returns that a fund has historically experienced over the set measurement periods.

For funds with a short performance history, the Task Force recommends that fund managers assign a risk rating based on a fund's investment category. The Task Force has matched ranges of 3 and 5 year rolling standard deviation to risk categories published by the Canadian Securities Administrators ("**CSA**"), as set out below. The Fund Manager expects that the Fund will have a level of risk that is similar to, or less than, the high yield fixed-income category. Consistent with the Task Force's assessment of high yield fixed-income funds, the Fund Manager has rated the Fund's investment risk as Low to Medium.

Standard Deviation	**CSA Fund Facts Investment Risk Scale**
0 - 6.0	Low
6.0 - 11.0	Low to Medium
11.0 - 16.0	Medium
16.0 - 20.0	Medium to High
20.0 +	High

Investors should be aware, however, that other types of risk, both measurable and non-measurable, exist. Additionally, just as historical performance may not be indicative of future returns, the historical volatility described in this section may not be indicative of future volatility.

YTM CAPITAL POLICIES

The Fund Manager has created a series of policies designed to mitigate potential conflicts between the Fund Manager and the Fund. This section describes those policies.

Related and Connected Issuers Policy

The Fund Manager may engage in activities as an adviser and as an exempt market dealer in respect of securities of related or connected issuers but will do so only in compliance with applicable securities laws.

Securities laws require dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they are related or connected, to do so only in accordance with disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities.

The Fund Manager will be acting as an adviser, exempt market dealer, and investment fund manager in Ontario. As a result, potential conflicts of interest could arise in connection with the Fund Manager acting in all of these capacities. As an exempt market dealer, the Fund Manager intends only to sell securities issued by related investment funds organized by the Fund Manager. It will not be paid by the related fund for acting in that capacity, nor will an investor in the related fund pay the Fund Manager any commission. Accordingly, there is no opportunity for a potential conflict to arise as there would be if, for example, the Fund Manager also sold or sought investors for, securities of unrelated issuers. The Fund Manager's relationship with such funds will be fully disclosed to all potential investors.

The definitions of the terms "related issuer" and "connected issuer" can be found in National Instrument 33-105 Underwriting Conflicts of the Canadian Securities Administrators. The Fund is a related and connected issuer of the Fund Manager.

Trade Allocation Policy

The Fund Manager may serve as portfolio manager to clients other than the Fund and may serve as portfolio manager to clients with a similar investment mandate. In meeting its obligations, the Fund Manager does not permit any allocation that favours one client over another client based on the Fund Manager's interests.

When there is a limited investment opportunity, the Fund Manager will determine whether the investment opportunity is suitable for all clients, taking into account each client's (i) investment strategy, (ii) investment restrictions, (ii) its current and target portfolio risk profile, including issuer exposure, sector exposure, liquidity profile, (iii) whether the Fund is in start-up mode and current investor flows; and (iv) its current and target leverage ("**Allocation Factors**"). For the purposes of the Policy, limited opportunities to buy and sell securities are treated the same way.

- If the opportunity is equally suitable for more than one client – i.e. there are no significant differences in Allocation Factors between clients in respect of that opportunity – the Fund Manager will allocate to each client on a *pro rata* basis with reference to each Fund's target asset value (which is equal to NAV multiplied by target leverage). If this pro rating results in an inappropriately small position for a client (for example, this may occur on a new securities issue), the Fund Manager may re-allocate the small position to another client or other clients on a pro rata basis. the Fund Manager will ensure that any such re-allocation results in fair and equal treatment of all clients over time.

- If the opportunity is suitable for more than one client, but in a varying degree as between the clients because of differences in Allocation Factors, the Fund Manager will determine an allocation that is fair and equitable among the clients. Where the determination would result in an allocation that is cumbersome from a trading perspective, the Fund Manager may round the allocations up or down in order to create investments that are easier to trade in the future.

- For block trades: (i) if partially filled, fills are allocated based on the methodology described above; (ii) if filled at varying prices, fills are allocated on an average price basis; and (iii) trading commissions, if any, are allocated on the basis securities are allocated among the clients.

Transactions for clients shall have priority over personal transactions so that the Fund Manager's and its employees' personal transactions do not act adversely to the Fund's interest.

These allocations may result in the Fund Manager clients other than the Fund achieving profits that the Fund does not or avoiding losses that the Fund suffers.

Best Execution Policy

YTM's portfolio managers are responsible for managing all trading on behalf of the YTM's clients, including the Fund, and for making reasonable efforts to achieve Best Execution in respect of each trade. The portfolio managers shall establish and maintain a process for evaluating how consistently YTM is achieving best execution (means the most advantageous execution terms reasonably available in the circumstances). This process will include an assessment of how consistently each dealer used is able to provide best execution. Where the portfolio managers determine that a dealer is underperforming, they will limit the volume of trading conducted through such dealer. In meeting its obligations, YTM does not permit any choice of dealer to execute trades to be based on YTM's interests.

Personal Conduct Policy

The Fund Manager has adopted a policy that restricts personal activities by Fund Manager employees that may create conflicts with the Fund in three main areas. First, trading by the employees of the Fund Manager is restricted in order to mitigate conflict between such personal trading and the interests of accounts advised by the Fund Manager. Second, the policy restricts the acceptance of gifts, entertainment, or other benefits by Fund Manager employees, including the portfolio managers, where the acceptance might reasonably be viewed to create a potential conflict between the employee and the Fund. Third, outside business activities of all registered Fund Manager employees are monitored and restricted to those that do not reasonably give rise to the potential for conflict.

Error Policy

Where errors are made by the Fund Manager that have a financial impact on the Fund, the error policy acts as a guide for the Fund Manager to determine whether any financial impact is material and, if it is, whether, and on what basis, the Fund is compensated.

Referral Arrangements Policy

The Fund Manager may enter into referral arrangements whereby it pays a fee for the referral of a client to the Fund Manager or to the Fund. No such payments will be made unless the referred investors are advised of the arrangement and that arrangement is made in compliance with securities laws.

Soft Dollar Arrangements Policy

Where a broker agrees to provide other services relating to research and trade execution at no cost to the Fund Manager in exchange for brokerage business from the Fund Manager's accounts, a "soft dollar arrangement" has been created. Although the brokers (also called "dealers") involved in soft dollar arrangements do not necessarily charge the lowest commissions, the Fund Manager will nonetheless enter into such arrangements when it is of the view that such brokers provide best execution and/or the value of the research and other services exceeds any incremental commission costs. To date, the Fund Manager has not entered into any soft dollar arrangements.

In selecting brokers and other financial intermediaries to execute transactions and negotiating commission rates, the Fund Manager considers one or more of such factors as price, execution capabilities, reputation, reliability, financial resources, the quality of research products and services and the value and expected contribution of such services to the performance of the Fund. It is difficult to place a dollar value on information received from brokers, as the information supplements the research

efforts of the Fund Manager. If the Fund Manager determines in good faith that the amount of the commissions charged by a broker is reasonable in relation to the value of the research products or services provided by such broker, the Fund Manager may pay commissions to such broker in an amount greater than the amount another broker might charge.

The Fund Manager intends to enter into soft dollar arrangements in accordance with industry standards and only when it judges that such arrangements are for the benefit of its clients. Not all soft dollar arrangements, however, will benefit all clients at all times. The products or services received may not be used for the direct or exclusive benefit of the Fund and may reduce the overhead and administrative expenses otherwise payable by the Fund Manager.

FEES AND EXPENSES

Management Fee

As compensation for its services as manager of the Fund, the Fund Manager will receive an annual management fee (the "**Management Fee**") from the Fund up to 2.00% of the Class NAV of the Class A Units and up to 1.50% of the Class NAV of the Class F Units.

Management Fees payable in respect of Class I Units shall be an amount determined by negotiation between the Fund Manager and investors in Class I Units and is payable by the investors directly to the Fund Manager.

The Management Fee will be calculated and paid monthly as of the last Business Day of each month. The Management Fee will be subject to HST, or applicable provincial taxes, and will be an expense of the Fund. The Management Fee is for each Class a Class Expense attributable to that Class.

Performance Fee

The Fund will pay the Fund Manager a Performance Fee for each Performance Fee Determination Period, in arrears, equal to 15% of the Net Profit of each series of Class A, Class F, and Class I, subject to the High Watermark. The Performance Fee will be subject to applicable taxes.

The Performance Fee will be calculated and accrued for each series of Class at the end of each month during the Performance Fee Determination Period using the Class NAV per Unit on each Valuation Date, except for the final month when it will be calculated and, if applicable, paid.

No Performance Fee shall be paid in respect of a series of a Class unless the Fund exceeds the High Watermark for that series of the Class. For greater clarity, in order for a Performance Fee to be paid the Closing Class NAV per Unit must exceed the highest Class NAV per Unit of that series of the Class in respect of which a Performance Fee has been previously paid. Where a Performance Fee is payable and where the High Watermark is greater than the Initial Class NAV per Unit for that Performance Fee Determination Period, the High Watermark will be used instead of the Initial Class NAV in calculating Net Profit for that Performance Fee Determination Period.

If any Units are redeemed prior to a Performance Valuation Date, a Performance Fee, if earned, will be payable on the relevant Redemption Date in respect of such Units, as if such date were a Performance Valuation Date.

Operating Expenses

The Fund shall reimburse the Fund Manager for all reasonable costs and expenses incurred in connection with its duties as Fund Manager, including, without limitation, all fees payable to the Fund Manager, custodial fees, legal, audit and valuation fees and expenses, any additional fees payable to third party service providers, expenses of the directors of the Fund Manager, premiums for directors' and officers' insurance coverage for the directors and officers of the Fund Manager, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, administrative expenses and costs incurred in connection with the continuous disclosure and filing requirements of the Fund and investor relations, fees and expenses relating to the voting of proxies by a third party, taxes, brokerage commissions, costs and expenses relating to the issue of securities of the Fund, costs and expenses of preparing financial and other reports, costs and expenses related to portfolio management software and portfolio management information systems, costs and expenses arising as a result of

complying with all applicable laws, regulations and policies, extraordinary expenses that the Fund may incur, including the costs associated with the Fund Manager maintaining required licenses and registrations, hiring compliance consultants, and all amounts paid on account of indebtedness of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Fund Manager, the Trustee, and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The expenses of the Fund will be allocated between the Classes as determined by the Fund Manager in its sole discretion. Each Class will bear separately any expense that can be specifically attributed to that Class. Common expenses will be allocated to the relative Class NAV of each Class, before adjusting for any Class Expenses.

The Fund Manager shall be entitled to reimbursement at the beginning of each month on account of the general and administrative expenses of the Fund Manager (for which the Fund Manager is entitled to reimbursement) which the Fund Manager reasonably anticipates it will incur in such fiscal period.

Sales Commission

Registered Dealers may negotiate a front-end sales commission of up to 5% of the Class NAV per Unit of the Fund with purchasers of Class A Units.

Class F Units are not subject to a sales commission.

All amounts to be paid on Class I Units are to be negotiated between the Fund and the applicable Registered Dealer. Any such sales commission will be payable directly by the purchaser to their Registered Dealer.

No sales commission is payable by a Subscriber in respect of Units purchased directly from YTM Capital.

Trailing Commissions

The Fund Manager will pay a Registered Dealer an annual trailing commission of 0.5% of the value of the Unitholder's Class A Units in the Fund for as long as the Unitholder holds Units through that Registered Dealer. All amounts to be paid on Class I Units are to be negotiated between the Fund and the applicable Registered Dealer. The Fund Manager does not pay any trailing commissions with respect to Class F Units. The trailing commission is paid monthly. The Fund Manager may change trailing commission terms or cancel it in its discretion at any time.

Sales Incentives

The Manager may from time to time fund a portion of the costs of sales communications, investor seminars, conferences, or other events organized by Registered Dealers to provide information concerning the Fund or the Fund Manager. Investors will be notified that the Fund Manager has paid in part for the sales communication or investor seminar. The Fund Manager may also give promotional items of minimal value to Registered Dealers and may engage in business promotional activities with Registered Dealers.

OFFERING

The Offering

The Fund is offering on a private placement basis Class A, Class F and Class I Units at a price equal to the Class NAV per Unit. Each Unit represents an undivided beneficial interest in the assets of the Fund.

All subscriptions are subject to acceptance by the Fund. See "Subscription Procedure". The Fund will not generally accept any subscription for less than $25,000 for initial subscriptions, and $5,000 for subsequent subscriptions by existing Unitholders. The Fund will not accept any subscription unless the sale of Units to the subscriber would qualify as an exempt distribution under applicable securities laws. See "Offering – Ineligible Subscribers for Units".

Additional Information

Prospective Subscribers are entitled to ask questions of the Fund Manager about the business and financial condition of the Fund and the terms and conditions of this Offering, and to request such data as may be necessary to enable the prospective Subscriber to make an informed investment decision. Furthermore, upon receipt of a written request, the Fund Manager will provide copies of documents referred to in this Offering Memorandum to the extent such documents are in its possession or can be acquired without unreasonable effort or expense.

Use of Proceeds

The Fund Manager intends to use the net proceeds of the Offering to make investments that are consistent with the investment objectives and strategies of the Fund.

Series Roll Up

A new series of any Class of Units will be issued on each date that a Class of Units are purchased in order to permit the Performance Fee to be calculated separately with respect to each series. Accordingly, each series of each Class of Units may have a different Class NAV per Unit.

At the end of each calendar year, each series within a Class of Units (other than the series of the Class of Units issued upon the initial offering of such Class (the "**Initial Series**")) may be re-designated and converted into the Initial Series (after deduction for any Performance Fee attributable to such series for such year) (a "**Series Roll Up**"). A Series Roll Up will not occur in respect of a series of the Class of Units unless: (i) a Performance Fee is payable in respect of such series; and (ii) both the Class NAV per Unit of such series and the Class NAV per Unit of the Initial Series are above their respective High Watermarks at the end of the relevant calendar year. A Series Roll Up will be accomplished by amending the Class NAV per Unit of all such series so that they are the same, and consolidating or subdividing the number of Units of each such series so that the aggregate Class NAV of the Class of Units subject to such Series Roll Up held by the Unitholder does not change. The Series Roll Up will be implemented at the prevailing Class NAV per Unit of the Initial Series of the Class of Units.

Eligible Subscribers for Units

Units are being offered to Canadian resident investors pursuant to exemptions from the prospectus requirements under sections 2.3 (accredited investor exemption) under NI 45-106 and, where applicable, the registration requirements under NI 31-103. (See "Offering – Ineligible Subscribers for Units" and "Offering – Plan of Distribution" below). As NI 45-106 and NI 31-103 are amended from time to time, Units may be made available pursuant to other exemptions. Such exemptions relieve the Fund from the provisions under such legislation requiring the Fund to file a prospectus in connection with the Offering and, in some circumstances, to utilize a Registered Dealer in most jurisdictions to sell the Units. Accordingly, purchasers of the Units will not receive the benefits associated with purchasing the Units pursuant to a filed prospectus, including the review of the material by the securities commissions or similar regulatory authority in such jurisdictions, or, in some circumstances, the benefits associated with the involvement of such registrants. To the extent any new registration requirements are found to be applicable to the Fund and/or its activities, the Fund will take the necessary steps to comply with such requirements.

Each Subscriber will be required to execute a Subscription Agreement, which includes certain representations of the Subscriber including the following:

(a) if the Subscriber is an individual, the Subscriber has attained the age of majority and has legal capacity and competence to execute the Subscription Agreement and such other forms as may be required under the securities laws of the jurisdiction of residence of a Subscriber to lawfully subscribe for the Units and to take all actions required pursuant thereto;

(b) if the Subscriber is a corporation, partnership, syndicate or trust or unincorporated organization (each an "Entity"):

(i) the Entity has full power and authority to execute the Subscription Agreement and to take all actions required pursuant thereto and has obtained all necessary approvals of directors, shareholders, partners, members, or otherwise with respect thereto; and

(ii) the Entity was not created solely and is not being used primarily to permit the purchase of the Units without a prospectus, or if the Entity was created or is being used primarily for such a purpose, each shareholder of

the corporation, member of the syndicate, partnership or other unincorporated organization or investment club or each beneficiary of the trust, as the case may be, is an individual who contributed to the Entity an amount of proceeds towards the purchase of the Units which is not less than the statutory minimum requirement for the purchase to have been made pursuant to a prospectus exemption (as to minimum contribution amount) contained in the applicable securities legislation of the Province or Territory of Canada in which the individual is a resident;

(c) in the case of a corporation, the Subscriber is duly incorporated and organized under the laws of its jurisdiction of incorporation;

(d) the Subscriber has made the subscription for the Units in compliance with applicable statutory exemptions from prospectus requirements for his, her or its own account for investment and not with a view to or for resale in connection with any Distribution or trade within the meaning of applicable securities legislation;

(e) the Subscriber deals at arm's length with any corporation that carries on an insurance business; and

(f) the Subscriber is a person, corporation or other entity who, by virtue of their net worth and investment experience or by virtue of consultation with or advice from a person or company who is not a promoter of the Fund and who is registered to provide financial advice, is able to evaluate the prospective investment on the basis of information respecting the investment provided for in this Offering Memorandum.

Ineligible Subscribers for Units

No Person in whom there is an interest which is a "tax shelter investment" (as that term is defined in the Tax Act), may subscribe for Units.

Leverage Disclosure Statement

The use of leverage may not be suitable for all investors. Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If an investor borrows money to purchase Units, the investor's responsibility to repay the loan and pay interest as required by the terms of the loan remains the same even if the value of the Units purchased declines.

Plan of Distribution

Subscriptions received are subject to rejection or allotment by the Trustee in whole or in part. The Trustee reserves the right to close the subscription books at any time without notice. If any subscription is not accepted, all applicable Subscription Agreements and subscription proceeds will be returned to the potential Subscribers, without interest or deduction.

There is no market through which the Units may be sold. The Trustee has determined the subscription price per Unit as described under "Calculation of Class NAV per Unit".

The minimum subscription amount for each new Subscriber is $25,000. The minimum subscription amount for existing Unitholders is $5,000. The Trustee reserves the right to waive the minimum subscription amount, provided that it is in compliance with applicable securities laws.

Unless relying on an alternate exemption from the prospectus and, if necessary, registration requirements, Subscribers resident in or otherwise subject to the securities laws of any Province or Territory where the Units may be sold are required to fall within the definition of "Accredited Investor" set out under applicable securities laws.

SUBSCRIPTION PROCEDURE

Subscribers may subscribe for Units in the Offering by delivering the following documents to the Fund at the address shown in the Subscription Agreement:

(a) an executed Subscription Agreement, in the form provided with this Offering Memorandum; and

(b) a cheque or bank draft made payable to "SGGG Fund Services Inc. ITF YTM Capital Credit Opportunities Fund" in the amount of the subscription price for the Units.

The Fund will hold subscription funds in trust until midnight on the second Business Day after the day on which it received a signed Subscription Agreement. After this, the Fund will hold the subscription funds in trust pending a Closing under this Offering. See "Purchaser's Rights".

The Fund Manager may collect, use and disclose individual personal information in accordance with the privacy policy of the Fund Manager and will obtain consent to such collection, use and disclosure from time to time as required by its policy and the law. A copy of its current privacy policy will be provided with the subscription agreement.

The Fund Manager anticipates that there will be multiple Closings. The Fund Manager may close any part of the Offering on any date as it may determine in its sole business judgment. The Fund Manager reserves the right to accept or reject in whole or in part any subscription for Units and the right to close the subscription books at any time without notice. Any investment funds for subscription that are not accepted will be promptly returned. Units of the Fund are fully "book based". Unit certificates will not be issued.

Subscribers should carefully review the terms of the Subscription Agreement accompanying this Offering Memorandum for more detailed information concerning the rights and obligations of subscribers and the Fund. Execution and delivery of a Subscription Agreement will bind subscribers to the terms thereof, whether executed by Subscribers or by an agent on their behalf. Subscribers should consult with their own professional advisors. See "Risk Factors".

DESCRIPTION OF UNITS

Units are subject to the terms and conditions of the Declaration of Trust. The statements in this Offering Memorandum concerning the Declaration of Trust are intended to be only a summary of the provisions of the Declaration of Trust and do not purport to be complete. A copy of the Declaration of Trust will be provided to each prospective Subscriber on request in writing to the Fund Manager. Prior to executing a Subscription Agreement, each prospective Subscriber should review with his, her or its advisors the provisions of the Declaration of Trust for the complete details of these provisions and all other provisions thereof. All capitalized terms in this section not otherwise defined herein shall have the meaning as set out in the Declaration of Trust.

Nature of Units

An investment in the Fund is represented by Units. Each Unit represents an undivided ownership interest in the net assets of the Fund attributable to its Class. The Fund is authorized to issue an unlimited number of Classes of Units, having such terms and conditions as the Trustee may determine, including an unlimited number of series, and an unlimited number of Units in each such Class. Additional Classes of Units may be created in the future without notice to, or approval of, Unitholders.

Each of the Classes of Units offered in this Offering Memorandum are offered for sale and are distributed by Registered Dealers at an offering price equal to the Class NAV per Unit at the time of purchase.

The Fund is currently offering three Classes of Units under this Offering Memorandum:

Class A Units are available to Canadian residents who qualify as "Accredited Investors" or who are eligible for a different exemption from prospectus and/or registration requirements. Registered Dealers are entitled to be paid a sales commission in respect of sales of Class A Units. No sales commission is payable when an investor redeems Class A Units of the Fund. See "Fees and Expenses of the Fund - Sales Commission". In certain limited circumstances, Class A units may be made available for purchase to investors who are not Canadian residents.

Class F Units are available to Canadian residents: (i) who participate in fee-based programs through eligible Registered Dealers; (ii) who are qualified purchasers in respect of whom the Fund does not incur distribution costs; and (iii) who are qualified individual purchasers in the Fund Manager's sole discretion. An investor participating in a fee-based program is only permitted buy Class F Units if the Fund Manager receives confirmation from the investor's Registered Dealer that it is enrolled in an eligible program. The Fund Manager establishes the terms and conditions that dealers must satisfy before it will sell Class F Units to the Dealer's clients. No sales commission is payable when an investor buys or redeems Class F Units of the Fund. If a Unitholder ceases to be eligible to hold Class F Units, the Fund Manager may, in its sole discretion, reclassify such Unitholder's Class F Units as Class A Units on 30 days' prior written notice. In certain limited circumstances, Class F units may be made available for purchase to investors who are not Canadian residents.

Class I Units are available to institutional and certain high net worth investors at the discretion of the Fund Manager. Such investors are entitled to lower Management Fees than the Class A Units because of the lower cost of servicing an investment in the Fund with a large dollar value. The Fund Manager will negotiate the terms of purchase of Class I Units directly with each such investor, including the Management Fees charged in relation to such Class I Units. Any sales commission payable when an investor buys or redeems Class I Units is to be negotiated between the Fund and the applicable investment advisor or investor. An investor must enter into a Class I Unit agreement with the Fund Manager before they can buy Class I Units. If a Unitholder ceases to be eligible to hold Class I Units or the Unitholder is in breach of the Unitholder's obligations under the Class I Unit agreement, the Fund Manager may, in its sole discretion, reclassify such Unitholder's Class I Units as Class A or Class F Units on 30 days' prior written notice.

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

Certain expenses, including Management Fees and liabilities of the Fund, as set out in this Offering Memorandum or as determined by the Fund Manager, in its sole discretion, are attributed exclusively to a particular Class of Units ("**Class Expenses**").

All Units of the same Class have equal rights and privileges. Units and fractions thereof will be issued only as fully paid and non-assessable. Units will have no pre-emptive rights. Units of a particular Class entitle the holder thereof to vote at meetings of Unitholders where all Classes vote together, or to vote at meetings of Unitholders where that particular Class votes separately as a Class.

All Units of the same Class are entitled to participate pro rata: (i) in any allocations or Distributions made by the Fund to the Unitholders of the same Class; and (ii) upon liquidation of the Fund, in any Distributions to Unitholders of the same Class of net assets of the Fund attributable to the Class remaining after satisfaction of outstanding liabilities of such Class.

Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Fund Manager in accordance with applicable securities legislation. To dispose of Units, a Unitholder must have them redeemed.

The Fund may issue fractional Units so that subscription funds may be fully invested. Fractional Units carry the same rights and are subject to the same conditions as whole Units in the proportion which they bear to a whole Unit.

Outstanding Units of any Class or any series of any Class may be subdivided or consolidated in the Fund Manager's discretion. After the effective date of such subdivision or consolidation, the Fund Manager shall send or cause to be sent to each Unitholder of the applicable Class or series a written confirmation indicating the basis of the subdivision or consolidation and the number of Units of the applicable Class or series which the Unitholder then owns. The Manager shall also take such steps as may be necessary to notify the registrar and/or transfer agent of the basis of the consolidation so that appropriate notification can be made in the register of Unitholders of the applicable Class or series.

Units of a particular Class may be reclassified by the Fund Manager as Units of any other Class having an aggregate equivalent Class NAV with 30 days' prior written notice.

Subject to the consent of the Fund Manager, Unitholders may reclassify or switch all or part of their investment in the Fund from one Class of Units to another if the Unitholder is eligible to purchase that Class of Units. The timing and processing rules

applicable to purchases and redemptions of Units also apply to reclassifications or switches between Classes of Units. Upon a reclassification or switch from one Class of Units to another Class, the number of Units held by the Unitholder will change since each Class of Units has a different Class NAV per Unit.

Unitholders should consult with their own tax advisors regarding any tax implications of reclassifying or switching between Classes of Units. See "Income Tax Considerations for Investors".

Redemption of Units

Units may be redeemed by presentation by the Unitholder to the Fund Administrator of a Redemption Notice to the principal office of the Fund Administrator in Toronto, Ontario specifying the number and Class of Units to be redeemed no later than 5:00 p.m. (Toronto time) thirty (30) days prior to the relevant Redemption Date. The Redemption Date is the last day of each month. If the last day of each month is not a Business Day, the Redemption Date shall be the next succeeding Business Day. The Unitholder will receive payment in respect of any Units surrendered for redemption as soon after the relevant Redemption Date as the Fund's NAV and Class NAV per unit are calculated – usually within 15 days – at a redemption price per Unit equal to the Redemption Amount. The Redemption Amount means in respect of Units a redemption price per Unit surrendered for redemption on the Redemption Date that is equal to 100% of the Class NAV per Unit of the relevant Class minus costs associated with the redemption, including commission, brokerage costs, amounts attributable to the difference between bid price and ask price for debt securities, costs related to unwinding derivatives transactions, and other such costs, if any. The Fund Manager may, in its sole discretion, pay the Redemption Amount in cash, in a pro rata share of securities held by the Fund (using the same security values used to calculate the Redemption Amount NAV), or a combination of both cash and securities. The Fund Manager may waive the notice period in its discretion.

The Fund Manager may pay a special distribution of capital gains to a Unitholder who is redeeming units. See "Distribution Policy".

Any unpaid Distribution payable to Unitholders of record on or before a Redemption Date in respect of Units tendered for redemption will also be paid on the applicable redemption payment date. All cash redemption payments shall be made by wire transfer of immediately available funds or by cheque, drawn on a Canadian chartered bank or a trust company in lawful money in Canada to the order of the Unitholder who has surrendered Units for redemption. Cash payments made by the Fund of the Redemption Amount are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the Unitholder unless such cheque is dishonoured upon presentment. Any *in specie* payments are conclusively deemed to have been made upon the settlement of the securities in the investor's account. Upon such payment and/or settlement, the Fund shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed.

Any redemption notice that the Fund Administrator determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby. A failure by the Fund Administrator to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund or the Trustee to the Fund Administrator or the Unitholder.

The Trustee may, in its sole discretion, upon giving not less than ten (10) Business Days' written notice to any Unitholder, effect the compulsory redemption of all or any portion of the Units registered in the name of such Unitholder on the Business Day next following the expiry of the notice period at the Class NAV per Unit determined on the last preceding Valuation Date where, in the opinion of the Trustee, acting reasonably, the subscription for or holding of Units by such person is, was or may be in any way unlawful or detrimental to the interests or well-being of the Fund or its other Unitholders.

The Trustee may, at any time, specify alternative procedures for the delivery of Redemption Notices and payment of Redemption Amounts.

Suspension of Redemptions

The Trustee may suspend the redemption of Units, or payments in respect thereof, for any period not exceeding 120 days during which the Trustee determines that conditions exist which render impractical the sale of assets or impair the ability to determine the value of any of the Fund's assets. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect.

All Unitholders making such requests shall be advised by the Trustee of the suspension and that the redemption will be effected at a price determined on the next Redemption Date following the termination of the suspension or such other date as the Trustee may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Fund, any declaration of suspension made by the Trustee shall be conclusive.

In addition, if Unitholders make requests to redeem 20% or more of the outstanding Units of the Fund on a Redemption Date, payment of the redemption proceeds may be deferred for up to 60 days following the determination of the Net Asset Value for such Redemption Date. The redemption price will be adjusted by changes in the Class NAV per Unit during this suspension period and calculated on the Valuation Date as of when the redemption occurs.

Notwithstanding any other provisions of this section, "Redemption of Units", Units which are the subject of any suspension of redemption privileges pursuant to this section shall enjoy all rights as Unitholders until the redemption is effected.

Unitholder Liability and Indemnity

The Declaration of Trust provides that no Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any Person in connection with Fund Property or the obligations or the affairs of the Fund or with respect to any agreement relating to the Fund or with respect to any act or omission of the Trustee, the Fund Manager, any custodian or any other Person in the performance or exercise, or purported performance or exercise, of any obligation, power, discretion or authority conferred upon the Trustee, the Fund Manager, any custodian or such other Person whether under the Declaration of Trust or otherwise or with respect to any transaction entered into by the Trustee, the Fund Manager, any custodian or by any other Person whether pursuant to the Declaration of Trust or otherwise, and all such Persons shall look solely to the property and assets of the Fund for satisfaction of claims of any nature arising out of or in connection therewith and the Trust Property only shall be subject to levy or execution. No Unitholder shall be liable to indemnify the Trustee, the Fund Manager, any custodian or any other Person with respect to any such liability incurred or with respect to any taxes payable by the Fund or by the Trustee, the Fund Manager, any custodian or any other Person on behalf of or in connection with the Fund, except to the extent that any such liability may be satisfied from the Trust Property. Nothing herein shall preclude the Trustee from exercising any rights granted to it under the Tax Act or any other applicable taxation legislation to withhold from amounts payable to Unitholders or otherwise recover from Unitholders any taxes which the Fund has paid on behalf of Unitholders.

If, any Unitholder or any of their directors, officers, employees, consultants or agents shall be held personally liable as such to any other Person in respect of any debt, liability or obligation incurred by or on behalf of the Trust any action taken or omitted to be taken for or in connection with the affairs of the Fund, such Unitholder and their directors, officers, employees, consultants and agents (as applicable) shall be entitled to indemnity and reimbursement out of the property and assets of the Fund to the full extent of such liability and the costs of any litigation or other proceedings in which such liability shall have been determined, including the fees and disbursements of legal counsel.

Distribution Policy

The Fund will make Distributions to the Unitholders if, as and when declared by the Trustee. The Trustee currently intends that the Fund will make quarterly Distributions to Unitholders, at the discretion of the Trustee. Subject to securities law, distributions will be automatically reinvested in additional Units of the Fund at the Class NAV per Unit, unless an investor provides instructions to the Fund Manager to pay distributions in cash. Reinvested distributions will be issued in the series of the Class originally purchased by the an investor, unless the series has been subject to a Series Roll Up, in which case they will be issued in the Initial Series.

The Trustee shall, for any Distribution Date, distribute any such Distributions to Unitholders of record of the relevant class as at the close of business on the immediately preceding Record Date in accordance with the Pro Rata Share of each Unitholder on the Record Date for such Distribution. If a Distribution is declared payable by the Trustee, each Unitholder shall have the right to enforce the payment of its share of such Distribution on any Distribution Date or on the Record Date for such Distribution if the Record Date is on or after the tenth (10^{th}) Business Day prior to December 31 in a year; provided that such Distributions may, at the option of the Trustee and subject to compliance with applicable securities laws and the requirements

of other regulatory authorities, be satisfied by the issuance of additional Units. For the purposes of this section, the value of the additional Units to be issued shall be the fair value thereof as the Trustee shall determine.

Additional Distributions

If the Fund's net income for tax purposes, including net realized taxable capital gains, for any year, net of any available loss carry forwards from prior years, exceeds the aggregate amount of the regular quarterly Distributions made in the year to Unitholders, the Fund will also be required to pay one or more special Distributions (in either cash or Units) in such year to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). See "Income Tax Considerations for Investors".

All or part of any such additional Distribution may, at the option of the Trustee and subject to compliance with applicable securities laws and the requirements of other regulatory authorities, be satisfied by the issuance of additional Units having a value equal to the amount of the additional Distribution not being satisfied in cash. The value of the additional Units to be issued shall be the fair value thereof as the Trustee shall determine.

Following such issue of additional Units on an additional Distribution Date, the outstanding Units will be automatically consolidated on a basis such that the number of consolidated Units (before giving effect to any redemption of Units on such date) is equal to the number of Units outstanding immediately preceding the additional Distribution Date, except in the case of a non-resident Unitholder if tax was required to be withheld in respect of the Distribution, in which case the consolidation will result in such Unitholder holding that number of Units equal to (i) the number of Units held by such Unitholder prior to the Distribution plus the number of Units received by such Unitholder in connection with the Distribution (net of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of Units outstanding prior to the Distribution by the aggregate number of Units that would be outstanding following the Distribution and before the consolidation if no withholding were required in respect of any part of the Distribution payable to any Unitholder.

If the Fund Manager agrees to accept a reduction in the fee charged to the Fund with respect to the Units held by a Unitholder and/or to provide a rebate in respect of all or any portion of the Unitholder's share of the Fund's operating expenses on condition that an amount equal to such reduction in the fees and/or expenses otherwise payable by the Fund is paid to the Unitholder, the Fund will distribute an amount equal to such reduction to such Unitholder (a "**Management Expense Distribution**"). Management Expense Distributions will be calculated on each Valuation Date, will be distributed by the Fund at such intervals as prescribed from time to time by the Manager and will be payable out of net income and net realized capital gains of the Fund for the taxation year ending in the calendar year in which the Management Expense Distributions are made to the extent necessary so that the Fund will not have any obligation to pay ordinary income tax under Part I of the Tax Act after taking into account any entitlement to a capital gains refund under the Tax Act, and otherwise out of capital.

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

Payment of Distributions

Cash Distributions payable to a Unitholder less any amount required to be withheld therefrom under applicable law, shall be paid in Canadian funds by the mailing or delivery of a cheque to each registered Unitholder or in such other manner as the Trustee determines, including, but not exclusively, wire payment or electronic funds transfer. Any payments so made shall discharge the Fund and the Trustee from all liability to the Unitholder in respect of the amount thereof plus any amount required by law to be withheld. All Distributions will be made by cheque, electronic banking or FundSERV Inc.

Calculation of Class NAV per Unit

The Class NAV per Unit shall be calculated on each Valuation Date by the Trustee, with the assistance of the Fund Administrator, in accordance with the provisions of the Declaration of Trust. The Class NAV per Unit calculated as of the Valuation Time on any Valuation Date shall remain in effect until the Valuation Time on the next following Valuation Date. The Class NAV per Unit of a Class on any Valuation Date shall be calculated by dividing the Class NAV of such Class (including an allocation of amounts payable to Unitholders on or before such date) on such Valuation Date by the total number of Units of such Class outstanding on such Valuation Date (before giving effect to any issue of Units issued on that date or the redemption of Units redeemed on that date). The Class NAV per Unit shall be expressed in Canadian dollars.

In calculating the Class NAV per Unit on such Valuation Date, the net Class NAV of a Class will be calculated by subtracting the aggregate amount of the Fund's liabilities referable to such Class from the aggregate value of the Fund's assets referable to such Class.

The aggregate value of the Fund's assets on such Valuation Date is to be determined as follows, provided that, if in the opinion of the Trustee, where such third-party sourced value does not properly reflect the value which would be received by the Fund upon disposal of the securities, the Trustee may place such value upon such securities as that in its judgement most closely reflects the fair value of such securities:

(i) The value of cash, promissory notes, receivables, prepaid expenses, dividends and interest declared or accrued but not yet received will be deemed to be the face value;

(ii) The value of treasury bills, bonds, and other money market instruments will be determined using independent prices obtained directly from the Fund Administrator, prime brokers, investment dealers who are making an active market in fixed income securities, and from pricing services that receive prices from various contributing investment dealers who are making an active market in fixed income securities;

(iii) The value of derivatives will be the closing price obtained from (i) third party commercial pricing vendors, (ii) counterparty marks, (iii) third party dealer quotes, or (iv) other recognized pricing sources;

(iv) The value of futures, options, or securities traded on a public exchange will be the settlement price as published by the clearing house of the exchange, or if no settlement price is available then the last available price, provided that for listed options if no settlement price is available then the mid-price;

(v) The value of any other securities for which a current third party valuation is available will be the value as determined by the third party valuator;

(vi) The value of all other property of the Fund for which a current third party valuation is not available will be the value that the Trustee determines which in its reasonable discretion most accurately reflects the property's fair value; and

(vii) The value of any asset of the Fund measured in a foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Trustee.

The aggregate value of the Fund's liabilities on such Valuation Date is to be determined as follows, provided that, if in the opinion of the Trustee, where such third-party sourced value does not properly reflect the value which would be received by the Fund on expunging the liability, the Trustee may place such value upon such liabilities as that in its judgement most closely reflects the fair value of such liabilities:

(i) Short positions will be valued as a liability equal to the cost of repurchasing the securities sold short applying the same valuation techniques described above; and

(ii) All other liabilities shall include only those expenses paid or payable by the Fund, including accrued contingent liabilities; however (a) organizational and start-up expenses will be amortized by the Fund over an appropriate time period; and (b) expenses and fees allocable only to a Class of Units shall not be deducted from the Net Asset Value of the Fund prior to determining the Net Asset Value of each Class, but shall thereafter be deducted from the Net Asset Value so determined for each such Class.

Publication of Class NAV Per Unit

The Fund will ensure that the Class NAV per Unit for each Class is calculated on each Valuation Date and made available to Unitholders on no less than a monthly basis.

Withholding Taxes

The Fund may deduct or withhold from Distributions payable to any Unitholder all amounts required by law to be withheld from such Distribution and shall remit such funds to the appropriate taxation authorities in the time and manner required by law.

Encroachment on Capital

For greater certainty, the Trustee may encroach on and pay from the capital of the Fund an amount payable if the Fund's net income, calculated without regard to the provisions of the Tax Act, is insufficient to permit payment of the amount so payable.

Meetings of Unitholders

A meeting of the Unitholders may be called at any time by the Trustee and shall be called by the Trustee upon written request of Unitholders holding in the aggregate of not less than fifty percent (50%) of the Units then outstanding, which request must specify the purpose or purposes for which such meeting is to be called, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting. Meetings of Unitholders shall be held at the head office of the Fund, or such other place as the Trustee shall determine and designate.

Notice of all meetings of Unitholders shall be given in accordance with applicable laws. Any adjourned meeting may be held as adjourned, without further notice. The accidental omission to give notice to or the non-receipt of notice by a Unitholder shall not invalidate any meeting of Unitholders or any action taken by Unitholders at such meeting. Notwithstanding the foregoing, a meeting of Unitholders may be held at any time without notice if all the Unitholders are present or represented thereat or those not so present or represented have waived notice, provided the Trustee is also present at the meeting. Any Unitholder (or duly appointed proxy of a Unitholder) may waive any notice required to be given under the provisions of the Declaration of Trust, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice. The Trustee shall be given at least five (5) Business Days' notice of any meeting of Unitholders.

At any meeting of Unitholders, except for the purpose of any meeting called to consider a resolution relating to the termination of the Fund Manager in which case the quorum shall be Unitholders representing not less than twenty five percent (25%) of the Units then outstanding, subject as hereinafter provided, a quorum shall consist of two or more Unitholders present in person or by proxy representing not less than ten percent (10%) of the Units then outstanding. In the event of such quorum not being present on the date for which the meeting is called within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of Unitholders, shall be dissolved, but in any other case, the meeting shall stand adjourned to such day being not more than fourteen (14) days later and to such place and time as may be appointed by the chairman of the meeting (which for greater certainty can be at a later time on the date of the originally scheduled meeting) and if at such adjourned meeting a quorum as defined above is not present, the Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended by: (a) the written consent of the Unitholder in lieu of a meeting if there is only one Unitholder; or (b) where there is more than one Unitholder, (i) by a resolution in writing circulated to all Unitholders not less than 10 days prior to its effective date and executed by Unitholders holding more than 50% of the outstanding Units entitled to be voted on such resolution if such resolution is an Ordinary Resolution, or (ii) a resolution in writing circulated to all Unitholders not less than 10 days prior to its effective date and executed by Unitholders holding more than two-thirds of the outstanding Units entitled to vote on such resolution if such resolution is a Special Resolution. Such written consent or resolution in writing circulated and passed by the requisite majority of Unitholders shall be as valid and binding for all purposes of this Declaration of Trust as if such Unitholders had exercised at that time all of the voting rights to which they were then entitled in favour of such resolution at a meeting of Unitholders duly called for the purpose.

The Declaration of Trust may be amended by an Ordinary Resolution except for the following which may only be undertaken with the approval of the Unitholders by a Special Resolution:

(a) the removal of the Trustee or any of its affiliates as the trustee of the Fund;

(b) any change in the Investment Objectives, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

(c) any increase in the Management Fee;

(d) any amendment, modification or variation in the provisions or rights attaching to the Units;

(e) any change in frequency of calculating Class NAV per Unit to less often than monthly;

(f) the issuance of additional Units, including any offering of rights, warrants or options to existing Unitholders to acquire Units, other than: (i) for net proceeds per Unit equal to or greater than 100% of the most recently calculated Class NAV per Unit of the relevant Class calculated prior to the entering into of the commitment by the subscriber to purchase such Units or prior to the offering, as the case may be; or (ii) by way of Unit Distribution.

(g) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course of business;

(h) any liquidation, dissolution or termination of the Fund except if it is determined by the Trustee, in its sole discretion, to be in the best interest of the Unitholders or otherwise in accordance with the terms of the Declaration of Trust; and

(i) any amendment to the above exceptions except as permitted by the permissible amendments listed below.

The Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders, in order to:

(a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;

(b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;

(c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not, in the opinion of the Trustee, adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or increase the Trustee's respective responsibilities; or

(d) provide added protection or benefit to Unitholders; or

(e) maintain the status of the Fund as a "unit trust" and a "mutual fund trust" for the purposes of the Tax Act or to respond to amendments to the Tax Act or the interpretation thereof.

A declaration by the chairman of a duly constituted meeting of Unitholders as to the results of any vote of Unitholders, by ballot or otherwise, shall be deemed to be the decision of the Unitholders. At all meetings of Unitholders, each Unitholder entitled hereunder to vote thereat shall have one vote for each dollar invested. The Fund Manager shall not be entitled to vote any Units held beneficially by it in any vote of Unitholders respecting the Fund Manager or the Management Provisions.

Except for the appointment of a successor as the Fund Manager as set forth in "Amendments to the Declaration of Trust" in the Declaration of Trust, no action taken by the Unitholders and no resolution of the Unitholders at any meeting shall in any way bind the Trustee other than any resolution of the Unitholders in respect of any matter required by securities laws, stock exchange rules or other laws or regulations to be submitted to the Unitholders for their approval. Any action taken or resolution

passed in respect of any matter at a meeting of Unitholders shall be carried out in the manner set forth in "Amendments to the Declaration of Trust" in the Declaration of Trust, by Ordinary Resolution of the Unitholders unless otherwise specifically provided under any specific provision of the Declaration of Trust.

Every resolution passed in accordance with the provisions of the Declaration of Trust at a meeting of Unitholders shall be binding on all Unitholders, whether present at or absent from such meeting, and each Unitholder shall be bound to give effect accordingly to every such resolution.

Record Dates

For the purpose of determining the Unitholders who are entitled to receive notice of and vote at any meeting or any adjournment thereof, or who are entitled to receive any Distribution, or for the purpose of any other action, the Trustee may from time to time, without notice to Unitholders, close the transfer books for such period, not exceeding thirty (30) days, as the Trustee may determine; or without closing the transfer books the Trustee may fix a date for the determination of Unitholders entitled to receive notice of and vote at such meeting or any adjournment thereof or to be treated as Unitholders of record for purposes of such other action, and any Unitholder who was a Unitholder at the time so fixed shall be entitled to receive notice of and vote at such meeting or any adjournment thereof, even though he has since that date disposed of his Units, and no Unitholder becoming such after that date shall be entitled to receive notice of and vote at such meeting or any adjournment thereof or to be treated as a Unitholder of record for purposes of such other action.

Proxies

At any meeting of Unitholders, any Unitholder entitled to vote thereat may vote by proxy and a proxy need not be a Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Trustee, or with such other agent of the Fund as the Trustee may direct, prior to the commencement of such meeting. If approved by the Trustee, proxies may be solicited by the Fund naming the Fund Manager, or any director or officer of the Fund Manager, as proxy and the cost thereof paid out of the property and assets of the Fund. When any Unit is held jointly by several Persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Unit. The instrument appointing any proxy shall be in such form and executed in such manner as the Trustee may from time to time determine.

Financial Statements and Tax Information

The Fund shall prepare and file such financial statements and other continuous disclosure documents as are required by applicable law. The Fund Manager will make available to Unitholders on or before March 31 of each year such other reports as are from time to time required by applicable law, including prescribed forms needed for completion of the Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

The Fund Manager will cause to be maintained with respect to the Fund the same records, where applicable, as are required to be maintained by Section 140(1) of the OBCA. Unitholders will be entitled to have access to such records and to take extracts therefrom, including obtaining a list of Unitholders, to the same extent and subject to the same conditions as provided in Section 145(1) of the OBCA.

Notice to Unitholders

Any and all notices to which any Unitholder hereunder may be entitled and any and all other communications to Unitholders may be provided in such manner as permitted by applicable law and shall be deemed to have been duly given if sent by email to any Unitholder of record at his email address of record, mailed, postage prepaid, addressed to any Unitholder of record at his address of record on the register of Unitholders, or at such other address as shall be furnished in writing by him to the Fund for such purpose or published in a national newspaper.

Register of Unitholders

The Register shall be kept by, or on behalf and under the direction of, the Trustee, which Register shall contain the names and addresses of the Unitholders, the respective numbers and classes of Units held by them, and a record of all transfers and

redemptions thereof. Only Unitholders whose Units are so recorded shall be entitled to receive Distributions and to exercise or enjoy the rights of Unitholders hereunder. The Person registered as a Unitholder on the Register shall be treated as the owner of such Unit for all purposes, including without limitation payment of any Distribution, giving notice to Unitholders and determining the right to attend and vote at meetings of Unitholders. Accordingly, neither the Trustee nor the Fund Manager shall be bound to recognize any transfer or attempted transfer, pledge or other disposition of a Unit, or any equitable or other claim with respect thereto, whether or not the Fund, the Trustee or the Fund Manager shall have actual or other notice thereof, until such Unit shall have been transferred on the Register as herein provided.

Transfer Agents and Registrars

In pursuance of its power to engage the services of consultants and agents, the Trustee may appoint itself or one of its affiliates and/or one or more service providers to act as transfer agent(s) for the Units (which may be but need not be the Trustee) and may provide for the transfer of Units in one or more places within or outside Canada (provided that if such appointments are made there shall be a transfer agent and registrar within the Province of Ontario). The Trustee may enter into agency agreements with the transfer agent and may pay their compensation out of the property and assets of the Fund. In the event of such appointment, such transfer agents shall keep all necessary registers and other books, including electronic books, for recording original issues and registering and transferring the Units. Except as required by the Declaration of Trust, or by the Trustee, such transfer agents shall perform those functions and duties usually performed by transfer agents of shares of corporations having share capital. In the case of an original issue of Units, any transfer agent may rely and act upon the written instruction of the Trustee without inquiry into the receipt by the Fund of, or the sufficiency of, the consideration for such original issue. The Trustee currently intends that the Fund Administrator act as the Fund's transfer agent pursuant to the Administrative Services Agreement.

Transfer of Units

The Trustee shall not impose any restriction on the transfer of Units except pursuant to the section, "Transfer of Units", in the Declaration of Trust, unless such restriction is necessary in the opinion of counsel to the Fund: (i) as a condition of obtaining or maintaining the status of the Fund as a "unit trust" or a "mutual fund trust" under the Tax Act; (ii) in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities; or (iii) in order to obtain, maintain or renew any licences, rights, status or powers pursuant to any other applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities. If any such restriction is or becomes necessary, the Trustee shall have the power to restrict the transfer of Units on the books of the Fund without liability to Unitholders or others who are thereby restricted from making a transfer.

The Trustee may require any Unitholder, upon demand from time to time, to disclose to the Trustee in writing such information with respect to direct and indirect ownership of Units as the Trustee may deem necessary to comply with any of the foregoing.

The Trustee, the Fund Manager, the Unitholders, any transfer agent or other agent of the Fund or the Trustee shall not be bound to see to the performance of any trust, express, implied or constructive, or of any charge, pledge or equity to which any of the Units or any interests therein are or may be subject, or to ascertain or inquire whether any sale or transfer of any such Units or interests therein by any such Unitholder or his personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any Person as having any interest therein, except for the Person recorded as a Unitholder.

Successors in Interest of Unitholders

Any Person becoming entitled to any Units as a consequence of the death, bankruptcy or incompetence of any Unitholder, or otherwise by operation of law, shall be recorded as the holder of such Units upon production of evidence thereof satisfactory to the Trustee. Until such record is made, the Unitholder of record shall continue to be and be deemed to be the holder of such Units for all purposes, whether or not the Trust, the Trustee, the Fund Manager, or a transfer agent shall have actual or other notice of such death, bankruptcy, incompetence or other event.

Units Held Jointly or in Fiduciary Capacity

The Fund may treat two or more Persons holding any Unit as joint owners of the entire interest therein unless their ownership is expressly otherwise recorded on the Register, but no entry shall be made in the Register that any Person is in any other manner entitled to any future, limited or contingent interest in any Unit; provided, however, that any Person recorded as a

holder of any Unit may, subject to the provisions herein contained, be described in the Register or on any certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship.

Death of Unitholders

The death of a Unitholder during the continuance of the Fund shall not terminate the Fund or any of the mutual or respective rights and obligations created by or arising under the Declaration of Trust or give such Unitholder's legal representatives a right to an accounting or to take any action in the courts or otherwise against other Unitholders or the Trustee, the Fund Manager, or the property and assets of the Fund, but shall only entitle the legal representatives of the deceased Unitholder to be recorded as the holder of such Units and to demand and receive, pursuant to the provisions of the section, "Death of Unitholders", in the Declaration of Trust and upon the making of such record such legal representatives shall succeed to all rights of the deceased Unitholder under the Declaration of Trust.

Unclaimed Interest, Dividends or Distributions

In the event that the Trustee holds any distributable amounts which are unclaimed or which cannot be paid for any reason, neither the Trustee nor its Distribution disbursing agent shall be under any obligation to invest or reinvest the same but shall only be obligated to hold the same in a current or other non-interest bearing account with a chartered bank or trust company, pending payment to the Person or Persons entitled thereto. The Trustee shall, as and when required by law, and may at any time prior to such required time, pay all or part of the distributable amounts so held to the public trustee (or other similar government official or agency) whose receipt shall be a good acquittance and discharge of the obligations of the Trustee.

Notice to Unitholders of Non-Eligibility for Exempt Plans

If the Trustee becomes aware that the Units have ceased to be qualified investments for Exempt Plans or any of such plans, the Trustee shall give notice to Unitholders at their latest address as shown on the Register that Units have ceased to be qualified investments for such plans. The Trustee shall not be liable to the Fund or to any Unitholder for any costs, expenses, charges, penalties or taxes imposed upon a Unitholder as a result of or by virtue of a Unit not being a qualified investment for any such plan, notwithstanding any failure or omission of the Trustee to have given such notice, provided the Trustee has complied with the section, "Standard of Care and Duties of Trustee", of the Declaration of Trust**.**

Declaration as to Beneficial Owner

The Trustee may require any Unitholder as shown on the Register to provide a declaration, in a form prescribed by the Trustee, as to the beneficial owner of Units registered in such Unitholder's name, the jurisdiction in which such beneficial owner is resident, and such other information as may be necessary in order to carry out the provisions of the Declaration of Trust.

Termination of the Fund

The Fund shall continue until terminated in accordance with the terms contained in the section, "Termination of Trust" of the Declaration of Trust. In the event that the Fund Manager resigns and no new fund manager is appointed by the Trustee within one-hundred and twenty (120) days of the Fund Manager giving notice to the Trustee of such resignation, the Fund will automatically terminate on the date which is sixty (60) days following the end of such one-hundred and twenty (120) day period. The Trustee may, in its discretion and upon not less than sixty (60) days prior written notice to the Unitholders by way of press release, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders.

Prior to any termination date, the Trustee shall proceed to wind up the affairs of the Fund and may fulfill or discharge the contracts of the Fund, perform or cause the Auditor to perform any final audit of the property and assets of the Fund, collect the Fund's assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining property and assets of the Fund to one or more Persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate its affairs. The Trustee may declare a suspension in the sale of Units or reserve for certain expenses related to the termination of the Fund to ensure all Unitholders are treated alike. The Trustee shall determine if it is in the best interests of the Unitholders to allow Fund Property to mature and be repaid to the Fund or to sell and convert into money the property and assets of the

Fund and after paying, retiring or providing for the payment of all known liabilities and obligations of the Fund, and providing for indemnity against any other outstanding liabilities and obligations, the Trustee shall divide the proceeds of sale, and any portion of the property and assets of the Fund not sold in connection with such termination, among the Unitholders rateably according to the respective number of Units held by them. In making any sale under this provision, the Trustee shall have the power to sell by public auction or by private contract and to buy in or rescind or vary any contract of sale and to resell without being answerable for loss and, for said purposes, to do all things, including the execution and delivery of documents, as may be shown to be in its judgment necessary or desirable in connection therewith. The powers of sale and all other powers herein given to the Trustee shall continue as to all property at any time remaining in its hands or ownership, even though the time fixed for Distribution of the property and assets of the Fund may have passed. Any securities or other property and assets of the Fund the liquidation of which is not practicable or in respect of which the Fund Manager considers liquidation not to be appropriate prior to the termination date shall be distributed to Unitholders in specie.

To the extent that the affairs of the Fund have not been completely wound up and all of the property and assets of the Fund distributed to Unitholders on or prior to the termination date, the Declaration of Trust shall continue in force and effect to the extent necessary or desirable to permit the Trustee to complete the winding up of the affairs of the Fund and distribute the remaining property and assets of the Fund to Unitholders as soon as practicable and, in such event, the Trustee shall carry on no activities on behalf of the Fund except for the purpose of winding up the affairs of the Fund.

Reporting Obligations of the Fund

The Fund is not a reporting issuer and is therefore not subject to most of the continuous reporting obligations imposed on reporting issuers by securities legislation in the jurisdiction in which this Offering is being made. Audited financial statements will be made available to Unitholders annually and a management commentary made available quarterly. In addition, Unitholders will be given a monthly statement of account and will also be given notice of and be entitled to attend and vote at any meetings of the Unitholders of the Fund.

RESALE RESTRICTIONS

The Fund has not filed a prospectus in connection with the issuance of the Units. As a consequence of the Fund offering the Units in reliance upon exemptions from the prospectus and registration requirements under the laws of the Provinces and Territories of Canada, Unitholders will be unable to sell, transfer or otherwise deal with the Units offered hereby without the appropriate registration/prospectus-filing with securities commissions of the relevant Provinces and Territories or pursuant to available prospectus and registration exemptions.

Subscribers are advised to consult with their legal advisors concerning restrictions on the disposition of their Units and are advised against disposing of any Units until they ascertain that such disposition is in compliance with the requirements of the applicable legislation.

INCOME TAX CONSIDERATIONS FOR INVESTORS

General

The following is a summary of the principal Canadian federal income tax considerations applicable to an investor who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, holds Units of the Fund as capital property, deals with the Fund at arm's length and is not affiliated with the Fund. Generally, Units will be capital property unless the investor is considered to be trading or dealing in securities or has acquired the Units in a transaction considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, the Tax Proposals and the current published administrative policies and assessing practices of the Canada Revenue Agency.

No assurance can be given that the Tax Proposals will be enacted or otherwise implemented in their current form, if at all. If the Tax Proposals are not enacted or otherwise implemented as presently proposed, the Canadian federal income tax consequences may not be as described below in all cases. Modification or amendment of the Tax Act or the regulations

thereunder or of the Tax Proposals could significantly alter the tax status of the Fund or the tax consequences of investing in Units. This summary does not consider the laws of any Province or Territory of Canada or any foreign jurisdiction and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, investors are advised to consult their own tax advisors about their particular tax situations.

Status of the Fund

This summary is based on the assumptions that the Fund will qualify, at all times, as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act. To qualify as a mutual fund trust, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. If the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially and adversely different. The Fund currently qualifies as a "mutual fund trust".

Taxation of the Fund

The Fund can earn income in the form of interest, dividends or other income from the investments it makes. All income must be computed in Canadian dollars even if earned in a foreign currency.

The Fund can realize a capital gain by selling an investment for more than its adjusted cost base ("ACB"). It can also realize a capital loss by selling an investment for less than its ACB. Where the Fund invests in foreign denominated securities, it must calculate its ACB and proceeds of disposition in Canadian dollars based on the conversion rate on the date the securities were purchased and sold, as applicable. As a result, the Fund may realize capital gains and losses due to changes in the value of the foreign currency relative to the Canadian dollar.

The Fund can realize gains and losses from using derivatives or engaging in short selling. Generally gains and losses from derivatives are added to or subtracted from the Fund's income. However, if derivatives are used by the Fund as a hedge to limit its gain or loss on a specific capital asset or group of capital assets, then the gains and losses from these derivatives are capital gains or capital losses. Generally gains and losses from short selling are treated as income.

The Fund will not be liable under Part I of the Tax Act in respect of its income and net realized capital gains for a taxation year to the extent that it distributes such income and net realized capital gains to its Unitholders. Under the Declaration of Trust, the Fund is required to distribute a sufficient amount of its net income for tax purposes, including net realized capital gains of the Fund, to Unitholders of the Fund in respect of each taxation year to the extent necessary to reduce its income tax liability under Part I of the Tax Act to nil. If the aggregate amount of all Distributions in respect of the year exceeds the net income and net realized capital gains of the Fund, the excess will be considered to have been paid out of the capital of the Fund.

Based on the foregoing, (i) the Fund will not pay income tax under the Tax Act on its net income and net realized capital gains; (ii) net taxable capital gains and dividends from taxable Canadian corporations (including "eligible dividends") paid or payable to Unitholders will generally be taxable as if such income had been received by them directly, and (iii) other net income paid or payable to Unitholders will be included in their income as income from a trust.

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

If allowable capital losses of the Fund exceed taxable capital gains in any taxation year, the excess may not be allocated to Unitholders but may be deducted by the Fund from taxable capital gains in future taxation years. If the Fund has a non-capital loss in any taxation year, the loss may not be allocated to Unitholders but may be deducted by the Fund from income and taxable capital gains in up to twenty future taxation years. In certain circumstances, a capital loss realized by the Fund may be

suspended under the "suspended loss" rules in the Tax Act and may not be available to reduce the amount of net realized capital gains of the Fund payable to Unitholders.

Taxation of Unitholders

A Unitholder generally will be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net taxable capital gains, that is paid or payable to a Unitholder in the taxation year.

Provided that appropriate designations are made by the Fund, such portion of the net taxable capital gains of the Fund 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.

The non-taxable portion of the Fund's net realized capital gains that is paid or payable to a Unitholder will not be included in the Unitholder's income and will not reduce the adjusted cost base of the Unitholder's Units. Any other amounts distributed to Unitholders that exceed the net income and net capital gains of the Fund for tax purposes for that year will generally be treated as a return of capital and will not be included in the income of the Unitholders, but rather will reduce the adjusted cost base of the Units held by the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder in the year, and the adjusted cost base of such Unit will be increased by the amount of such deemed capital gain.

To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

Redeeming Units

Upon a redemption or other disposition of Units not held in a Exempt Plan, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base to the Unitholder of the Units and any costs of disposition. If Units are held in an Exempt Plan, no tax will be payable on capital gains realized on the redemption, provided the proceeds remain in the Exempt Plan.

Adjusted Cost Base of Units

In general, the ACB of a Unit at a particular time is determined by dividing the total of (i) the amount the Unitholder paid for the Units; plus (ii) any reinvested Distributions; minus (iii) any Distributions that were a return of capital; and minus (iv) the adjusted cost base of redeemed Units, by the number of Units of the Fund owned by the Unitholder at the particular time. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

Taxation of Capital Gains/Losses

One-half of any capital gain will be a taxable capital gain which is included in computing income. One-half of any capital loss will be an allowable capital loss which may normally be deducted against taxable capital gains realized in that year. To the extent a Unitholder has any allowable capital losses which cannot be deducted from taxable capital gains realized in the year, the excess constitutes a net capital loss which may generally be deducted in computing taxable income for the three preceding or all future years from taxable capital gains in those years to the extent and in the circumstances prescribed in the Tax Act.

Taxation of Exempt Plans

So long as the Fund is a "mutual fund trust" for purposes of the Tax Act, Units are qualified investments for Exempt Plans.

Annuitants of RRSPs and RRIFs and holders of TFSAs should consult with their own tax advisers as to whether Units would be a "prohibited investment" under the Tax Act in their particular circumstances. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder of the TFSA, or annuitant of the RRSP or RRIF, as the case may be, or in which the holder or annuitant has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust's outstanding units by the holder or annuitant, either alone or together with persons and partnerships with whom the holder or annuitant does not deal at arm's length.

Investors are responsible for determining the income tax consequences to them of acquiring Units through an Exempt Plan and neither the Fund nor the Fund Manager assumes any liability to such persons as a result of making the Units of the Fund available for investment. If an investor chooses to purchase Units of the Fund through an Exempt Plan, the investor should consult his or her own professional advisor regarding the tax treatment of contributions to, withdrawals from and acquisitions of property by such Exempt Plan.

FUND ADMINISTRATOR

SGGG Fund Services Inc. ("**SGGG**") has been appointed by the Trustee as the Fund Administrator, to provide certain administrative services to the Fund.

SGGG will calculate the Net Asset Value of the Fund and the Class NAV and Class NAV per Unit for each Class, and will calculate the distributions, including the net income and net realized capital gains, for the Fund, each Class of the Fund and each Unit of each Class of the Fund. SGGG will prepare annual and semi-annual financial statements, and prepare all necessary tax filings for the Fund.

SGGG will effect the registration or transfer of Units, be responsible for the administration of the procedure for the issue, transfer, allotment, redemption and purchase of Units in accordance with the Declaration of Trust, enter on the register of Unitholders all issues, allotments, transfers, conversions, redemptions and/or purchases of Units and such other information required by law and prepare all necessary tax filings for Unitholders.

SGGG will receive fees from the Fund and has agreed to exercise the care, diligence, skill that a prudent service provider would exercise in comparable circumstances. The Fund has agreed to indemnify and save harmless SGGG, and its affiliates, subsidiaries and agents, and their directors, officers, and employees from and against all taxes, duties, charges, costs, expenses, damages, claims, actions, demands and any other liability whatsoever to which any of them may become subject, including legal fees and expenses in respect of anything done or omitted to be done in connection with the services provided except to the extent incurred as a result of the negligence, willful misconduct or lack of good faith of SGGG.

AUDITOR

The auditor of the Fund is PricewaterhouseCoopers LLP and it shall continue in office until it has resigned or has been terminated by the Fund Manager. The Fund Manager shall appoint any successor auditor. The Trustee will give notice to Unitholders of any change of auditor, including the reasons for such resignation or termination.

PRIME BROKERS

The Trustee has appointed BMO Nesbitt Burns Inc. ("**BMO**") and TD Securities Inc. (the "**Prime Brokers**") as the prime brokers in respect of the Fund's portfolio transactions. BMO and TD will provide prime brokerage services to the Fund under the terms of prime brokerage account agreements (the "**Prime Broker Agreements**"). These services may include the provision to the Fund of trade execution, settlement, holding of investments and cash, reporting and securities lending or financing, and are provided solely at the discretion of the Prime Brokers. The Trustee may appoint or terminate prime brokers at any time in its sole discretion.

The Fund may also utilise other brokers and dealers for the purposes of executing transactions for the Fund. Each Prime Broker assumes possession of and a security interest in the assets as part of its prime brokerage function in accordance with the terms of the applicable Prime Broker Agreement. For assets held with a Prime Broker, assets not required as margin on borrowings are required to be segregated (from the Prime Broker's own assets) under the rules of the Investment Industry Regulatory Organization of Canada, which regulates Canadian prime brokers, and the Securities and Exchange Commission, which regulates any U.S. prime brokers that the Trustee may appoint in the future, but the Fund's assets may be commingled

with the assets of other clients of the Prime Broker. However, the Fund's cash and free credit balances on account with the Prime Broker are not segregated and may be used by the Prime Broker in the ordinary conduct of its business, and the Fund may be an unsecured creditor in respect of those assets, subject to applicable laws. The Fund may request delivery of any assets not required by the Prime Broker for margin or borrowing purposes.

The Fund has agreed to indemnify the Prime Brokers for losses they may incur in acting in any capacity under the Prime Broker Agreements. Neither the Prime Brokers nor any brokers appointed have or will have investment discretion in relation to the Fund and no responsibilities shall be taken by any of the brokers for any of the assets of the Fund held by other brokers. The Prime Broker Agreements may be terminated at any time subject to the specific terms of each such agreement and satisfaction of all outstanding obligations of the Fund to the Prime Broker.

CUSTODIANS

The Fund Manager has the authority to appoint one or more custodians. Any such custodian may register the assets of the Fund in its own name or in the name or names of nominees, including The Canadian Depository for Securities Limited, The Depository Trust Company or in bearer form. Any such custodian may appoint sub-custodians (who may be affiliated with or otherwise related to the custodian). Each of the Prime Brokers has been appointed as custodian in respect of the assets of the Fund it holds, pursuant to each Prime Brokerage Agreement.

ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LEGISLATION

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

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

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain Provinces and Territories of Canada provides purchasers of Units under this Offering Memorandum with, in addition to any other right they may have at law, rights of action for damages or rescission, or both, where this Offering Memorandum, any amendments thereto, and, in certain cases, advertising and sales literature used in connection with the offering of the Units, contains a misrepresentation.

For the purposes of this section, **"misrepresentation"** means (a) an untrue statement of a fact that significantly effects, or would reasonably be expected to have a significant effect, on the market price or the value of the securities (a **"material fact"**); or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

In some Provinces and Territories of Canada, a purchaser has a statutory right of action which is described below. In certain Provinces, no statutory rights exist but a contractual right of action is offered where the Fund is required to do so by securities legislation or where the Fund has determined to do so on a voluntary basis. Any statutory rights of action for damages or rescission described below are in addition to, and without derogation from, any other right or remedy available at law to the purchaser and are subject to the defences contained in those laws. These rights must be exercised by the purchaser within the

time limits set out below. **Purchasers should refer to the applicable provisions of the securities legislation of their Province or Territory for the particulars of these rights or consult with a legal advisor.**

Statutory Rights

Manitoba

When an Offering Memorandum, or any amendments thereto, contains a misrepresentation, a purchaser resident in Manitoba who purchases a security offered by the Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the purchaser has (a) a right of action for damages against the Fund, every director of the Fund at the date of the Offering Memorandum, and every person or company who signed the Offering Memorandum; and (b) a right of rescission against the Fund. Notwithstanding the foregoing, if the purchaser chooses to exercise a right of rescission against the Fund, the purchaser has no right of action for damages against a person or company referred to above.

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

When a misrepresentation is contained in an Offering Memorandum, no person or company is liable

(a) if the person or company proves that the purchaser had knowledge of the misrepresentation;

(b) other than with respect to the Fund, if the person or company proves

(i) that the Offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and

(ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;

(c) other than with respect to the Fund, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;

(d) other than with respect to the Fund, if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that

(i) there had been a misrepresentation, or

(ii) the relevant part of the Offering Memorandum

(A) did not fairly represent the expert's report, opinion or statement, or

(B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(e) other than with respect to the Fund, with respect to any part of the Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or

(ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

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

When *The Securities Act* (Manitoba) or a regulation under the Act requires a dealer, an offeror or the Fund to send the Offering Memorandum to purchasers of a security, a purchaser has an additional right of rescission or a right of action for damages against a dealer, an offeror or the Fund who fails to send the Offering Memorandum within the prescribed time.

A purchaser of a security to whom an Offering Memorandum is required to be sent may rescind the contract to purchase the security by sending a written notice of rescission to the Fund not later than midnight on the second day, excluding Saturdays and holidays, after the purchaser signs the agreement to purchase the securities. The amount the purchaser is entitled to recover when exercising the right to rescind for failure to send the Offering Memorandum as and when required shall not exceed the net asset value of the securities purchased, at the time the right to rescind is exercised.

No action may be commenced to enforce a right

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

(b) in any other case, more than the earlier of

(i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the day of the transaction that gave rise to the cause of action.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

(a) this Offering Memorandum contains, proximate to that information,

(i) 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

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

New Brunswick

In the event that any information relating to the offering which has been provided to purchasers of the Units contains a misrepresentation, a purchaser of Units resident in New Brunswick shall be deemed to have relied upon the misrepresentation if it was a misrepresentation at the time of purchase and will have a statutory right of action against the Fund on whose behalf the distribution is made for damages or, alternatively, for rescission, provided that no action shall be commenced to enforce a right of action more than,

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

(b) in the case of any action, other than an action for rescission, the earlier of,

(i) 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.

In addition, securities legislation in New Brunswick provides a number of limitations and defences, including:

(a) the Fund on whose behalf the distribution is made will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;

(b) in any action for damages, the Fund on whose behalf the distribution is made will not be liable for all or any portion of those damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation; and

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

Nova Scotia

Securities legislation in Nova Scotia requires that subscribers be provided with, in addition to any other right they may have at law, contractual rights of rescission or damages, or both, where this Offering Memorandum and any amendment thereto contains a misrepresentation. However, such rights must be exercised by the subscriber within specified time limits.

If this Offering Memorandum, together with any amendment or supplement thereto, or any "advertising or sales literature" (as defined in the Securities Act (Nova Scotia)) delivered to a purchaser of Units resident in Nova Scotia contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have, subject as hereinafter provided, a right of action, exercisable on written notice given to the Fund not more than 120 days subsequent to the date on which payment was made for the Units, either for damages or alternatively for rescission against the Fund while still the owner of any of the Units offered hereunder, provided that

(a) the Fund shall not be held liable pursuant to such right of action if the Fund proves the purchaser purchased the Units with knowledge of the misrepresentation;

(b) in an action for damages, the Fund is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the purchaser as a result of the misrepresentation relied upon; and

(c) in no case shall the amount recoverable pursuant to such right of action exceed the price at which the Units were offered to the investor.

A person is not liable in an action for a misrepresentation in forward-looking information if the person proves all of the following things:

(a) this Offering Memorandum contains, proximate to that information,

(i) 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

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

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

Ontario

If this Offering Memorandum, or any amendments thereto, contains a misrepresentation, a purchaser resident in Ontario who purchases the Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for damages against the Fund or may elect 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), provided that no action shall be commenced to enforce a right of action more than,

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

(b) in the case of any action, other than an action for rescission, the earlier of,

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Securities legislation in Ontario provides a number of limitations and defences, including:

(a) the Fund will not be liable for a misrepresentation in forward-looking information (as defined in the Securities Act (Ontario)), if the Fund proves that:

(i) the Offering Memorandum, any amendments thereto, or other document contained, proximate to the forward-looking information, (A) reasonable cautionary language identifying the forward-looking information as such, and (B) identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information,

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

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

(b) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;

(c) in 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

(d) in no case will the amount recoverable exceed the price at which the Units were offered to the purchaser.

Prince Edward Island

In the event that this Offering Memorandum, or any amendments thereto, contains a misrepresentation, a purchaser who purchased a security during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Fund, any selling security holder on whose behalf a distribution is made, every director of the Fund at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. Alternatively, the purchaser while still the owner of the securities may elect to exercise a statutory right of action for rescission against the Fund (or any selling security holder on whose behalf a distribution may be made).

A misrepresentation in Prince Edward Island (**"PEI"**) includes an omission to state a material fact that is required to be stated

by the PEI Securities Act. The statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action shall be commenced to enforce the right of action for rescission by a purchaser resident in PEI, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission,

(i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

(ii) three years after the date of the transaction given rise to the cause of action or whichever period expires first;

(c) no person shall be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation; and

(d)

(i) no person shall be liable if the person proves that the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn the person's consent to the Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or

(iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation, or

(B) the relevant part of the Offering Memorandum

(a) did not fairly represent the report, statement or opinion of the expert, or

(b) was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

If the purchaser elects to exercise a right of action for rescission, the purchaser shall have no right of action for damages. In no case shall the amount recoverable in any action exceed the price at which the securities were offered to the purchaser. In an action for damages, the defendant shall not be liable for any damages that the defendant proves do not represent the depreciation in value of securities as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. This summary is subject to the express conditions of the PEI Securities Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Newfoundland and Labrador

If this Offering Memorandum, together with any amendment to this Offering Memorandum or any record incorporated by reference in, or considered to be incorporated into this Offering Memorandum contains a misrepresentation and it was a misrepresentation at the time of purchase, a purchaser in Newfoundland and Labrador has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund, and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company at the date of this Offering Memorandum, or, alternatively, while still the owner of the purchased Units, for rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

(a) no person will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation;

(b) no person (other than the Fund) will be liable:

(i) if the person proves that this Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person;

(ii) if the person proves that the person, on becoming aware of any misrepresentation in this Offering Memorandum, withdrew the person's consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or

(iii) with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (B) believed that there had been a misrepresentation;

(c) in an action for damages, the Fund 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;

(d) in no case shall the amount recoverable exceed the price at which the Units were offered to the purchaser under this Offering Memorandum;

(e) a person is not liable in an action for a misrepresentation in forward-looking information if the person proves all of the following:

(i) this Offering Memorandum contains, proximate to that information:(1) 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 (2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

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

(f) no action shall be started to enforce the foregoing rights:

(i) 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

(ii) in the case of any action, other than an action for rescission, the earlier of: (A) 180 days after the purchaser first had knowledge of the misrepresentation; or (B) three years after the date of the purchase of the Units.

Saskatchewan

If the Offering Memorandum, or any amendments thereto, or advertising or sales literature used in connection therewith delivered to a purchaser resident in Saskatchewan contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on that misrepresentation, a right of action for damages against the Fund, the promoters and "directors" (as defined in *The Securities Act, 1988* (Saskatchewan)), every person or company whose consent has been filed with this Offering Memorandum, or any amendments thereto, but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum, or any amendments thereto, and every person who or company that sells the Units on behalf of the Fund under this Offering Memorandum, or any amendments thereto. Alternatively, a purchaser may elect to exercise a right of rescission against the Fund.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of the Units, the purchaser has a right of action for damages against the individual who made the verbal statement.

No person or company is liable, nor does a right of rescission exist, where the person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation. In an action for damages, no person or company 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 on.

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 one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the transaction that gave rise to the cause of action.

A purchaser of Units resident in Saskatchewan has the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the Units if the Units are purchased from a vendor who is trading in Saskatchewan in contravention of *The Securities Act, 1988* (Saskatchewan), the regulations to that Act or a decision of the Saskatchewan Financial Services Commission.

The Securities Act, 1988 (Saskatchewan) also provides a right of action for rescission or damages to a purchaser of Units to whom the 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 Units, as required by Section 80.1 of *The Securities Act, 1988* (Saskatchewan).

The Fund shall amend the Offering Memorandum if the distribution of the Units has not been completed and (i) there is a material change in the affairs of the Fund, (ii) it is proposed that the terms or conditions of the offering described in the Offering Memorandum be altered, or (iii) Units are to be distributed in addition to the Units previously described in the Offering Memorandum. A purchaser that receives an amended Offering Memorandum has the right to withdraw from the agreement to purchase the Units by delivering a notice to the person who or company that is selling the Units, indicating the purchaser's intention not to be bound by the purchase agreement. A purchaser must deliver the notice of withdrawal within two (2) Business Days after receiving the amended Offering Memorandum.

Québec

Under legislation adopted but not yet in force in Québec, if this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to a purchaser of Units resident in Québec contains a Misrepresentation, the purchaser will have (i) a right of action for damages against the Fund, every person acting in a capacity with respect to the Fund which is similar to that of a director of officer of a company and the dealer (if any) under contract to the Fund, or (ii) a right of action against the Fund for rescission of the purchase contract or revision of the price at which Units were sold to the purchaser.

No person or company will be liable if it proves that:

(a) the purchaser purchased the Units with knowledge of the Misrepresentation; or

(b) in an action for damages, that it acted prudently and diligently (except in an action brought against the Fund).

No action may be commenced to enforce such a right of action:

(a) for rescission or revision of price more than three years after the date of the purchase; or

(b) for damages later than the earlier of:

(i) three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser; or

(ii) five years from the filing of this Offering Memorandum with the Autorité des marchés financiers de Québec.

No person will be liable for a Misrepresentation in forward-looking information if the person 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

(b) the person has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Northwest Territories, Nunavut and Yukon

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

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

(a) based on information that was previously publicly disclosed by the Fund;

(b) a misrepresentation at the time of its previous disclosure; and

(c) not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the Units.

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

(a) if the person proves that the purchaser purchased the Units with knowledge of the misrepresentation; or

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

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

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

(a) if the person proves that the Offering Memorandum, or any amendments thereto, was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person;

(b) if the person proves that the person, on becoming aware of the misrepresentation in the Offering Memorandum, or any amendments thereto, withdrew the person's consent to the Offering Memorandum, or any amendments thereto, and gave reasonable notice to the Fund of the withdrawal and the reason for it; or

(c) if, with respect to any part of the Offering Memorandum, or any amendments thereto, purporting to be made on the authority of an expert or purporting to be a copy of, or any extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that

(i) there had been a misrepresentation, or

(ii) the relevant part of the Offering Memorandum, or any amendments thereto, (A) did not fairly represent the report, statement or opinion of the expert, or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

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

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

(b) believed that there had been a misrepresentation.

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

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

(b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

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

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

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

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

(b) in the case of any action, other than an action for rescission, the earlier of,

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Other Rescission Rights

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

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

Contractual Rights

British Columbia, Alberta, and Québec

If this Offering Memorandum, or any amendment thereto, contains a misrepresentation, a purchaser resident in British Columbia, or, until the legislation described above is enacted, Québec, or a purchaser resident in Alberta who is purchasing pursuant to the "accredited investor" exemption who purchased Units under this Offering Memorandum does not have any statutory rights under applicable securities legislation nor does securities legislation require the Fund to contractually provide any rights of action for damages or rescission. The Fund is voluntarily providing purchasers in these Provinces with rights of action for damages or, alternatively, for rescission similar to those provided to purchasers of Units under the *Securities Act* (Ontario).

MATERIAL AGREEMENTS

Other than contracts entered into in the ordinary course of business, the only material agreements relating to the Fund are the Declaration of Trust and the Prime Brokerage Agreements.