

## CONFIDENTIAL OFFERING MEMORANDUM

*This Offering Memorandum constitutes an offering of Units of the Fund only in those jurisdictions where they may be lawfully offered for sale, only by persons permitted to sell the Units, and only to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder. No prospectus has been filed with any such authority in connection with the sale of the Units. This Offering Memorandum is confidential, is provided to specific prospective investors for the purpose of assisting them and their professional advisors in evaluating the Units offered hereby, and is not to be construed as a prospectus or advertisement or a public offering of Units.*

October 23, 2015

### BRISTOL GATE US EQUITY FUND LP

### BRISTOL GATE US EQUITY FUND TRUST

Bristol Gate US Equity Fund LP (the “**Partnership**”) and Bristol Gate US Equity Fund Trust (the “**Trust**”, and together with the Partnership, the “**Funds**” and each, a “**Fund**”) are each investment funds established under the laws of Ontario. The investment objective of each of the Funds is to achieve long-term growth of income and capital. The Partnership invests in the equities of publicly traded dividend-paying US companies. These companies are expected to generate dividend growth as determined by the Manager’s proprietary methodology. The Trust intends to invest all or substantially all of its assets in the Partnership.

The Partnership was formed on July 11, 2008 and the Trust was formed on October 9, 2015 and each Fund will continue until it is dissolved. Bristol Gate Capital Partners Inc. (the “**Manager**”) is the manager of the Funds and the trustee of the Trust. Bristol Gate Dividend General Partner Inc. (the “**General Partner**”) is the general partner of the Partnership. **The Funds are related and connected issuers of the Manager, which is an affiliate of the General Partner. The Manager will earn fees from the Partnership.** See “Conflicts of Interest”.

---

**SUBSCRIPTION PRICE:**  
**INITIAL CLOSING: \$10 PER UNIT**  
**SUBSEQUENT CLOSINGS: NET ASSET VALUE PER UNIT**

---

An unlimited number of Class A and H units of the Funds (the “**Units**”) are being offered hereby, in Series A, Series A2, Series F, Series F2, Series C, Series D and Series I of each Class.

Subscriptions for Units may be accepted by the Manager on any day on which banks in Toronto, Canada are all open for business and such other days as the Manager may prescribe (each, a “**Valuation Date**”). Units will be issued at \$10 per Unit on the first closing and thereafter will be issued at their Net Asset Value per Unit. The Manager expects to issue separate sub-series of Series C and Series D Units on each Valuation Date, but may discontinue this practice at any time. Purchasers of LP Units will become limited partners (the “**Limited Partners**”) of the Partnership and will be bound by the terms of the limited partnership agreement governing the Fund (the “**Partnership Agreement**”). The Trust Units are subject to the Trust’s Declaration of Trust.

Units may be redeemed on a Valuation Date by giving written notice by 4:00 pm (Toronto time) on the business day prior to such Valuation Date. **Redemptions may be suspended in certain circumstances.**

**There is no market through which the Units may be sold and none is expected to develop. The Units are also subject to resale restrictions under the Declaration of Trust or Partnership Agreement, as applicable, and applicable securities legislation. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation.**

These securities are speculative. 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 Funds. **There are additional risk factors associated with investing in the Units.** Please see “Risk Factors”.

The Units are offered exclusively on a private placement basis in reliance upon exemptions from the prospectus requirements of applicable securities laws in all provinces and territories of Canada, except Newfoundland and Labrador. Prospective investors must be “accredited investors” as defined under applicable securities laws unless another exemption from the prospectus requirements can be relied on.

No person is authorized to give away any information or to make any representation not contained in this Offering Memorandum and any information or representation, other than that contained in this Offering Memorandum, must not be relied upon. This Offering Memorandum is a confidential document furnished solely for the use of prospective purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

**Subscribers are urged to consult with independent legal, tax and/or investment advisers and to carefully review the Declaration of Trust (available upon request from the Manager) or the Partnership Agreement, as applicable, prior to signing the subscription agreement for the Units.**

## TABLE OF CONTENTS

SUMMARY .....	i
THE FUNDS.....	1
INVESTMENT OBJECTIVES, STRATEGIES AND RESTRICTIONS OF THE FUNDS .....	1
Investment Objectives.....	1
Investment Strategies and Restrictions .....	2
General.....	5
Statutory Caution .....	5
INVESTMENT RISK LEVEL .....	5
MANAGEMENT OF THE FUNDS.....	6
General Partner .....	6
Manager and Trustee.....	7
Investment Advisory Agreement .....	9
Standard of Care of the Manager .....	10
FEES AND EXPENSES .....	10
Management Fees .....	10
Service Fees .....	10
Performance Fees.....	10
Fees Generally .....	11
Expenses .....	12
THE OFFERING .....	12
Performance Tracking.....	14
Prospectus Exemptions .....	14
Accredited Investors .....	14
Subscription Procedure .....	14
Minimum Individual Subscription .....	15
Front-End Sales Commissions and Trailing Commissions.....	15
Know-Your-Client and Suitability.....	16
Leverage Disclosure Statement (Using Borrowed Money to Purchase Units) .....	16
Benchmarks.....	16
RESTRICTED INVESTORS IN THE PARTNERSHIP.....	16
REGISTERED PLANS .....	17
REDEMPTIONS.....	18
TRANSFER OR RESALE OF UNITS.....	19
COMPUTATION OF NET ASSET VALUE .....	19
PARTNERSHIP AGREEMENT .....	22
Authority and Duties of the General Partner .....	22
Rights Attached to LP Units .....	22
Partnership Allocation of Income and Loss .....	23
Partnership Redemptions .....	23
Power of Attorney.....	23
Partnership Distributions .....	24
Liability of Limited Partners.....	24
Indemnification of Limited Partners .....	24
Limited Partner Meetings .....	25
Fiscal Year of the Partnership.....	25
Amendment of the Partnership Agreement.....	25
Term of the Partnership Agreement.....	25
DECLARATION OF TRUST .....	25
Trust Units .....	25

Trust Redemptions .....	26
Trust Distributions .....	26
Indemnification of the Manager under the Declaration of Trust .....	27
Trust Unitholder Meetings .....	27
Fiscal Year of the Trust.....	27
Amendment of the Declaration of Trust .....	27
Term of the Trust .....	28
UNITHOLDER REPORTING .....	28
AUDITOR.....	29
ADMINISTRATOR .....	29
PRIME BROKER .....	30
CANADIAN INCOME TAX CONSIDERATIONS.....	30
Taxation of the Partnership.....	31
Taxation of Limited Partners .....	31
Taxation of the Trust.....	32
Taxation of Trust Unitholders.....	33
Eligibility for Registered Plans.....	34
RISK FACTORS .....	34
Risks Associated with an Investment in the Funds.....	34
Risks Associated with the Trust.....	38
Risks Associated with the Partnership.....	39
Risks Associated with the Partnership's Underlying Investments.....	40
CONFLICTS OF INTEREST .....	43
STATEMENT OF POLICIES .....	44
Fairness Policy .....	44
Personal Trading.....	45
Referral Arrangements.....	45
Related and Connected Issuers .....	45
ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LEGISLATION .....	46
LEGAL MATTERS.....	47
Cooling-off Period .....	47
Rights of Action for Damages or Rescission.....	47

## SUMMARY

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

### The Funds

#### **The Funds:**

Bristol Gate US Equity Fund LP (the “**Partnership**”) is an investment fund established as a limited partnership under the laws of the Province of Ontario pursuant to a limited partnership agreement first dated as of July 11, 2008, as amended and restated from time to time (the “**Partnership Agreement**”). Purchasers of Units of the Partnership (“**LP Units**”) will become limited partners of the Partnership (“**Limited Partners**”) and will be bound by the terms of the Partnership Agreement.

Bristol Gate US Equity Fund Trust (the “**Trust**” and together with the Partnership, the “**Funds**” and each, a “**Fund**”) is an investment fund established as a trust under the laws of the Province of Ontario pursuant to a master declaration of trust dated as of October 9, 2015 (the “**Declaration of Trust**”). Purchasers (“**Trust Unitholders**” and collectively with the Limited Partners, the “**Unitholders**”) of Units of the Trust (“**Trust Units**”) will be subject to the terms of the Declaration of Trust.

The office of the Funds is 45 St. Clair Avenue West, Suite 601, Toronto, Ontario, M4V 1K9. See “The Funds” and “Management of the Funds”.

#### **Investment Objectives and Strategies of the Funds:**

The investment objective of each of the Funds is to achieve long-term growth of income and capital. The Partnership invests in the equities of publicly traded dividend-paying US companies. These companies are expected to generate dividend growth as determined by the Manager’s proprietary methodology. The Partnership typically invests in 22 or fewer dividend-paying equities that are selected exclusively from stocks that are constituents of the S&P500®.

The Trust intends to invest all or substantially all of its assets in the Partnership. As such, the investment strategies of the Partnership are applicable to the Trust to the extent its assets are invested in the Partnership.

See “Investment Objectives, Strategies and Restrictions of the Funds”.

**The Manager and Trustee:** The Manager is the manager of both the Partnership and the Trust and the principal distributor of the Units. The Manager was incorporated under the laws of the Province of Ontario on March 10, 2006. The Manager is registered under the securities legislation of Ontario and Québec as an investment fund manager, portfolio manager and exempt market dealer, and under the securities legislation of British Columbia, Alberta and Manitoba as a portfolio manager and exempt market dealer. The Manager is also registered with the United States Securities and Exchange Commission as an investment adviser. The Manager is responsible for the day-to-day business, operations and affairs of the Funds, and provides day-to-day management services to the Funds, including management of the Funds' portfolios on a discretionary basis and distribution of the Units of the Funds. The Manager will receive fees for its services as set out in this Offering Memorandum. See "Management of the Funds – Manager and Trustee" and "Fees and Expenses".

**General Partner:** Bristol Gate Dividend General Partner Inc. (the "**General Partner**") is the general partner of the Partnership. The General Partner was incorporated under the laws of the Province of Ontario on June 5, 2008. It is wholly-owned by Messrs G. Richard Hamm and A. Peter Simmie. The General Partner is responsible for the management and control of the business and affairs of the Partnership on a day-to-day basis in accordance with the terms of the Partnership Agreement. The General Partner has engaged the Manager to carry out its duties, including management of the Partnership on a day-to-day basis, management of the Partnership's portfolio on a discretionary basis and distribution of the LP Units. The General Partner holds one Class B general partnership unit of the Partnership. See "Management of the Funds - General Partner".

**The Offering:** Subscribers may invest in one of two classes of Units of each Fund: A (unhedged) or H (hedged). The Class A and H Units will participate in the respective Fund's performance earned in United States dollars, however the Class H Units will be hedged to the Canadian dollar. The Funds' reporting currency is the Canadian dollar. Subscribers may submit their subscription proceeds in United States dollars for the purchase of Units of the Funds, except for Class H Units in Series A, Series A2, Series F and Series F2, in which case subscription proceeds must be received exclusively by the Funds in Canadian dollars. Subscription proceeds submitted in United States dollars will be converted into Canadian dollars on the applicable Valuation Date based on the prevailing Canadian/United States dollar exchange rate on such date.

An unlimited number of Class A Units of each Fund may be issued. The interests of subscribers in the Funds for Class A Units are not hedged to the Canadian dollar. An unlimited number of Class H Units of each Fund may be issued for subscribers who prefer their investment in the underlying US dollar securities hedged to the Fund's reporting currency

in Canadian dollars.

Seven series of Units of each Class of each Fund are currently being offered:

- **Series A Units** are offered to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer approved by the Manager who is paid a trailing commission by the Manager. Series A Units of the Partnership are charged a management fee, service fee and performance fee.
- **Series A2 Units** are offered to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer approved by the Manager who is paid a trailing commission by the Manager. Series A2 Units of the Partnership are charged a higher management fee than Series A Units and a service fee, but no performance fee.
- **Series F Units** are available to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer. Series F Units of the Partnership are charged a management fee and performance fee.
- **Series F2 Units** are available to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer. Series F2 Units of the Partnership are charged a higher management fee than Series F Units, but no performance fee.
- **Series C Units** are available to investors who meet the minimum investment criteria and purchase Units directly from the Manager. Series C Units of the Partnership are charged a management fee.
- **Series D Units** are available to investors who meet the minimum investment criteria and purchase Units directly from the Manager. Series D Units of the Partnership are charged a lower management fee than Series C Units, but are also charged a performance fee.
- **Series I Units** are available to certain institutional investors who pay negotiated fees to the Manager.

If the Manager determines that a Unitholder no longer qualifies to hold a Series of Units, the Manager may in its discretion change the Units held by such Unitholder into another Series of Units of the same Fund.

The Funds may elect at a future date to create and issue additional classes and/or series of Units on which the Manager may earn a different management, service and/or performance fee.

The Units are being distributed pursuant to available prospectus exemptions in all provinces and territories of Canada, except

Newfoundland and Labrador, to (a) investors who are accredited investors under National Instrument 45-106 *Prospectus Exemptions*, (b) investors that are not individuals and that invest a minimum of \$150,000 in a Fund (however this exemption will not be made available in Alberta), and (c) investors to whom Units may otherwise be sold.

**Subscription Procedure:**

Subscriptions for Units must be made by completing and executing a subscription agreement (and power of attorney, in the case of the Partnership) (the “**Subscription Agreement**”) provided by the Manager and by forwarding to the Manager such form together with a cheque (or other form of funds transfer acceptable to the Manager) representing payment of the subscription price. Subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction.

Subscriptions for Units may be accepted by the Manager on any day on which banks in Toronto, Canada are all open for business and such other days as the Manager may prescribe (each a “**Valuation Date**”). Units of each Series will be issued at \$10 per Unit on the first closing and thereafter will be issued at their Net Asset Value per Unit. The Manager expects to issue separate sub-series of Series C and Series D Units on each Valuation Date, but may discontinue this practice at any time.

At the end of each year, and following the payment of all fees and expenses of a Fund, the Manager may determine that some or all sub-series of the same series and class of Units will be redesignated into the Master Series (or other sub-series, in the discretion of the Manager) in order to reduce the number of outstanding sub-series of a series of a class. This will be accomplished by adjusting the Net Asset Value per Unit of all such sub-series so that they are the same, and consolidating or subdividing the number of Units of each such sub-series so the aggregate Net Asset Value of Units held by a Unitholder does not change. Unitholders’ rights will not be affected in any way as a result to this process.

At the time of making each additional investment in a Fund, unless a new Subscription Agreement is executed, each investor will be deemed to have repeated and confirmed to the Manager the covenants and representations contained in the Subscription Agreement delivered by the investor to the Manager at the time of the initial investment.

By executing a Subscription Agreement for Units, each subscriber is acknowledging that the investment portfolio strategy and trading procedures of the Manager in managing the applicable Fund, as applicable, are proprietary in nature and agrees that all information relating to such investment portfolio and trading procedures shall be kept confidential by such subscriber and will not be disclosed to third parties (excluding the subscriber’s professional advisors) without the written consent of the Manager. Such proprietary methods belong



entirely to the Manager and no Unitholder has any claim to the use of them independent of the Manager. See “The Offering – Subscription Procedure”.

**Subscription Price:**

On the first closing, Units of each series will be issued at a price per Unit of \$10. On each subsequent Valuation Date, Units will be issued at the applicable Net Asset Value per Unit as calculated on the business day prior to such Valuation Date. See “The Offering” and “Computation of Net Asset Value”.

**Minimum Individual Subscription:**

The minimum initial investment is \$100,000, but may be reduced to a lesser amount at any time and from time to time in the discretion of the Manager. See “The Offering”.

Each additional investment must be in an amount that is not less than \$50,000 or such lesser amount as the Manager may accept in its discretion, subject to applicable law.

This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the applicable Fund and need not be refunded to the subscriber. See “The Offering - Minimum Individual Subscription”.

**Redemptions:**

A Unitholder may redeem all or some of his, her or its Units on a Valuation Date provided that the Manager receives a properly executed Redemption Form in writing by 4:00 p.m. (Toronto time) on the business day prior to such Valuation Date.

The Manager has the right to require a Unitholder to redeem all of the Units owned by such Unitholder on a Valuation Date at the Net Asset Value per Unit. The requirement will be provided by written instruction to the Unitholder with at least 5 calendar days’ notice before the date of redemption, a right which may be exercised by the Manager in its sole discretion.

Upon redemption of Units, the Unitholder will receive an amount equal to the Net Asset Value of the Units of the applicable Fund redeemed. Units redeemed within 12 months of their issue may be subject to a 1.5% early redemption deduction (which will be retained by the Partnership), in the Manager’s discretion.

The Manager may suspend the calculation of the Net Asset Value per Unit, and the right to redeem Units, when required to do so under any applicable securities legislation or under any exemptive relief granted by the local securities authorities from such securities legislation, or at such other times as would be permitted if the Funds were subject to National Instrument 81-102 *Mutual Funds* (as it may be amended or replaced from time to time).

Redemption proceeds shall be paid to the redeeming Unitholder as soon as is practicable and in any event within 15 days following the

applicable Valuation Date. See “Redemptions”.

**Transfer or Resale of Units:**

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

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

The Net Asset Value of each Fund and the Net Asset Value per Unit of each class, series and sub-series of Units will be determined as at the close of business (4:00 p.m. in Toronto) on each Valuation Date or such other time as the Manager deems appropriate.

The Net Asset Value of each series will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of each Fund (before deduction of class-specific and series-specific fees and expenses), and the Net Asset Value per Unit of each Fund will be determined (after deduction of class-specific and series-specific fees and expenses) by dividing the Net Asset Value of each series by the number of Units of such series outstanding. The costs and benefits of the Canadian dollar hedging program associated with the Class H Units shall be attributed only to those Unitholders holding Class H Units.

See “Computation of Net Asset Value”.

**Management Fees:**

The Manager will receive from the Partnership a monthly management fee (the “**Management Fee**”) at an annual rate equal to:

- 0.7% of the aggregate Net Asset Value of the Series A, Series F and Series D Units of each Class of the Partnership;
- 1.0% of the aggregate Net Asset Value of the Series A2 Units, Series F2 Units and Series C Units of each Class of the Partnership,

calculated and accrued daily and payable on the last Valuation Date of each month (calculated before the deduction of any performance fees payable to the Manager and before the deduction of any redemption deductions in respect of such Units on such date).

Unitholders holding Series I Units of each Class of each Fund will pay negotiated fees to the Manager.

Management Fees are subject to HST, and will be deducted as an expense of the applicable Series of the applicable Class of LP Units in the calculation of the Net Asset Value of such Series of such Class.

See “Fees and Expenses – Management Fees”.

**Service Fees:**

The Manager will receive from the Partnership a monthly service fee (the “**Service Fee**”) at an annual rate equal to 1.0% of the aggregate Net Asset Value of the Series A and Series A2 Units of each Class of the Partnership, calculated and accrued daily and payable on the last Valuation Date of each month (calculated before the deduction of any performance fees payable to the Manager and before the deduction of any redemption deductions in respect of such Units on such date).

Subject to applicable law, the Manager will pay the Service Fee that it receives from the Partnership, as trailing commission to registered dealers who participate in the sale of Series A or Series A2 Units of each Class of each Fund.

Service Fees are subject to HST, and will be deducted as an expense of the Series A and Series A2 Units of the applicable Class of LP Units in the calculation of the Net Asset Value of Series A and Series A2 Units of such Class.

See “Fees and Expenses – Service Fees”.

**Performance Fees:**

The Manager will receive from the Partnership an annual performance fee (the “**Performance Fee**”) with respect to Series A, Series F and Series D Units of a Class of the Partnership if the performance of such series exceeds the performance of the S&P500® Total Return Index (as measured in Canadian dollars for Class A Units and as measured in US dollars for Class H Units at the beginning and at the end of the period) (the “**Benchmark**”).

The Performance Fee will be equal to 10% of the amount calculated (if positive) by taking the aggregate Net Asset Value of each applicable series at the end of a period (after giving effect to the payment of Management Fees and Service Fees but before deduction of any redemption amounts and before accrual of any Performance Fees as of such date), and

- (i) subtracting the aggregate Net Asset Value of the applicable series which would have resulted from the applicable series’ performance being identical to that of the Benchmark, and
- (ii) subtracting any existing Return Deficiency (as defined below).

The Performance Fee will be calculated and accrued for each applicable series on each Valuation Date on a cumulative basis but will only be payable on the last Valuation Date in each year. If an LP Unit is redeemed prior to the last Valuation Date in a year, a Performance Fee will be payable in respect of such Unit at the time of redemption.

If the performance of the applicable series for the period being measured is less than the performance of the Benchmark for such period (a “**Return Deficiency**”), then 10% of the net underperformance will be subtracted from the cumulative accrued Performance Fee. No Performance Fee will be payable until the performance of the series

relative to the Benchmark has exceeded the amount of the Return Deficiency.

Performance Fees are payable even where the applicable series has negative performance but has outperformed the Benchmark. Conversely, no Performance Fees are payable and a Return Deficiency will be created which must be eliminated before future Performance Fees are payable where the applicable series has positive performance but underperforms the Benchmark, or where the applicable series has a negative return that is greater than the negative return of the Benchmark.

Once earned, a Performance Fee will not be reversed or subject to a “clawback” mechanism. As a result, if the value of an applicable series declines in any period following the payment of the Performance Fee, the Manager will not have any obligation to make any payments to the Partnership of amounts previously paid to the Manager as a Performance Fee.

No performance fees will be paid to the Manager in respect of Series A2, Series F2 or Series C Units.

Unitholders holding Series I Units of each Class of each Fund will pay negotiated fees to the Manager.

Performance Fees are subject to HST, and will be deducted as an expense of the applicable series of the applicable Class of LP Units in the calculation of the Net Asset Value of such series of such Class.

See “Fees and Expenses – Performance Fees”.

**Performance Tracking:**

There are no management fees, service fees or performance fees payable by the Trust to the Manager. Although no fees are charged to the Trust Units, the Net Asset Value of the Trust Units of each class and series will decrease as a result of the fees charged to LP Units of the same class and series. As such, Trust Units will indirectly bear their *pro rata* portion of such fees.

Upon the issuance of Units of each Series and sub-series of the Trust, the Trust will in turn purchase LP Units. In order to ensure a fair allocation of indirect fees and expenses, and a fair allocation of distributions by the Trust, to each Series and sub-series of Trust Units, regard will be had to the fees, expenses and performance of the corresponding Series and sub-series of LP Units.

**Expenses:**

Each Fund is responsible for, and the General Partner or the Manager, as the case may be, are entitled to reimbursement from the Fund for fees and expenses relating to the Fund’s operation including, without limitation, registrar and transfer agent fees, audit, accounting, administration, record keeping and legal or other professional fees, custody and safekeeping charges, taxes, assessments or other charges levied by a governmental body against the Fund, interest charges,

commissions, brokerage, banking and other fees related to the business and administration of the Fund, and fees and expenses relating to providing financial and other reports to Unitholders, except to the extent that the Manager agrees to pay any such expenses from time to time. The General Partner or the Manager, as the case may be, is responsible for any marketing and promotional expenses incurred in connection with distribution of the Units. The Manager will ensure that no expenses incurred by the Trust are duplicative of expenses incurred by the Partnership. Common expenses within a Fund will be allocated to each series of Units of a Class of such Fund based on their respective Series Net Asset Values. Common expenses of both Funds are charged to the Partnership and are allocated indirectly through to the Trust based upon the Net Asset Value of the LP Units held by the Trust. Expenses specific to a series of Units will be allocated to and deducted from the Series Net Asset Value of that series only.

The Manager is responsible for the costs of the initial organization of the Trust and the offering of Trust Units, including, without limitation, fees and expenses of legal counsel and other service providers.

See “Fees and Expenses – Expenses”.

**Partnership Allocations:**

Subject to adjustment by the Manager for management, service and performance fees, the Limited Partners of the Partnership will be allocated 99.9% of the income or loss and taxable capital gains or allowable capital losses of the Partnership and the remaining 0.1% shall be allocated to the General Partner. See “Partnership Agreement – Partnership Allocation of Income and Loss”.

**Distributions:**

**Partnership**

The Manager may make distributions from time to time in its sole discretion; however, no payment may be made to a Limited Partner from the assets of the Partnership if the payment would reduce the assets of the Partnership to an insufficient amount to discharge the liabilities of the Partnership to persons other than the General Partner or a Limited Partner. Distributions made by the Partnership will be reinvested in LP Units. Limited Partners should be aware that net income and capital gains of the Partnership, if any, may still be allocated to them for tax purposes even if no distributions of cash are received by them.

**Trust**

The Trust will distribute at the end of each year such portion of its annual net income and net realized capital gains as will result in the Trust paying no ordinary income tax under Part I of the *Income Tax Act* (Canada) (the “**Tax Act**”). Generally, it is expected that net income and net realized capital gains of the Trust will be calculated and payable to each Trust Unitholder of record as of the close of business on the last Valuation Date in each taxation year. All such distributions made by the Trust will be automatically reinvested in additional Trust Units of the

same Series on which the distributions are paid. In addition, special distributions of net realized capital gains may be made in cash to Trust Unitholders who surrender Trust Units for redemption during the year – any such amounts will be deducted from redemption proceeds otherwise payable.

**Front-end Sales  
Commissions:**

There is no commission payable by a purchaser to the Manager upon the purchase of Units. However, dealers who sell Series A, Series A2, Series F or Series F2 Units may charge purchasers a front-end sales commission (typically 5% or less of the Net Asset Value of the Units purchased). Any such sales commission will be negotiated between the dealer and the purchaser and will be payable directly by the purchaser to their dealer.

**Trailing Commissions:**

Subject to applicable law, the Manager intends to pay, out of the fees payable to the Manager by the Partnership, a quarterly trailing commission to dealers who sell Series A or Series A2 Units of a Fund at an annual rate equal to 1% of the Net Asset Value of such Units, calculated and accrued daily and payable at the end of each quarter. The Manager, in its sole discretion, reserves the right to change the frequency of payment of the trailing commission to an annual basis.

**Registered Plans:**

The Trust is expected to qualify as a mutual fund trust under the Tax Act, effective from the date of its creation in 2015 and at all times thereafter. Provided that the Trust so qualifies, Trust Units will be qualified investments under the Tax Act for registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“TFSA”) (collectively, “**Registered 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. See “Risk Factors” and “Canadian Income Tax Considerations”.

LP Units are not “qualified investments” under the Tax Act for Registered Plans.

**Fiscal Year End:**

December 31 in each year.

**Term:**

Neither Fund has a fixed term. See “Partnership Agreement – Term of the Partnership” and “Declaration of Trust – Term of the Trust”.

**Financial Reporting:**

Audited financial statements will be provided within 90 days of each fiscal year end. Unaudited interim financial statements for the first six months of each fiscal year will be delivered to Unitholders within 60 days of the end of such period. Unaudited Net Asset Value information will be provided on a monthly basis.

In addition, the Manager will forward such other reports to Unitholders as are from time to time required by applicable law. See “Unitholder

Reporting”.

**Tax Considerations:**

Persons investing in an investment fund such as the Partnership or Trust should be aware of the tax consequences of investing in, holding and/or redeeming Units. **Subscribers are urged to consult with their tax advisers to determine the tax consequences of an investment in the Funds.**

Further information is contained under “Canadian Income Tax Considerations”.

**Release of Confidential Information:**

Under applicable anti-money laundering rules, the General Partner, the Manager or the Funds’ administrator may voluntarily release confidential information about Unitholders and, if applicable, about the beneficial owners of corporate Unitholders, to regulatory or law enforcement authorities if they determine to do so in their discretion.

**Risk Factors:**

An investment in the Funds is speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Funds. Investors should review closely the investment objectives and investment strategies to be utilized by the Funds as outlined herein to familiarize themselves with the risks associated with an investment in the Funds. Investment in the Funds is also subject to certain other risks. See “Risk Factors”.

**Prime Broker:**

Scotia Capital Inc., Toronto, Ontario

**Fund Administrator:**

Apex Fund Services (Canada) Ltd., Toronto, Ontario

**Legal Counsel:**

Borden Ladner Gervais LLP, Toronto, Ontario

**Auditor:**

Deloitte LLP, Toronto, Ontario

## THE FUNDS

The Trust is an investment fund established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust dated as of October 9, 2015 (the “**Declaration of Trust**”) made between Bristol Gate Capital Partners Inc. (the “**Manager**”) and the Trust. Purchasers (“**Trust Unitholders**”) of Units of the Trust (“**Trust Units**”) will be subject to the terms of the Declaration of Trust.

The Partnership is an investment fund established as a limited partnership under the laws of the Province of Ontario and became a limited partnership by filing a Declaration of Limited Partnership under the *Limited Partnerships Act* (Ontario) (“**LP Act**”) on July 11, 2008 originally under the name “Bristol Gate US Dividend Growth Fund LP”. The name of the Partnership was changed to “Bristol Gate US Equity Fund LP” by an amended partnership declaration dated April 10, 2014. The Partnership is governed by a limited partnership agreement first dated July 11, 2008, as amended and restated from time to time, between the general partner of the Partnership, Bristol Gate Dividend General Partner Inc. (the “**General Partner**”) and Mr. A. Peter Simmie, as the initial limited partner (the “**Partnership Agreement**”). Purchasers of Units of the Partnership (“**LP Units**”) will become limited partners of the Partnership (“**Limited Partners**” collectively with the Trust Unitholders, the “**Unitholders**”) and will be bound by the terms of the Partnership Agreement. The Partnership commenced operations in May 2009.

The office of the Funds is 45 St. Clair Avenue West, Suite 601, Toronto, Ontario, M4V 1K9. See “The Funds” and “Management of the Funds”.

## INVESTMENT OBJECTIVES, STRATEGIES AND RESTRICTIONS OF THE FUNDS

### Investment Objectives

#### *Partnership*

The investment objective of the Partnership is to provide investors with long-term growth of income and capital. The Partnership invests in the equities of publicly traded dividend-paying US companies.

The investment pool consists of constituents of the S&P500® and the Manager will construct a portfolio of dividend-paying equities from this universe. The Manager uses fundamental research in conjunction with a proprietary multi-factor methodology. This bottom-up approach analyzes companies’ profitability, cash flow and dividend growth. The Manager intends to hold a concentrated portfolio of 22 or fewer stocks for the Partnership.

#### *Trust*

The investment objective of the Trust is to provide investors with long-term growth of income and capital. The Trust intends to invest all or substantially all of its assets in the Partnership. As such, the investment strategies of the Partnership are applicable to the Trust to the extent its assets are invested in the Partnership.



## Investment Strategies and Restrictions

The Manager believes successful long-term investing requires:

- Understanding the power of dividends in determining equity values; and
- Employing a disciplined security selection methodology.

### *Background*

The earliest academic valuation models predicted stock values based upon dividends growth. This makes sense – companies with growing cash flows can pay higher dividends and higher dividends should support higher stock prices over time. In the U.S. equity markets, the Manager has analyzed the S&P 500® universe of stocks for the past four decades and found that, for most years, stocks of S&P 500® paying dividends earned higher total returns (capital gains plus dividend yield) as compared to stocks of all 500 companies listed in the S&P 500®. The excess returns are considerable; the following table shows the results of the Manager’s research and analysis for the past fifteen years from the Value Line stock and S&P500® databases.<sup>1</sup>

Calendar Year	<i>S&amp;P500® dividend paying universe (number of companies)</i>	<i>S&amp;P500® dividend paying universe average return (Total %)</i>	<i>S&amp;P500®<sup>2</sup> universe average return (Total %)</i>	<i>Annual excess total return of dividend paying stocks over S&amp;P500®</i>
2000	372	15.4	(9.1)	24.5
2001	288	(8.9)	(11.9)	3.0
2002	291	(18.7)	(22.1)	3.4
2003	302	25.3	28.7	(3.4)
2004	319	11.0	10.9	0.1
2005	333	5.7	4.9	0.8
2006	343	16.7	15.8	0.9
2007	346	5.0	5.5	(0.5)
2008	369	(35.7)	(37.0)	1.3
2009	340	21.2	26.5	(5.3)
2010	336	14.7	15.1	(0.4)
2011	393	8.3	2.1	6.2
2012	403	16.1	16.0	0.1
2013	411	31.7	32.4	(0.7)
2014	421	15.0	13.7	1.3
2015 to July	420	0.6	3.4	(2.8)
<b>AVERAGES</b>		7.7	5.9	1.8

<sup>1</sup> Value Line Publishing Inc. All results reported in USD.

<sup>2</sup> From [www2.standardandpoors.com](http://www2.standardandpoors.com). The S&P500® is the broad United States equity index comprised of the 500 largest publicly traded companies by market capitalization, with an average market capitalization of \$39.4 billion. See “S&P500 Index” for details.

Cash received regularly from an investment significantly reduces the risk facing investors. Cash received enjoys the benefits of the time value of money. It provides the investor with some assurance that a company's earnings and earnings' growth is attainable and sustainable. Similar to a real estate investment, an important factor in valuation, cash flow from operations, is an essential valuation parameter. Investments in real estate, fixed income or equity securities lacking sustainable cash flow are more speculative.

### *The Model*

To achieve the Partnership's investment objective to provide long-term capital appreciation and income, the Manager will invest in long positions in companies selected from the S&P 500® that the Manager estimates will pay increasing dividends over time. The Manager will use its proprietary quantitative model (the "**Model**") to identify investment opportunities that exhibit the largest expected dividend growth over the next fiscal year. The Model ranks companies by analyzing a number of fundamental measures, including dividend growth and cash flow growth. The companies with inconsistent histories in their fundamental measures and those with insufficient historical records are excluded. The Model does not evaluate or select stocks by industry sector characteristics or price momentum.

### *S&P 500®*

The S&P 500® Index is a leading indicator of United States equities, reflecting the risk and return characteristics of the broader large capitalization universe. The basic characteristics of companies in the current universe include: market capitalization in excess of USD\$5.3 billion, public float in excess of 50%, financial viability based upon reported generally accepted accounting principles (GAAP) income and adequate liquidity. The index has been developed and is maintained by Standard & Poor's, a leading provider of financial market intelligence. It operates in twenty-three countries and is a division of The McGraw Hill Companies.

The 500 largest U.S. public companies by market capitalization are included in the S&P 500® , weighted by their market capitalization. At July 31, 2015, the median market capitalization of the constituents was \$39.4 billion. Complete details of the S&P 500® may be found at [www.us.spindices.com](http://www.us.spindices.com).

The S&P500® will be the primary benchmark for comparative performance of the Partnership.

### *Investment Guidelines*

In executing this investment strategy, the Manager will use the following guidelines:

- (i) Manage a concentrated portfolio, currently optimized at 22 stocks;
- (ii) The Partnership may borrow from the Prime Broker up to a maximum of 30% of the Partnership's net asset value, as the Manager deems appropriate. For clarity, leverage will not be used as an investment tool to potentially enhance returns, but only to facilitate cash management needs within the Funds;
- (iii) Hold assets primarily denominated in United States dollars; hedge the currency risk for the Class H Units as best as practicably possible; and

- (iv) Assess the performance of the Partnership using as the appropriate benchmark the total capital gain and dividend income earned by the entire S&P 500® as reported periodically by Standard & Poor's.

#### *Investment Restrictions*

The Manager will not purchase any of the following securities for the Partnership:

- (i) Stocks with an insufficient operating history for the Manager to conduct its analysis;
- (ii) Stocks that do not pay dividends;
- (iii) Stocks involved in the extraction and production of commodities;
- (iv) Stocks of money centre banks;
- (v) Stocks issued by way of private placements or initial public offerings (IPOs); and
- (vi) Securities not traded on public markets (except for cash and cash equivalents).

And the Partnership will not:

- (i) Short sell any security;
- (ii) Employ derivatives or options either directly or indirectly, unless the Manager first provides written notice to the Limited Partners, except in the case whereby they are employed for the specific purpose of hedging currency risk for the Class H Units;
- (iii) Invest in real property; or
- (iv) Invest in commodities or in securities not traded on public markets.

The Manager may choose to establish restrictions or to amend existing restrictions governing investments in the Partnership respecting:

- (i) The proportion of assets represented in the Partnership in any industry sector;
- (ii) The maximum degree of financial leverage acceptable within any company represented in the Partnership and the ratings assigned to its long term debt;
- (iii) The proportion of the Partnership held from time to time in cash or cash equivalents;
- (iv) The use of options and derivatives, subject to providing written notice to Limited Partners of the commencement of use of these instruments; and
- (v) The lending of the Partnership's securities to its Prime Broker.

#### *Currency Hedging Strategy for Class H Units*

The Partnership's underlying securities are publicly traded US dollar denominated securities. The Class H Units for the Partnership will hedge substantially all of Class H's USD currency to the Partnership's reporting currency, Canadian dollars.

The Partnership's return for the Class H Units will be impacted by two factors: (i) the return of the Partnership's underlying portfolio of US Dollar denominated publicly traded securities and (ii), the variation in the US/Canadian dollar exchange rates. The hedging of the US currency will provide exposure to the Partnership's US investment portfolio and simultaneously reduce currency risk for Canadian investors. The benefits and costs of the hedging program will be borne only by the Class H Units.

#### *No Soft Dollar Arrangements*

The Manager will not enter into soft dollar arrangements or direct brokerage transactions pursuant to any soft dollar agreement. Soft dollar arrangements occur when brokers have agreed to provide other services (relating to research and trade execution) at no cost to the Manager in exchange for brokerage business from the Manager's managed accounts and investment funds. Such arrangements may result in conflicts of interest and obscure the Manager's best execution.

#### **General**

**The Manager may at any time adopt new strategies or deviate from the foregoing guidelines as market conditions dictate. The Manager may from time to time give notice in writing to the Unitholders of any change in investment objectives, strategies or restrictions without having to obtain the approval of the Unitholders and written notice will be given to the Unitholders promptly after any such change.** While the Manager typically will try to minimize risk in selecting investments, it should be understood that the risk management techniques utilized by the Manager cannot provide any assurance that the Partnership and the Trust will not be exposed to risks of significant investment losses.

There can be no assurances that the Partnership or the Trust will achieve its investment objectives.

#### **Statutory Caution**

The disclosure in this Offering Memorandum, or in materials deemed to be incorporated into this Offering Memorandum, regarding the investment strategies and intentions of the Partnership and the Trust may constitute "forward-looking information" for the purpose of applicable securities legislation, as it may contain statements of the Manager's intended course of conduct and future operations of the Partnership and the Trust. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. Investors are urged to read "Risk Factors" below for a discussion of other factors that will impact the operations and success of the Funds.

#### **INVESTMENT RISK LEVEL**

The Manager has identified the investment risk level of the Funds as an additional guide to help prospective investors decide whether a Fund is right for the investor. The Manager's determination of the risk rating for the Funds 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 new funds or funds which have a historical performance of less than three to five years, an appropriate benchmark index is used to estimate the expected volatility and therefore risk level of the fund.

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

Using the Partnership's data for the five year period ending August 31, 2015, in accordance with the methodology described above, the Manager has rated the Funds as **low to medium** risk.

## MANAGEMENT OF THE FUNDS

### General Partner

The General Partner was incorporated under the *Business Corporations Act* (Ontario) on June 5, 2008. The General Partner does not presently carry on any other business operations and currently has no significant assets or financial resources. The General Partner and the Manager are under common control and management. The two directors of the General Partner are Messrs Hamm and Simmie and they collectively own 100% of the issued and outstanding shares of the General Partner. The General Partner may also become a Limited Partner by purchasing LP Units. The General Partner is responsible for the management and control of the business and affairs of the Partnership on a day-to-day basis in accordance with the terms of the Partnership Agreement. The General Partner has engaged the Manager to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the LP Units, but the General Partner remains responsible for supervising the Manager's activities on behalf of the Partnership.

The General Partner shall exercise its powers and discharge its duties honestly, in good faith, and with a view to the best interests of the Fund and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The General Partner shall be entitled to retain advisors, experts or consultants to assist in the exercise of its powers and the performance of its duties.

The General Partner may not sell, assign, or otherwise transfer its interest or rights as the General Partner in the Fund except with the prior approval of the Limited Partners given by ordinary resolution.

The directors and officers of the General Partner are listed below:

#### Name and Municipality of Residence

#### Office with the General Partner

G. Richard Hamm  
Toronto, Ontario

Director, President and Chief Executive Officer

A. Peter Simmie  
Toronto, Ontario

Director, Secretary and Chief Investment Officer

**Name and Municipality of Residence**

**Office with the General Partner**

Michael Capombassis  
Toronto, Ontario

Director and President

Stephen Gross  
Toronto, Ontario

Director and Chief Financial Officer

Michael McNeil  
Toronto, Ontario

Director, Secretary and Chief Operating Officer

**Manager and Trustee**

Bristol Gate Capital Partners Inc. is the manager of the Funds. The Manager is also the trustee of the Trust. The Manager has been retained by the General Partner, in the case of the Partnership, and by the Trustee, in the case of the Trust, to direct the day-to-day business, operations and affairs of the Funds, including management of the Funds' portfolio on a discretionary basis and distribution of the Units of the Funds. The Manager may delegate certain of these duties from time to time. The Manager, its officers, directors, shareholders and associates may also become Unitholders by purchasing Units.

The Manager was incorporated under the *Business Corporations Act* (Ontario) on March 10, 2006. The Manager is registered under the securities legislation of Ontario and Québec as an investment fund manager, portfolio manager and exempt market dealer, and under the securities legislation of British Columbia, Alberta and Manitoba as a portfolio manager and exempt market dealer. The Manager is also registered with the United States Securities and Exchange Commission as an investment adviser. The principal place of business of the Manager is 45 St. Clair Avenue West, Suite 601, Toronto, Ontario M4V 1K9.

The Manager has developed a proprietary, multi-factor, quantitative methodology to select stocks based upon fundamental research using a "bottom-up" approach and based upon a company's profitability, cash flow and dividend growth and combines this with experienced judgment in selecting the Fund's investment portfolio.

The Manager claims compliance with the Global Investment Performance Standards (GIPS®).

Messrs G. Richard Hamm and A. Peter Simmie, are the principal shareholders of the Manager. The directors and officers of the Manager involved with the management of the Funds are as follows:

**Name and Municipality of  
Residence**

**Office with the Manager**

Richard Hamm  
Toronto, Ontario

Director and Chief Executive Officer

Peter Simmie  
Toronto, Ontario

Director and Chief Investment Officer

<b>Name and Municipality of Residence</b>	<b>Office with the Manager</b>
Michael Capombassis, CFA Toronto, Ontario	President and Chief Risk Officer
Michael McNeil, CPA, CGA, CAIA Toronto, Ontario	Chief Operating and Chief Compliance Officer
Stephen Gross, CFA Toronto, Ontario	Managing Director and Portfolio Manager

**Richard Hamm** brings 40 years of experience in the financial industry to the Manager. He has extensive senior management experience in the financial industry working with Scotia McLeod, Trimark Investment Management Inc, and Bluewater Investment Management. He co-founded Plaza REIT. He serves on the board of the Regent Park Foundation, the Corporation of Massey Hall and Roy Thomson Hall, and the Special Olympics National Foundation. Mr. Hamm holds a Bachelor of Commerce from Queen's University.

**Peter Simmie** brings 35 years of diversified financial experience to the Manager including real estate financial structuring, fund distribution and discretionary portfolio management. He was a senior officer and portfolio manager at Nigel Stephens Counsel Inc. developing the company's expertise in managing international stocks and ETFs as well as managing sovereign and corporate bonds and exchange traded funds for public mutual fund and private client accounts. He is an experienced industry analyst with doctoral level quantitative training from the Kellogg School at Northwestern University. Mr. Simmie holds Masters of Business Administration (1975) and Master of Science (1978) degrees from Northwestern University.

**Mike Capombassis** brings over 20 years of international experience in capital markets and strategic business development to the Manager. Most recently leading the global equity sales function for the Canadian division of a leading global investment bank, Mr. Capombassis excels at strategic business development and client relationships. Mr. Capombassis holds a Bachelor of Arts degree from McGill University (1990), a Masters of Business Administration from the Stern School of Business at New York University (1996).

**Stephen Gross** brings over 20 years of capital markets experience to the Manager. His background includes extensive experience working with national brokerage firms in senior management and equity research roles serving the institutional market in Canada. Mr. Gross holds a Bachelor of Commerce from Queen's University (1975) and received his Chartered Accountant (CA) designation (1979).

**Michael McNeil** brings over 15 years of capital markets experience to the Manager along with extensive senior management expertise in strategic finance, risk management, accounting, compliance and operations. Prior to his role with the Manager, Mr. McNeil was the CFO/CCO for an alternative investment manager, CAO for an IIROC dealer and spent 10 years with RBC Capital Markets in various roles. Mr. McNeil received his Bachelor of Commerce (Finance) (1996) and his Masters of Business Administration (1995) degrees from Dalhousie University. In addition, he is also a Chartered Professional Accountant (CPA, CGA) and holds a Chartered Alternative Investment Analyst (CAIA) designation.

The Manager's Investment Committee, responsible for the Funds' portfolios, consists of Messrs Hamm, Simmie, Gross and Capombassis. Mr. Simmie is the principal portfolio manager for the Funds. In addition, the Manager has an experienced research and portfolio administration team.

### **Investment Advisory Agreement**

The Partnership has entered into an investment advisory agreement (the "**Investment Advisory Agreement**") with the Manager first dated as of July 14, 2008, as amended and restated from time to time. Pursuant to the Investment Advisory Agreement, the Manager directs the business, operations and affairs of the Partnership and provides day-to-day management services to the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the LP Units, and such other services as may be required from time to time. The Manager may delegate certain of these duties from time to time.

Pursuant to the Investment Advisory Agreement, the Manager, and its principals, shareholders, officers, directors, agents and employees shall at all times be indemnified and saved harmless by the Partnership from and against all actions, proceedings, claims, costs, demands and expenses (including legal fees, judgments and amounts paid in settlement, provided that the General Partner has approved such settlement) actually and reasonably incurred in connection with the Partnership, provided such expenses were not the result of any action or inaction of such party that constituted gross negligence or wilful misconduct and such action or inaction was done in good faith and in a manner reasonably believed to be in the best interests of the Partnership.

Moreover, the Manager will not be liable to the Partnership, the General Partner or any Limited Partner for any loss or damage relating to any matter regarding the Partnership, the General Partner or any Limited Partner, as the case may be, which arises out of any action or inaction of the Manager if such course of conduct did not constitute negligence or misconduct of the Manager and if the Manager, in good faith, determined that such course of conduct was in the best interests of the Partnership, including any loss or diminution in the Net Asset Value of the Partnership or the LP Units. Notwithstanding the foregoing, the Manager shall not be protected against any liability to the Partnership, its General Partner and Limited Partners in any circumstances where there has been gross negligence, wilful deceit or dishonesty on the part of the Manager or to the extent that the Manager may have failed to fulfil its duties and obligations as set forth in this Agreement.

The Manager may rely and act upon any statement, report or opinion prepared by or any advice received from auditors, solicitors, notaries or other professional advisors of the Manager and will not be responsible or held liable for any loss or damage resulting from relying or acting thereon if the advice was within the area of professional competence of the person from whom it was received and the Manager acted reasonably in relying thereon.

The Investment Advisory Agreement may be terminated by either the General Partner or the Manager on 30 days' notice to the other. The Investment Advisory Agreement may be terminated immediately by either the General Partner by notice in writing to the Manager if the Manager becomes bankrupt or insolvent, resolves to wind up or liquidate, or if a receiver of any of its assets is appointed, or at the request of Limited Partners passed by a Special Resolution (as hereinafter defined) in accordance with the Partnership Agreement. In the event that the Investment Advisory Agreement is terminated or the Manager resigns, the General Partner shall carry out, or shall promptly appoint a successor to carry out, the activities of the Manager.



## **Standard of Care of the Manager**

The Manager must exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Funds and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Manager has adopted policies and procedures to identify and avoid, or address and disclose, conflicts between its own interests and the interests of the Funds and/or the Unitholders, in accordance with applicable securities legislation, but will not be prohibited from, or be required to account to the Funds for, providing services to and receiving fees from any person or entity, including other pooled investment vehicles, similar to those services provided to the Funds.

## **FEES AND EXPENSES**

There are no management fees, services fees or performance fees payable by the Trust to the Manager. Although no fees are charged to the Trust Units, the Net Asset Value of the Trust Units of each class and series will decrease as a result of the fees charged to LP Units of the same class and series. As such, Trust Units will indirectly bear their *pro rata* portion of such fees.

### **Management Fees**

Pursuant to the Investment Advisory Agreement, the Manager will receive from the Partnership a monthly management fee (the “**Management Fee**”) at an annual rate equal to:

- 0.7% of the aggregate Net Asset Value of the Series A, Series F and Series D Units of each Class of the Partnership;
- 1.0% of the aggregate Net Asset Value of the Series A2, Series F2 and Series C Units of each Class of the Partnership,

calculated and accrued daily and payable on the last Valuation Date of each month (calculated before the deduction of any performance fees payable to the Manager and before the deduction of any redemption deductions in respect of such Units on such date).

### **Service Fees**

Pursuant to the Investment Advisory Agreement, the Manager will receive from the Partnership a monthly service fee (the “**Service Fee**”) at an annual rate equal to 1.0% of the aggregate Net Asset Value of the Series A and Series A2 Units of each Class of the Partnership, calculated and accrued daily and payable on the last Valuation Date of each month (calculated before the deduction of any performance fees payable to the Manager and before the deduction of any redemption deductions in respect of such Units on such date).

Subject to applicable law, the Manager will pay the Service Fee that it receives from the Partnership, as trailing commission to registered dealers who participate in the sale of Series A or Series A2 Units of each Class.

### **Performance Fees**

The Manager will receive from the Partnership an annual performance fee (the “**Performance Fee**”) with respect to Series A, Series F and Series D Units of a Class of the Partnership if the performance of such series exceeds the performance of the S&P500® Total Return Index (as measured in Canadian dollars for

Class A Units and as measured in US dollars for Class H Units at the beginning and at the end of the period) (the “**Benchmark**”).

The Performance Fee will be equal to 10% of the amount calculated (if positive) by taking the aggregate Net Asset Value of each applicable series at the end of a period (after giving effect to the payment of Management Fees and Service Fees but before deduction of any redemption amounts and before accrual of any Performance Fees as of such date), and

- (i) subtracting the aggregate Net Asset Value of the applicable series which would have resulted from the applicable series’ performance being identical to that of the Benchmark, and
- (ii) subtracting any existing Return Deficiency (as defined below).

The Performance Fee will be calculated and accrued for each applicable series on each Valuation Date on a cumulative basis but will only be payable on the last Valuation Date in each year. If an LP Unit is redeemed prior to the last Valuation Date in a year, a Performance Fee will be payable in respect of such Unit at the time of redemption.

If the performance of the applicable series for the period being measured is less than the performance of the Benchmark for such period (a “**Return Deficiency**”), then 10% of the net underperformance will be subtracted from the cumulative accrued Performance Fee. No Performance Fee will be payable until the performance of the series relative to the Benchmark has exceeded the amount of the Return Deficiency.

Performance Fees are payable even where the applicable series has negative performance but has outperformed the Benchmark. Conversely, no Performance Fees are payable and a Return Deficiency will be created which must be eliminated before future Performance Fees are payable where the applicable series has positive performance but underperforms the Benchmark, or where the applicable series has a negative return that is greater than the negative return of the Benchmark.

Once earned, a Performance Fee will not be reversed or subject to a “clawback” mechanism. As a result, if the value of an applicable series declines in any period following the payment of the Performance Fee, the Manager will not have any obligation to make any payments to the Partnership of amounts previously paid to the Manager as a Performance Fee.

To the extent the Manager receives a Performance Fee for a fiscal year in which the Partnership outperformed the Benchmark but the overall performance of the Partnership was negative, the Manager may in its discretion pay back the Performance Fee (or any portion thereof) to the Partnership in a subsequent period, and the Partnership may in turn allocate such amount to the appropriate series.

No performance fees will be paid to the Manager in respect of Series A2, Series F2 or Series C Units.

### **Fees Generally**

Unitholders holding Series I Units of each Class of each Fund will pay negotiated fees to the Manager.

Management Fees, Service Fees and Performance Fees are subject to HST, and will be deducted as an expense of the applicable Series or Sub-series of the applicable Class of Units in the calculation of the Net Asset Value of such Series or Sub-series of such Class of the Partnership.

Unitholders holding a Series of a Class of Units of a Fund must be given not less than 90 days' prior written notice of any proposed change to the amount and method of calculation of the Management Fee, Service Fee and/or Performance Fee applicable to that Series of that Class of Units, if, as a result of such change, the Management Fee, Service Fee and/or Performance Fee would be paid more frequently or could result in increased fees being paid by the Fund.

### **Expenses**

Each Fund is responsible for, and the General Partner or the Manager, as the case may be, are entitled to reimbursement from the Fund for fees and expenses relating to the Fund's operation including, without limitation, registrar and transfer agent fees, audit, accounting, administration, record keeping and legal or other professional fees, custody and safekeeping charges, taxes, assessments or other charges levied by a governmental body against the Fund, interest charges, commissions, brokerage, banking and other fees related to the business and administration of the Fund, and fees and expenses relating to providing financial and other reports to Unitholders, except to the extent that the Manager agrees to pay any such expenses from time to time. The General Partner or the Manager, as the case may be, is responsible for any marketing and promotional expenses incurred in connection with distribution of the Units. The Manager will ensure that no expenses incurred by the Trust are duplicative of expenses incurred by the Partnership. Common expenses within a Fund will be allocated to each series of Units of a Class of such Fund based on their respective Series Net Asset Values. Common expenses of both Funds are charged to the Partnership and are allocated indirectly through to the Trust based upon the Net Asset Value of the LP Units held by the Trust. Expenses specific to a series of Units will be allocated to and deducted from the Series Net Asset Value of that series only.

The Manager is responsible for the costs of the initial organization of the Trust and the offering of Trust Units, including, without limitation, fees and expenses of legal counsel.

Although no expenses are charged to the Trust Units, the Net Asset Value of the Trust Units will decrease as a result of the expenses charged to the LP Units that are held by the Trust. As such, holders of Trust Units will indirectly bear their *pro rata* portion of such expenses.

### **THE OFFERING**

Units offered hereby are being offered to investors resident in all provinces and territories of Canada, except Newfoundland and Labrador, pursuant to exemptions from prospectus requirements contained in National Instrument 45-106 – *Prospectus Exemptions* and Section 73.3 of the *Securities Act* (Ontario) (together referred to as “**NI 45-106**”).

Units may be purchased directly from the Manager (by investors resident in Ontario, British Columbia, Alberta, Manitoba and Québec) or through other registered dealers.

The Partnership has three classes of units: A, B and H. The Trust has two classes of Units: A and H.

Subscribers may invest in one of two classes: A (unhedged) or H (hedged). The interests of subscribers in the Partnership or the Trust for Class A Units are not hedged to the Canadian dollar. An unlimited number of Class A Units may be issued.

An unlimited number of Class H Units may be issued for subscribers who prefer their investment in the underlying US dollar securities hedged to the Partnership's or the Trust's reporting currency in

Canadian dollars. Subscribers may elect to purchase the proportion of Class H Units appropriate to their financial circumstances and expectations of the relative future currency value.

Subscribers may submit their subscription proceeds in United States dollars for the purchase of Units of the Funds, except for Class H Units in Series A, Series A2, Series F and Series F2, in which case subscription proceeds must be received exclusively by the Funds in Canadian dollars. Subscription proceeds submitted in United States dollars will be converted into Canadian dollars on the applicable Valuation Date based on the prevailing Canadian/United States dollar exchange rate on such date.

One Class B general partnership unit of the Partnership has been created for issuance to the General Partner.

Seven series of Units of each of Class A and H Units are currently being offered:

- **Series A Units** are offered to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer approved by the Manager who is paid a trailing commission by the Manager. Series A Units of the Partnership are charged a management fee, service fee and performance fee.
- **Series A2 Units** are offered to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer approved by the Manager who is paid a trailing commission by the Manager. Series A2 Units of the Partnership are charged a higher management fee than Series A Units and a service fee, but no performance fee.
- **Series F Units** are available to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer. Series F Units of the Partnership are charged a management fee and performance fee.
- **Series F2 Units** are available to certain investors who meet the minimum investment criteria and purchase Units through another registered dealer. Series F2 Units of the Partnership are charged a higher management fee than Series F Units, but no performance fee.
- **Series C Units** are available to investors who meet the minimum investment criteria and purchase Units directly from the Manager. Series C Units of the Partnership are charged a management fee.
- **Series D Units** are available to investors who meet the minimum investment criteria and purchase Units directly from the Manager. Series D Units of the Partnership are charged a lower management fee than Series C Units, but are also charged a performance fee.
- **Series I Units** are available to certain institutional investors who pay negotiated fees to the Manager.

Series AA, Series FF, Series BB, Series CC and Series DD Units of the Partnership were offered prior to the date of this Offering Memorandum and are no longer being offered. Series AA, Series FF, Series BB, Series CC and Series DD and Series I Units of the Partnership were named Series A, Series F, Series B, Series C, Series D and Series O Units of the Partnership, respectively, prior to the date of this Offering Memorandum.

If the Manager determines that a Unitholder no longer qualifies to hold a Series of Units, the Manager may in its direction change the Units held by such Unitholder into another Series of Units.

**The Manager may terminate the offering of any one or more Classes or Series of Units at any time, in its sole discretion.** The offering of the Partnership is restricted to persons who have the capacity and competence to enter into and be bound by the Partnership Agreement.

### **Performance Tracking**

Upon the issuance of Units of each Series and sub-series of the Trust, the Trust will in turn purchase LP Units. In order to ensure a fair allocation of indirect fees and expenses, and a fair allocation of distributions by the Trust, to each Series and sub-series of Trust Units, regard will be had to the fees, expenses and performance of the corresponding Series and sub-series of LP Units.

### **Prospectus Exemptions**

The Units are being distributed pursuant to available prospectus exemptions in all provinces and territories of Canada, except Newfoundland and Labrador, to (a) investors who are accredited investors under NI 45-106, (b) investors that are not individuals and that invest a minimum of \$150,000 in a Fund (the **“Minimum Amount Exemption”**), and (c) investors to whom Units may otherwise be sold. Purchasers will be required to make certain representations in the subscription for Units and the Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above. Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. **The so-called “Offering Memorandum Exemption” is not being relied on, nor is the Minimum Amount Exemption being relied on in Alberta, and investors do not have the benefit of certain additional protections that NI 45-106 gives to investors when an issuer relies on the Offering Memorandum Exemption.**

No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

### **Accredited Investors**

A list of those who qualify as “accredited investors” is set out in the Subscription delivered with this Offering Memorandum, but generally includes individuals who have net investment assets of at least \$1,000,000, or personal income of at least \$200,000 or combined spousal income of at least \$300,000 (in the previous two years with reasonable prospects of same in the current year). NI 45-106 requires that individuals who invest on the basis that they are accredited investors (other than certain high net worth individuals) must sign a Risk Acknowledgement form, which is included in the Subscription delivered with the Offering Memorandum.

### **Subscription Procedure**

Units may be purchased directly from the Manager (by investors resident in Ontario, British Columbia, Alberta, Manitoba and Quebec) or through other registered dealers.

Subscriptions for Units must be made by completing and executing a subscription agreement (and power of attorney, in the case of the Partnership) (the **“Subscription Agreement”**) provided by the Manager and by forwarding to the Manager such form together with a cheque (or other form of funds transfer acceptable to the Manager) representing payment of the subscription price. Subscriptions for

Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction.

Subscriptions for Units may be accepted by the Manager on any day on which banks in Toronto, Canada are all open for business and such other days as the Manager may prescribe (each a “**Valuation Date**”). On the first closing, Units of each series will be issued at a price per Unit of \$10. On each subsequent Valuation Date, Units will be issued at the applicable Net Asset Value per Unit as calculated on the business day prior to such Valuation Date. The Manager expects to issue separate sub-series of Series C and Series D Units on each Valuation Date, but may discontinue this practice at any time.

At the end of each year, and following the payment of all fees and expenses of a Fund, the Manager may determine that some or all sub-series of the same series and class of Units will be redesignated into the Master Series (or other sub-series, in the discretion of the Manager) in order to reduce the number of outstanding sub-series of a series of a class. This will be accomplished by adjusting the Net Asset Value per Unit of all such sub-series so that they are the same, and consolidating or subdividing the number of Units of each such sub-series so the aggregate Net Asset Value of Units held by a Limited Partner does not change. Limited Partners’ rights will not be affected in any way as a result to this process.

At the time of making each additional investment in a Fund, unless a new Subscription Agreement is executed, each investor will be deemed to have repeated and confirmed to the Manager the covenants and representations contained in the Subscription Agreement delivered by the investor to the Manager at the time of the initial investment.

By executing a Subscription Agreement for Units, each subscriber is acknowledging that the investment portfolio strategy and trading procedures of the Manager in managing the applicable Fund, as applicable, are proprietary in nature and agrees that all information relating to such investment portfolio and trading procedures shall be kept confidential by such subscriber and will not be disclosed to third parties (excluding the subscriber’s professional advisors) without the written consent of the Manager. Such proprietary methods belong entirely to the Manager and no Unitholders has claim to the use of them independent of the Manager.

### **Minimum Individual Subscription**

The minimum initial investment is \$100,000, but may be reduced to a lesser amount at any time and from time to time in the discretion of the Manager.

Each additional investment must be in an amount that is not less than \$50,000 or such lesser amount as the Manager may accept in its discretion, subject to applicable law.

**These minimums are net of any front end commissions paid by an investor to his or her dealer.**

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

### **Front-End Sales Commissions and Trailing Commissions**

There is no commission payable by a purchaser to the Manager upon the purchase of Units. However, dealers who sell Series A or Series A2 Units may charge purchasers a front-end sales

commission (typically 5% or less of the Net Asset Value of the Units purchased). Any such sales commission will be negotiated between the dealer and the purchaser and will be payable directly by the purchaser to their dealer.

Subject to applicable law, the Manager intends to pay, out of the fees payable to the Manager by the Partnership, a quarterly trailing commission to dealers who sell Series A or Series A2 Units at an annual rate equal to 1% of the Net Asset Value of such Units, calculated and accrued daily and payable at the end of each quarter. The Manager, in its sole discretion, reserves the right to change the frequency of payment of the trailing commission to an annual basis.

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

Whether the subscriber for Units is purchasing through their own dealer or directly from the Manager (in its capacity as an exempt market dealer), the dealer through whom the Units are purchased has an obligation under applicable securities laws to determine suitability of the investment for such purchaser, unless the purchaser is a “permitted client” and either waives such requirement or the dealer is otherwise exempt from such requirement. Subscribers purchasing directly from the Manager will be required to provide certain information in the Subscription Agreement (referred to as know-your-client information) on which the Manager will rely in determining such suitability.

### **Leverage Disclosure Statement (Using Borrowed Money to Purchase Units)**

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. Furthermore, there may be negative tax consequences for an investor who borrows money to purchase Units.

### **Benchmarks**

Investors may find it helpful to compare the returns from their investments against one or more relevant benchmarks (i.e. the return that they may have received had they invested in a comparable investment, or a comparison of their investment to an average or median return of a basket of comparable investments). A benchmark for investment funds such as the Funds might be an index of issuers with similar investment mandates. Investors should be aware of the similarities and differences between the benchmark and the investment, such as the concentration/diversification of securities, industries and or markets, the impact of fees and expenses on such returns, and risks inherent in such investments and investment strategies. Should the Manager use a benchmark comparison when reporting the performance of the Funds, an explanation of the similarities and differences between the Funds and the benchmark will be provided at that time.

## **RESTRICTED INVESTORS IN THE PARTNERSHIP**

The Partnership is designed to attract investment capital which is surplus to an investor’s basic financial requirements.

The following persons and entities **may not** invest in this Partnership:

- (a) a “non-resident”, a partnership other than a “Canadian partnership”, a “tax shelter”, a “tax shelter investment”, or any entity an interest in which is a “tax shelter investment”, or in

which a “tax shelter investment” has an interest, within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”); and

- (b) a partnership which does not prohibit investment by the foregoing persons.

By purchasing LP Units, a Limited Partner represents and warrants that he, she or it is not one of the above and shall indemnify and hold harmless the Partnership and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of a breach of such representation and warranty. Any Limited Partner who fails to provide evidence satisfactory to the Manager of such status when requested to do so from time to time may be removed as a Limited Partner by the redemption of his Units in accordance with the Partnership Agreement.

Any Limited Partner whose status changes in regard to the above shall be deemed to have ceased to be a Limited Partner (for all purposes other than taxation and liability) immediately prior to the date on which such status changes and shall thereafter only be entitled to receive from the Partnership an amount equal to the lesser of the Net Asset Value of such Limited Partner’s Units as at the date on which he or she ceases to be a Limited Partner and the Net Asset Value of such Units as at the date the Manager learns that such Limited Partner’s status has changed, less all such deductions as provided in the Partnership Agreement as if such Limited Partner voluntarily redeemed his or her Units.

In addition, any Limited Partner that is or becomes a “financial institution” within the meaning of Section 142.2 of the Tax Act (as same may be amended or replaced from time to time) shall disclose such status to the Manager at the time of subscription (or when such status changes) and the Manager may (if the Manager determines that it is in the best interest of the Partnership and the other Limited Partners to do so) restrict the participation of any such Limited Partner or require any such Limited Partner at any time to redeem all or some of such Limited Partner’s Units. A Limited Partner who fails to identify itself as a financial institution shall indemnify and hold harmless the Partnership and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of such failure. Any Limited Partner who is or who becomes a financial institution after becoming a Limited Partner will (if the Manager determines it would be prejudicial to the Partnership and the other Limited Partners not to) be deemed to have, immediately prior to the date on which it becomes a financial institution (or the date of issue of Units to such financial institution, whichever is later), redeemed (or rescinded its subscription for) some or all of such Limited Partner’s Units to the extent necessary to result in financial institutions owning in the aggregate Units having a Net Asset Value that is less than one-half of the Net Asset Value of all of the Units, and shall be entitled to receive from the Partnership as redemption proceeds an amount equal to the lesser of the Net Asset Value of such redeemed Units as at the date on which it is deemed to have redeemed such Units and the Net Asset Value of such Units as at the date the Manager learns that such Limited Partner is a financial institution, less all such deductions as provided in the Partnership Agreement as if such Limited Partner voluntarily redeemed its Units.

## **REGISTERED PLANS**

The Trust is expected to qualify as a mutual fund trust under the Tax Act, effective from the date of its creation in 2015 and at all times thereafter. Provided that the Trust so qualifies, Units will be qualified investments under the Tax Act for registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“**TFSAs**”) (collectively, “**Registered 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, subject to transitional provisions. In the event that the Trust satisfies a redemption request in kind, the property delivered to the Trust Unitholder may not be a qualified investment under the Tax Act and, as a result, adverse tax consequences may arise if the Trust Unitholder is a Registered Plan.

LP Units are not “qualified investments” under the Tax Act for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds or registered education savings plans. Dividend income earned from most of the Partnership’s portfolio will not be granted the tax-preferred status of dividends from Canadian corporations under the Tax Act.

Investors are urged to consult with their tax advisors in respect of purchases made through a Registered Plan.

## REDEMPTIONS

An investment in LP Units or Trust Units is intended to be a long-term investment. However, a Unitholder is entitled to redeem some or all of such Unitholder’s Units on a Valuation Date by giving a specific and correctly executed written notice to the Manager in such form as the Manager, from time to time, may prescribe (the “**Redemption Form**”). Redemptions may only be made on a Valuation Date if the Manager receives a Redemption Form by 4:00 p.m. (Toronto time) on the business day prior to such Valuation Date. Any written request for the redemption of Units in a form acceptable to the Manager shall be deemed to constitute the entire notice to the Partnership or Trust, as applicable, and will, unless the Manager determines otherwise in its sole discretion, supersede all previous requests, communications, representations, understandings and agreement, written, between the Unitholder and the Partnership or Trust with respect to the redemption of Units including, but not limited to, any prior notices of redemption.

Redemptions will be accepted in the sole discretion of the Manager. If a redemption request by a Unitholder is accepted by the Manager, the Unitholder will receive the proceeds of redemption equal to the Net Asset Value of the Units redeemed on the applicable Valuation Date. Units redeemed within 12 months of their issue may be subject to a 1.5% early redemption deduction (which will be retained by the Partnership), in the Manager’s discretion.

Redemption proceeds shall be paid to the redeeming Unitholder as soon as is practicable and in any event within 15 days following the applicable Valuation Date.

Although the Units will be valued in Canadian dollars, subscribers may elect to receive payment for Units redeemed in United States dollars, which will be valued in Canadian dollars on the Valuation Date according to the Partnership’s or Trust’s valuation procedures, as applicable. See “Computation of Net Asset Value”. Such redemption proceeds will be converted into Canadian dollars on the applicable Valuation Date based on the prevailing Canadian/United States dollar exchange rate on such date.

As of the Valuation Date in respect of which a Unitholder has redeemed the entire amount of his, her or its Units, the Unitholder shall cease to be entitled to any rights under the Partnership Agreement or Declaration of Trust, as applicable (except for the right to receive any redemption proceeds), and in the case of the Partnership, his, her or its name shall be removed from the register with respect thereto and such Limited Partner shall cease to be a partner with effect from such Valuation Date.

The Manager may suspend the calculation of the Net Asset Value per Unit, and the right to redeem Units, when required to do so under any applicable securities legislation or under any exemptive relief granted by the local securities authorities from such securities legislation, or at such other times as would be permitted if the Funds were subject to National Instrument 81-102 *Mutual Funds* (as it may be amended or replaced from time to time).

A suspension will apply to all redemption requests received prior to the suspension as for which payment has not been made as well as to all redemption requests received while the suspension is in effect. In such circumstances, all Unitholders shall have and shall be advised that they have the right to withdraw their redemption request. Subject to applicable laws, any declaration of suspension made by the Manager shall be conclusive.

The Manager will advise the Unitholders who have requested a redemption if redemptions will be limited or suspended on such Valuation Date. Redemption requests which are rejected as at a Valuation Date will be accepted on the next Valuation Date on which redemption requests are honoured. Redemption requests are irrevocable unless they are not honoured on a Valuation Date or a redeeming Unitholder has been advised by the Manager that they have the right to withdraw their redemption request, in which case they may be withdrawn within 2 days of the applicable Valuation Date.

Notwithstanding and without limiting any of the provisions hereof, the Manager has the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Valuation Date at the Net Asset Value per Unit thereof by notice in writing to the Unitholder given at least 5 days before the date of redemption, which right may be exercised by the Manager in its sole discretion. Any such redemption will not be subject to any redemption fee, surcharge or deduction.

### **TRANSFER OR RESALE OF UNITS**

As the Units offered by this Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements of applicable securities legislation, the resale of these securities by investors is subject to restrictions. An investor should refer to applicable provisions in consultation with a legal adviser. Furthermore, no transfers of Units may be effected unless the Manager, in its sole discretion, approves the transfer and the proposed transferee. There is no market for these Units and no market is expected to develop, therefore it may be difficult or even impossible for the purchaser to sell the Units.

Subscribers are advised to consult with their advisers concerning restrictions on resale and are further advised against reselling their Units until they have determined that any such resale is in compliance with the requirements of applicable legislation and the Partnership Agreement or Declaration of Trust, as applicable.

### **COMPUTATION OF NET ASSET VALUE**

The Net Asset Value of each Fund and the Net Asset Value per Unit of each class, series and sub-series of Units of each Fund will be determined as at the close of business (4:00 p.m. in Toronto) on each Valuation Date or such other time as the Manager deems appropriate.

The Net Asset Value of each series will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of the applicable Fund (before deduction of class-specific and series-specific fees and expenses), and the Net Asset Value per Unit of each series of each Fund will be determined (after deduction of class-specific and series-specific fees and expenses) by dividing the Net Asset Value of each series by the number of Units of such series outstanding. The costs and benefits of

the Canadian dollar hedging program associated with the Class H Units shall be attributed only to those Unitholders holding Class H Units.

The Net Asset Value of each Fund shall be determined as follows:

- (A) The assets of the Fund shall be deemed to include the following property:
- (1) All cash on deposit, including any interest accrued thereon adjusted for accruals deriving from trades executed but not yet settled;
  - (2) All bills, notes and accounts receivable;
  - (3) All bonds, debentures, shares, subscription rights and other securities owned by or contracted for by the Fund;
  - (4) All shares, rights and cash dividends and cash distributions to be received by the Fund and not yet received by it when the Net Asset Value is being determined so long as, in the case of cash dividends and cash distributions to be received by the Fund and not yet received by it when the Net Asset Value is being determined, the shares are trading ex-dividend;
  - (5) All interest accrued on any interest-bearing securities owned by the Fund other than interest, the payment of which is in default; and
  - (6) All other assets of every kind and nature, including prepaid expenses.
- (B) The value of the assets of the applicable Fund shall be determined as follows:
- (1) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the Net Asset Value is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof;
  - (2) Investments traded on a public stock exchange are recorded at quoted market values which are considered to be the last traded price, and if such price is not current, then the last bid price for investments owned and last ask price for investments sold short at the period end. The value of any investment that is listed or traded on more than one stock exchange or that is actively traded on the over-the-counter market while being listed or traded on any stock exchange may, as determined by the Manager, be the market quotation which most accurately reflects the fair market value of the investment in question. The value of investments which are traded on a public stock exchange, for which restrictions on marketability exist, will be valued at the Manager's estimate of fair market value which will not exceed the quoted market value. Investments which are not publicly traded or other assets for which no public market exists will be valued at the most recent value at which investments have been exchanged in an arm's length transaction unless a different fair market value is otherwise determined to be appropriate by the Manager;

- (3) Securities quoted in currencies other than Canadian Dollars will be translated to Canadian Dollars using the closing exchange rate reported daily by the Bank of Canada as at the date at which the Net Asset Value is being determined; and
  - (4) The value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Manager may from time to time determine based on standard industry practice.
- (C) The liabilities of the applicable Fund shall be calculated on an accrued basis and shall be deemed to include the following:
- (1) All bills and accounts payable;
  - (2) All fees (including any management fees) and administrative expenses payable and/or accrued;
  - (3) All contractual obligations for the payment of money or property including distributions of net income and net capital gains, if any, declared, accrued or credited to the Unitholders but not yet paid on the day before the day as of which the Net Asset Value of the Fund is being determined;
  - (4) All allowances authorized or approved by the Manager for taxes or contingencies; and
  - (5) All other liabilities of the Fund, of whatsoever kind and nature, but excluding all liabilities represented by outstanding Units.
- (D) Investment portfolio purchases or sales affected by the applicable Fund, will be reflected in the computation of the Net Asset Value of the Fund not later than the first computation of such Net Asset Value made after the date on which such transaction becomes binding.
- (E) In calculating the Net Asset Value per Unit on any Valuation Date, Units to be redeemed on such date shall be included and Units to be issued on such date shall be excluded from such calculation.
- (F) Without prejudice to its general powers to delegate its functions, the Manager may delegate any of its functions in relation to the calculation of Net Asset Value per Unit to any other person.
- (G) The Net Asset Value per Unit established by the Manager in accordance with the provisions of this Section shall, in the absence of bad faith or manifest error, be conclusive and binding on all Unitholders.

The Manager may make such other rules for calculating Net Asset Value as it deems necessary from time to time. In determining Net Asset Value, the Manager may consult with and rely upon the advice of the Funds' brokers, custodian, auditors, legal counsel or other service providers. In no event and under no circumstances will the Manager, the Funds' brokers, custodian, auditors, legal counsel or other service providers incur any individual liability or responsibility for any determination made or other action taken or omitted by them in good faith.

Net asset value calculated in this manner will be used for the purpose of calculating the Manager's (and other service providers') fees and will be published net of all paid and payable fees. Such Net Asset Value will be used to determine the subscription price and redemption value of Units. For the purposes of financial reporting, each Fund is required to calculate Net Asset Value in accordance with International Financial Reporting Standards ("IFRS"). To the extent that such calculations are not in accordance with IFRS, the financial statements of each Fund may include a reconciliation note explaining any difference between such published Net Asset Value and Net Asset Value for financial statement reporting purposes.

The Partnership or the Trust have entered into services agreements with an independent professional firm to perform the valuation of the Funds' Units.

## **PARTNERSHIP AGREEMENT**

The rights and obligations of the Limited Partners (including the Trust) and of the General Partner are governed by the LP Act and by the Partnership Agreement and may be amended from time to time. The following is a summary of the Partnership Agreement entered into by the General Partner and the initial limited partner. All reference to Units in this section refers to LP Units. **This summary is not intended to be complete and each investor should carefully review the Partnership Agreement itself for full details of these provisions.**

### **Authority and Duties of the General Partner**

The General Partner has the full power and authority to do such acts and things and to execute and deliver such documents as it considers necessary or desirable in connection with the offering and sale of the Units and for carrying on the activities of the Partnership for the purposes summarized herein and described more fully in the Partnership Agreement, except to the extent that such power and authority is granted to another person. The Manager has been granted the powers and duties described above under "Management of the Funds - Investment Advisory Agreement". However the Manager is not and is not intended to be a Partner. This summary reflects the assignment of powers, obligations and authority by the General Partner to the Manager.

The General Partner shall exercise the powers and discharge its duties honestly, in good faith, and with a view to the best interests of the Partnership and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The General Partner has assigned its powers and obligations under the Partnership Agreement to the Manager to the extent necessary to permit the Manager to carry out its duties under the Management Agreement. However the Manager is not and is not intended to be a Partner. This summary reflects the assignment of powers, obligations and authority by the General Partner to the Manager.

### **Rights Attached to LP Units**

Each Class A and H Unit of the same Series has the same rights, except as noted below. The following rights are attached to each Class A and H Unit:

- (vi) The right to cast one vote at any meeting of Partners;
- (vii) The right to receive a repayment of capital as provided in the Partnership Agreement;

- (viii) The right to receive an allocation of net income as provided in the Partnership Agreement; the allocation of net income to the Class H Units will be adjusted for the costs paid or received under the hedging program; and
- (ix) The right to receive an allocation of the remaining property of the Partnership upon dissolution, equal to the pro-rata ownership percentage represented by such Unit.

All changes in Net Asset Value (i.e. all income and expenses, and all unrealized gains and losses) of the Partnership shall be borne proportionately by each class and series of Units based on their respective Net Asset Values, except as follows: (i) subscription proceeds received by the Partnership in respect of a series of a class of Units shall accrue to the Net Asset Value of such series of such class; (ii) all redemption proceeds paid out by the Partnership in respect of a Unit of a series of a class shall be deducted from the Net Asset Value of such series of such class; and (iii) fees payable to the Manager and all other fees and expenses incurred in respect of a Unit of a series of a class shall be deducted from the Net Asset Value of such series of such class. The Net Asset Value per Unit of a series of a class shall be calculated by dividing the Net Asset Value of such respective series of such class by the number of Units of such series of such class then outstanding.

At the option of the Manager, the Partnership may issue in the future additional classes and/or series of limited partnership units with similar rights. The Manager also has the discretion to rename a series (or sub-series) or convert a series (or sub-series) of Units into another series (or sub-series) without otherwise affecting the attributes of such series (or sub-series), and provided the fees payable in respect of Units received on conversion are the same or lower than those payable on the Units held prior to such conversion unless such conversion is made with the consent of the Limited Partners affected. The Manager may also subdivide or consolidate Units of one or more series (or sub-series) from time to time, in a manner different than other series (or sub-series), provided that the Net Asset Value per Unit for such series (or sub-series) is adjusted such that the aggregate Net Asset Value for such series (or sub-series) is unchanged.

### **Partnership Allocation of Income and Loss**

Income and loss, and taxable capital gains and allowable capital losses, of the Partnership (as determined for purposes of the Tax Act) shall be allocated to the General Partner in accordance with the terms of the Partnership Agreement (i.e. 0.1% of net losses and 0.1% of net income or capital gains) and the balance shall be allocated to the Limited Partners. The Manager may adopt and amend an allocation policy from time to time to allocate income or loss and taxable capital gains or allowable capital losses of the Partnership in such a manner as to account for Units which are purchased or redeemed throughout a fiscal year, the tax basis of such Units, and the timing of receipt of income or realization of gains or losses by the Partnership during such year, among other factors deemed relevant by the Manager. All determinations shall be made by the Manager and shall, absent manifest error, be binding on the Limited Partners.

### **Partnership Redemptions**

Redemption rights are described above under the heading “Redemptions”.

### **Power of Attorney**

The Partnership Agreement and the Subscription include an irrevocable power of attorney authorizing the General Partner on behalf of the Limited Partners to execute, amongst other things, the Partnership Agreement, any amendments to the Partnership Agreement, all instruments necessary to

effect the dissolution and liquidation of the Partnership, all documents necessary to be filed with any governmental body in connection with the business, property, assets and undertaking of the Partnership or in connection with the Partnership Agreement, as well as any elections, determinations, designations or other documents or instruments under the Tax Act or any other taxation or other legislation or laws of like import with respect to the affairs of the Partnership or a Limited Partner's interest in the Partnership.

### **Partnership Distributions**

If the Partnership earns a net profit in a fiscal year, the holders of Units shall be entitled to the net profits of the Partnership after payment of fees and expenses described above. The Manager may make distributions from time to time in its sole discretion, however, no payment may be made to a Limited Partner from the assets of a Partnership if the payment would reduce the assets of the Partnership to an insufficient amount to discharge the liabilities of the Fund to persons who are not the General Partner or a Limited Partner. Distributions will be reinvested in Units.

### **Liability of Limited Partners**

Subject to the provisions of the LP Act, the liability of each Limited Partner for the liabilities and obligations of the Partnership is limited to the amount the Limited Partner contributes or agrees in writing to contribute to the Partnership, less any such amounts properly returned to the Limited Partner. A Limited Partner may lose his, her or its status as a limited partner and the benefit of limited liability if such Limited Partner takes part in the control of the business of the Partnership or if certain other provisions of the LP Act are contravened. Where a Limited Partner has received the return of all or part of the Limited Partner's contributed capital, the Limited Partner is nevertheless liable to the Partnership or, following the dissolution of the Partnership, to its creditors for any amount, not in excess of the amount returned with interest (calculated at a rate per annum equal to the prime commercial lending rate of the Partnership's bankers), necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the contributed capital.

Furthermore, if after a distribution payment the Manager determines that a Limited Partner was not entitled to all or some of such distribution payment, the Limited Partner shall be liable to the Partnership to return the portion improperly distributed, together with interest at a rate per annum equal to the prime commercial lending rate of the Partnership's bankers if repayment of such excess amount is not made by the Limited Partner within 15 days of receiving notice of such overpayment. The Manager may set off and apply any sums otherwise payable to a Limited Partner against such amounts due from such Limited Partner, provided that there shall be no right of set-off against a Limited Partner in respect of amounts owed to the Partnership by a predecessor of such Limited Partner.

The General Partner shall be liable for the debts, obligations and any other liabilities of the Partnership in the manner and to the extent required by the LP Act and as set forth in the Partnership Agreement (to the extent that Partnership assets are insufficient to pay such liabilities).

### **Indemnification of Limited Partners**

The General Partner will indemnify and hold harmless each Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by such Limited Partner that result from or arise out of such Limited Partner not having limited liability as set out in the Partnership Agreement, other than any lack of limited liability caused by or arising out of any act or omission of such Limited Partner. While the General Partner has unlimited liability for the obligations of the Partnership and has agreed to indemnify the Limited Partners in the circumstances described above, the General Partner has no significant assets or financial resources and, accordingly, such indemnity is of limited value.

### **Limited Partner Meetings**

The Partnership is not required to hold annual meetings of the Limited Partners but a meeting of Limited Partners may be called at any time by the General Partner upon at least 10 days, but not more than 21 days' notice, prior to the meeting. A meeting of Limited Partners must be called by the General Partner upon written request of Limited Partners holding not less than 20% of the outstanding Units. Details regarding the calling and holding of Limited Partner meetings are set out in the Partnership Agreement.

### **Fiscal Year of the Partnership**

The fiscal year of the Partnership shall end on December 31 in each calendar year.

### **Amendment of the Partnership Agreement**

The General Partner may, without prior notice to or consent from any Limited Partner, amend the Partnership Agreement: (i) in order to protect the interests of the Limited Partners, if necessary; (ii) to cure any ambiguity or clerical error or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision if such amendment does not and shall not in any manner adversely affect the interests of any Limited Partner; (iii) to reflect any changes to any applicable legislation; or (iv) in any other manner, if such amendment does not and shall not adversely affect the interests of any Limited Partner in any manner. The Limited Partners may, by either a resolution approved at a meeting of Limited Partners by Limited Partners holding not less than 66-2/3% of the votes cast at the meeting or any adjournment thereof or by a written resolution signed by Limited Partners holding not less than 66-2/3% of the then outstanding LP Units (each such type of resolution being a "**Special Resolution**"), amend the applicable Partnership Agreement with the consent of the General Partner.

### **Term of the Partnership Agreement**

The Partnership will be dissolved upon the earliest of (i) at any time on not less than 60 days' prior written notice by the Manager to each Limited Partner of such dissolution; (ii) on the date which is 60 days following the approval of a Special Resolution of the Limited Partners to dissolve the Partnership; and (iii) on the date which is 60 days following the date of removal of the General Partner in accordance with the terms of the Partnership Agreement unless a new General Partner is appointed prior to such date; provided that, in any such case, all of the Partnership's assets have been distributed pursuant to the Partnership Agreement and the declaration of the Partnership has been cancelled in accordance with the LP Act.

## **DECLARATION OF TRUST**

The rights and obligations of the Manager and the Trust Unitholders are governed by the Declaration of Trust (as amended from time to time). The following is a summary of the Declaration of Trust. **This summary is not intended to be complete and each investor should carefully review the Declaration of Trust itself for full details of these provisions.** Any reference to Units in this section is to Trust Units.

### **Trust Units**

The Manager has the sole discretion to determine whether the beneficial interests in the Trust are to be divided into one or more classes and/or series of Units, the attributes that shall attach to each class



and series of Units and whether any series of Units should be redesignated as or converted into a different series of Units from time to time. A series of Units may be further subdivided into sub-series for the purpose of allocations as provided in the Declaration of Trust, each such sub-series having the same features, other than the date of issue and any reference dates, for the purpose of calculating applicable fees, expenses and allocations for that sub-series. Each Unit is without nominal or par value and entitles the holder thereof to one vote at all meetings of Trust Unitholders where all series vote together and to one vote at all meetings of Trust Unitholders where that particular series votes separately as a series. Each Unit of a particular series (or sub-series) entitles the holder thereof to participate pro rata, in accordance with the provisions of the Declaration of Trust, with respect to all distributions made to that series (or sub-series) (except with respect to a special distribution) and, upon liquidation of the Trust, to participate pro rata with the other Trust Unitholders of that same series (or sub-series) in the Net Asset Value of such series (or sub-series) remaining after the satisfaction of outstanding liabilities of the Trust and the series (or sub-series). Once the subscription price thereof has been paid, Units shall be non-assessable so that there shall be no liability for future calls or assessments with respect to the Units. Each Unit of a particular series (or sub-series) may be redesignated or converted by the Manager as or into a Unit of another series (or sub-series) based on the respective Net Asset Value per Unit for each of the two series (or sub-series) of Units on the date of the redesignation or conversion. Fractional Units may be issued and shall be proportionately entitled to all the same rights as whole Units of the same series (or sub-series), except voting rights (however fractional Units held by a single Trust Unitholder may be combined). There is no limit to the number of Units, class, series or sub-series that may be issued.

### **Trust Redemptions**

Redemption rights are described above under the heading “Redemptions”.

### **Trust Distributions**

The Trust will distribute at the end of each taxation year such portion of its annual net income and net realized capital gains as will result in the Trust paying no ordinary income tax under Part I of the Tax Act. Generally, Trust Unitholders will be allocated net income and net capital gains in such amounts as reflect each Unitholder’s pro rata share of such income and gains earned. The Trust may make distributions out of net income, net realized capital gains and capital on such other dates during the year as the Manager in its discretion may decide.

Also, when a Trust Unitholder redeems all or any of his Trust Units, there may be a special distribution of net capital gains in cash out of the redemption proceeds otherwise payable to such Trust Unitholder to the time immediately prior to redemption, as determined by the Manager. The Manager has the sole discretion to determine the amount, if any, of the Trust’s net capital gains for its taxation year and the sole discretion to allocate all or any portion of such net capital gains to a Trust Unitholder who has redeemed Units at any time in that year, the purpose of which is to provide for a more equitable allocation of the Trust’s net capital gains. The balance of the amount paid to such Trust Unitholder at the time of redemption shall be paid as proceeds of redemption.

All distributions made by the Trust (other than a special distribution to a redeeming Trust Unitholder) will be automatically reinvested in additional Units, on the Valuation Date on or immediately following the distribution, at the Series Net Asset Value per Unit thereof. Once the distribution reinvestment is completed, there will be a consolidation of Units such that each Trust Unitholder (other than a non-resident in respect of whose share of the distribution tax was withheld) has the same number of Units that they held immediately prior and the Series Net Asset Value will be adjusted accordingly so that the aggregate Series Net Asset Value remains the same as prior to the distribution. The Trust does not

intend to make any cash distributions (except in respect of distributions made to redeeming Trust Unitholders).

### **Indemnification of the Manager under the Declaration of Trust**

Pursuant to the Declaration of Trust, the Manager and its affiliates, subsidiaries and agents, and their respective directors, officers and employees will be indemnified and saved harmless by the Trust from and against all costs, charges and expenses sustained or incurred, including all legal fees, judgments and amounts paid in settlement, in or about any action, suit or proceeding that is brought, commenced or prosecuted against it for or in respect of any act, deed, omission, matter or thing whatsoever made, done or permitted by it in or about the proper execution of the services provided to the Trust under the Declaration of Trust, provided that the act, deed, omission, matter or thing that caused the payment of the costs, charges, expenses, fees, judgments or amounts paid in settlement was in the best interest of the Trust. No such person or company will be indemnified by the Trust where (i) there has been negligence, misfeasance or wilful misconduct on the part of the Manager or such other person, or (ii) the Manager has failed to fulfil its standard of care to the Trust as set forth in the Declaration of Trust, unless in either case an action brought against such persons or companies they have achieved complete or substantial success as a defendant or, in the case of a criminal suit or administrative action or proceeding, such person or company had reasonable grounds for believing that its conduct was lawful.

### **Trust Unitholder Meetings**

Meetings of the Trust Unitholders may be convened by the Manager at such time and on such day as the Manager may from time to time determine, for the purpose of considering the matters required or desired to be placed before such meetings, and for the transaction of such other matters as the Manager determines. Trust Unitholders holding not less than 50% of the votes attaching to all outstanding Units may requisition a meeting of Trust Unitholders by giving a written notice to the Trustee and the Manager setting out in detail the reason(s) for calling and holding such a meeting. Details regarding the calling and holding of Trust Unitholder meetings are set out in the Declaration of Trust.

Any resolution consented to in writing by Trust Unitholders holding a majority of the votes attaching to all Units then outstanding is as valid as if it had been passed at a meeting of Trust Unitholders. No amendment may be made to the terms of the Declaration of Trust by a resolution of the Trust Unitholders.

### **Fiscal Year of the Trust**

The fiscal year of the Trust shall end on December 31 in each calendar year.

### **Amendment of the Declaration of Trust**

Any provision of the Declaration of Trust may be amended, deleted, expanded or varied by the agreement of the Manager and the Trustee. No amendment may be made which materially adversely affects the interests of the Trust Unitholders of the Fund as a whole and/or of a class or series of Trust Units unless the Manager either:

- (a) obtains the approval of not less than a majority of the votes cast at a meeting of Trust Unitholders of the Fund or that series, as the case may be, duly called for the purpose of considering the proposed change (or by written resolution in accordance with the Declaration of Trust); or

- (b) gives at least 60 days' written notice of the proposed change to the affected Trust Unitholders in accordance with the Declaration of Trust and each such Trust Unitholder has been given the opportunity to redeem all of such Trust Unitholder's Units prior to the effective date of such change.

All persons remaining or becoming Trust Unitholders after the effective date of such change shall be bound by such change.

### **Term of the Trust**

The Trust has no fixed term. The Manager may, in its discretion, terminate the Trust by giving written notice to the Trustee and the Trust Unitholders and fixing the date of termination not earlier than 60 days following the mailing or other delivery of notice. No Units may be redeemed at the option of a Trust Unitholder from the date that the notice of termination is delivered. The Trust will be terminated in the event that the Trustee resigns or is terminated by the Manager and no successor trustee is appointed, if the Manager resigns and no successor is appointed, or if the Trustee or the Manager has been declared bankrupt or becomes insolvent, or there is a material breach of the Manager's obligations under the Declaration of Trust and such default continues for 120 days from the date that the Manager receives notice of such material default from the Trustee.

On or about the effective date of termination of the Trust, the Manager (or other person appointed by the Trustee in the event that the Manager cannot or will not so act) will sell all non-cash assets of the Trust, unless the Manager (or such other appointed person) determines that it would be in the best interests of the Trust Unitholders to distribute some or all of such assets in kind. The Manager (or such other appointed person) will be entitled to retain out of any moneys in its hands full provision for all costs, charges, expenses, claims and demands incurred, made or reasonably anticipated by the Manager (or such other appointed person) in connection with or arising out of the termination of the Trust and the distribution of the Trust's assets to Trust Unitholders and out of the moneys so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands.

### **UNITHOLDER REPORTING**

Within 90 days after the end of each fiscal year, the Manager will forward to each Unitholder an annual report for such fiscal year consisting of (i) audited financial statements for such fiscal year for the applicable Fund together with a report of the auditor on such financial statements; (ii) tax information to enable each Unitholder to properly complete and file his or her tax returns in Canada in relation to an investment in Units; and (iii) to Limited Partners, a report on aggregate allocations to the Limited Partners' capital accounts and taxable income or loss and distributions of cash to the General Partner and the Limited Partners of the Fund for such fiscal period.

Within 60 days following the end of the first six months of each fiscal year, the Manager will forward to each Unitholder, unaudited semi-annual financial statements of the applicable Fund. Unaudited Net Asset Value information will be provided on a monthly basis.

Trust Unitholders may also request, free of charge, the annual and semi-annual financial statements of the Partnership.

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

- a written confirmation of the purchase indicating, among other things, the number and class of Units issued as well as the purchase price thereof and any charges applicable to the purchase;
- a written confirmation of any redemption of Units, indicating, among other things, the number and class of Units redeemed as well as the redemption proceeds therefrom and any charges applicable to the redemption; and
- a statement to the Unitholders at the end of each quarter (or month, if the Unitholders requests monthly reporting or if there was a subscription for or redemption of Units by the Unitholders during the month) showing, for each purchase, redemption or transfer made by the Unitholders during the period (i) the date of the transaction, (ii) whether the transaction was a purchase, redemption or transfer, (iii) the number and Series of Units purchased, redeemed or transferred, (iv) the price per Unit paid or received by the Unitholders and (v) the total value of the transaction, as well as the number, Series and Net Asset Value of Units held by the Unitholder at the end of the period. If there is no dealer of record for a Unitholder, the Manager will provide this information to the Unitholder on an annual basis.

#### **AUDITOR**

The auditor of the Funds is Deloitte LLP and shall continue in office until they have resigned or have been terminated by the Manager. The Manager shall appoint any successor auditor.

#### **ADMINISTRATOR**

Apex Fund Services (Canada) Ltd. (the “**Administrator**”) has been appointed by the Partnership and the Trust pursuant to an administration agreement (the “**Administration Agreement**”), to provide administrative and valuation services to the Partnership and the Trust. The Administrator is an affiliate of Apex Fund Services Limited and has its principal place of business at 175 Bloor St East, Suite 807, South Tower, Toronto, Ontario M4W 3R8.

The Administrator will calculate the net asset value of the Funds, keep the books and records of the Funds as required by applicable law or otherwise for the proper recording of the financial affairs of the Funds, liaise with the Funds’ auditor with respect to the audit of the financial statements for each financial year of the Funds, reconcile records of investments maintained by the Funds, calculate all the operating expenses of the Funds, determine the management fees and the net asset value of the Units of each Unitholder, calculate each Unitholder’s share of taxable income, expenses, gains and losses of all types, and complete relevant returns and slips for the Unitholders and in the case of the Partnership, the General Partner, maintain the register of Unitholders of the Funds, prepare financial statements for the Funds, pay to or deposit with the Funds’ bankers all moneys, bills and notes received by it on behalf of the Funds, make payments from accounts of the Funds, process allocations and distributions of income (including capital gains), dividends and/or losses to the Unitholders and provide other services as agreed between the Funds and the Administrator from time to time.

The Administrator will receive fees from the Funds in accordance with the Administration Agreement.

The Administrator has agreed to provide its services with the professional skill and care that would reasonably be expected of a prudent and professional administrator, subject to the control of and review by the Manager. Each of the Funds has agreed to indemnify and hold harmless the Administrator

against all liabilities, damages, costs, claims and expenses incurred by the Administrator or its officers, employees, servants, or agents in the performance of any of their obligations or duties under the Administration Agreement except where such liabilities, damages, costs, claims and expenses arise from the Administrator's own negligence, wilful misconduct, default, fraud, bad faith or breach of the Administration Agreement. The Administrator will not be responsible to the Partnership or the Trust for any loss suffered by the Partnership or the Trust, as applicable, or Manager in connection with the performance by the Administrator of its obligations under the Administration Agreement, except a loss resulting directly from the gross negligence, wilful misconduct, default, fraud, bad faith or breach of the Administration Agreement on the part of the Administrator in the performance of its obligations and duties. The Administrator will not be liable for any indirect, special or consequential loss howsoever arising.

The Administration Agreement may not be terminated within one year of the date of the Administration Agreement unless mutually agreed between both parties and thereafter may be terminated by either party upon at least 90 days' prior written notice to the other party. The Administration Agreement may also be terminated immediately by either party under certain circumstances, including bankruptcy or insolvency of the other party.

### **PRIME BROKER**

The Partnership has appointed Scotia Capital Inc. (the "**Prime Broker**") as prime broker in respect of the portfolio transactions pursuant to an agreement dated September 24, 2008 (the "**Prime Broker Agreement**"). These services may include the provision to the Partnership of trade execution, settlement, reporting, securities financing, stock borrowing, stock lending, foreign exchange and banking facilities, and are provided solely at the discretion of the Prime Broker. The Partnership may also utilise other brokers and dealers for the purposes of executing transactions for the Fund. The 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 Prime Broker Agreement. 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 the Prime Broker, but the Partnership's assets may be commingled with the assets of other clients of the Prime Broker. Furthermore, the Partnership's cash and free credit balances on account with the Prime Broker are not segregated from the accounts of other clients and may be used by the Prime Broker in the ordinary conduct of its business, and the Partnership is an unsecured creditor in respect of those assets. The Partnership may request delivery of any assets not required by the Prime Broker for margin or borrowing purposes.

The Partnership has agreed to indemnify the Prime Broker for losses it may incur in acting in any capacity under the Prime Broker Agreement other than losses incurred as a result of the bad faith, wilful default, fraud or gross negligence of the person claiming indemnity. Neither the Prime Broker nor any brokers appointed has or will have investment discretion in relation to the Partnership and no responsibilities shall be taken by any of the brokers for any of the assets of the Partnership held by other brokers.

### **CANADIAN INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Canadian federal income tax considerations, as of the date hereof, with respect to the acquisition, ownership and disposition of Units generally applicable to an individual Unitholder, other than a trust, who for purposes of the Tax Act is resident in Canada and holds as capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), proposals for specific amendments to the Tax Act and the Regulations publicly

announced by the Minister of Finance (Canada) prior to the date of this Offering Memorandum, and the current administrative practices and policies of the Canada Revenue Agency. This summary does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action, or take into account provincial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to constitute advice to any particular investor. You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.

### **Taxation of the Partnership**

The Partnership is not itself subject to income tax. However, the Partnership calculates its income or loss for income tax purposes for each of its fiscal periods in accordance with the provisions of the Tax Act as if it were a separate person resident in Canada, which income or loss is allocated to the Partners. The fiscal period of the Partnership will end on December 31 of each year and will end on the dissolution of the Partnership. In computing the income or loss of the Partnership for tax purposes for each fiscal period, deductions will be claimed in respect of all available expenses to the extent permitted by the Tax Act.

The characterization of the Partnership's gains and losses from dispositions of properties as being capital gains (or losses) or ordinary income (or loss) will depend on the specific facts relating to each property. Generally, gains and losses realized by the Partnership from investments in derivatives used for hedging purposes will be treated as capital gains and losses provided that the hedges are sufficiently linked to capital property held by the Partnership.

### **Taxation of Limited Partners**

#### *Allocation of Income or Loss to Limited Partners*

Each Limited Partner will be required to include, or entitled to deduct, in computing its income for a taxation year, the share of the Partnership's income or loss, including any taxable capital gains and allowable capital losses, allocated to the Limited Partner for the fiscal period of the Partnership ending in the Limited Partner's taxation year (subject to the "at-risk" rules described below), whether or not any such income is distributed to the Limited Partner by the Partnership in that year. In general, a Limited Partner's share of any income or loss of the Partnership from a particular source will be treated as if it were income or loss of the Limited Partner from that source, and any provisions of the Tax Act applicable to that type of income or loss will apply to the Limited Partner.

Each Limited Partner will be entitled to deduct in computing income for tax purposes the Limited Partner's share of the Partnership's losses for a fiscal year to the extent of the Limited Partner's "at-risk amount" within the meaning of the Tax Act. Generally, the amount "at-risk" of a Limited Partner at the end of the Partnership's fiscal year will be the adjusted cost base of the Limited Partner's partnership interest at the end of the year plus any income of the Partnership allocated to the Limited Partner for the year, less any amount owing by the Limited Partner (or a person with whom the Limited Partner does not deal at arm's length) to the Partnership (or to a person with whom the Partnership does not deal at arm's length) and the amount of any guarantee or indemnity provided to a Limited Partner against the loss of the Limited Partner's investment in the Partnership.

The portion, if any, of the Partnership's losses which are not deductible by a Limited Partner as a result of the at-risk rules will be deemed to be the Limited Partner's "limited partnership loss" in respect of the Partnership for the year. Such limited partnership loss may be carried forward and deducted by the Limited Partner in computing its taxable income for any subsequent taxation year to the extent of its at-

risk amount in respect of the Partnership at the end of the last fiscal period of the Partnership ending in or coinciding with the end of the taxation year, less its share of the Partnership's losses from a business or property for that fiscal period.

The Partnership will furnish information to each Limited Partner to assist the Limited Partners in declaring their share of the Partnership's income or loss and will file the annual information return as required under the Tax Act on behalf of all Limited Partners. However, the responsibility for filing any required tax returns and reporting their share of the income of the Partnership falls solely upon each Limited Partner.

#### *Disposition of a Unit*

The actual or deemed disposition of a Unit (including a redemption) will result in a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit.

Generally, the adjusted cost base at any particular time of a Limited Partner's Units will be equal to the total of the original cost of the Units plus the income and the non-taxable portion of any capital gains of the Partnership allocated to the Limited Partner for fiscal years of the Partnership ending before the particular time, less the losses and the non-allowable portion of any capital losses of the Partnership allocated to the Limited Partner (other than losses which cannot be deducted because they exceed the Limited Partner's "at-risk" amount) for fiscal periods of the Partnership ending before the particular time, and less any distributions received by the Limited Partner from the Partnership before the particular time.

Where Units are acquired or disposed of by a Limited Partner during the course of the year, the Partnership will allocate income and loss in such a manner as to account for Units which are acquired or disposed of during such year. If a Limited Partner ceases to be a member of the Partnership during a fiscal period, the Limited Partner's share of the income and the non-taxable portion of any capital gains of the Partnership for that fiscal period will be added to the adjusted cost base of the Limited Partner's Units at the time that the Limited Partner ceases to be a member of the Partnership. Similarly, the Limited Partner's share of any losses and the non-allowable portion of any capital losses of the Partnership for that fiscal period will be deducted from the adjusted cost base of the Limited Partner's Units at the time the Limited Partner ceases to be a member of the Partnership.

A Limited Partner will be deemed to realize a capital gain if the adjusted cost base of the Limited Partner's Units is negative at the end of any fiscal period of the Partnership. If the adjusted cost base of a Limited partner's Units becomes negative and a capital gain is realized, the adjusted cost base of the Limited Partner's Units will be nil at the beginning of the next fiscal period of the Partnership.

One-half of a capital gain realized by a Limited Partner must be included in the Limited Partner's income as a taxable capital gain and one-half of a capital loss may be deducted by the Limited Partner as an allowable capital loss against taxable capital gains to the extent and under the circumstances prescribed in the Tax Act.

#### **Taxation of the Trust**

The Trust is expected to qualify as a "mutual fund trust" under the Tax Act effective from the date of its creation and at all times thereafter. This summary assumes that the Trust will qualify at all material times as a "mutual fund trust" under the Tax Act. If the Trust were not to qualify as a "mutual fund trust" under the Tax Act, the tax considerations could be materially different from those described below.

Generally, the Trust is subject to tax under Part I of the Tax Act on its taxable income for each year (including net taxable capital gains) less the portion thereof that is paid or payable to Trust Unitholders. Provided that, in each year, the Trust distributes to Trust Unitholders sufficient of its net income and net realized capital gains, it will not be liable for tax under Part I of the Tax Act. The Trust is subject to the “suspended loss” rules in the Tax Act which may effectively deny the recognition of capital losses on the disposition of an interest in the Partnership. As well, in certain circumstances losses of the Trust may be restricted and therefore would not be available to shelter income or capital gains.

Due to the investment strategy of the Trust, the Trust’s income or loss for a taxation year is expected to consist of (i) its share of the income or, subject to the “at-risk” rules contained in the Tax Act, its share of the loss, of the Partnership for the fiscal period of the Partnership ending in that taxation year, whether or not the Trust has received or will receive a distribution from the Partnership, and (ii) any taxable capital gains or allowable capital losses realized on the disposition of an interest in the Partnership. The Trust’s share of the Partnership’s income (or loss) will generally be treated as if the Trust had derived such income (or incurred such loss) directly for the purposes of the Tax Act.

The Trust may realize capital gains or losses with respect to the disposition of an interest in the Partnership. The adjusted cost base of the Trust’s interest in the Partnership at any time will be the cost of such interest reduced by its share of any losses of the Partnership allocated it for fiscal periods ending before that time (in each case after taking into account the “at-risk” rules and taking into account the full amount of any capital losses) and by amounts distributed to the Partnership before such time. The adjusted cost base of the Trust’s interest in the Partnership at any time will be increased by any income of the Partnership allocated to the Trust, including the full amount of any capital gains realized by the Partnership, for fiscal periods ending before that time. If the adjusted cost base to the Trust of its interest in the Partnership were negative at the end of a taxation year, the amount by which it is negative will be deemed to be a capital gain realized by the Trust in that taxation year and the adjusted cost base of the interest will be increased by the amount of the deemed gain.

## **Taxation of Trust Unitholders**

### *Computation of Income from the Trust*

Generally, a Trust Unitholder must include in computing income for tax purposes for a particular year the portion of the net income and the taxable portion of the net realized capital gains of the Trust that is paid or payable to the Trust Unitholder in the year. A Trust Unitholder must include such amounts in income even though they are reinvested in additional Trust Units. Trust Unitholders will be taxed on distributions of income and capital gains even if the income and capital gains accrued to the Trust were realized by the Trust before the Trust Unitholder acquired Trust Units and were reflected in the purchase price of the Trust Units. Net taxable capital gains of the Trust and taxable dividends received by the Trust on shares of taxable Canadian corporations, if any, that are paid or payable to a Trust Unitholder may be designated by the Trust as taxable capital gains and taxable dividends earned by the Trust Unitholder and, if so designated, will be subject to the special tax treatment applicable to income of that character, including the enhanced gross-up and dividend tax credit for eligible dividends. As well, the Trust may make designations in respect of its foreign source income so that, for the purposes of computing any foreign tax credit to a Unitholder, the Trust Unitholder will generally be deemed to have paid as foreign tax the Trust Unitholder’s proportionate share of the foreign taxes paid by the Trust. To the extent that distributions by the Trust to a Trust Unitholder in a year exceed the Trust Unitholder’s share of the net income and net realized capital gains of the Fund for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not be taxable to the Trust Unitholder but will reduce the adjusted cost base of the Trust Unitholder’s Units. To the extent that the adjusted cost base of a Trust Unitholder’s Units would be reduced to less than zero, the negative amount will be treated



as a capital gain and the adjusted cost base of the Trust Units will be nil. Alternatively, if an excess distribution is made, the Trust can make designations under the Tax Act so that the excess amount is treated as additional income of the Fund in respect of that taxation year and can be deducted from its income in the following year.

#### *Disposition of a Unit*

When a Trust Unitholder disposes of Trust Units, including on the redemption of Trust Units, the Trust Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, less any associated costs of disposition, are greater (or less) than the adjusted cost base of the Trust Units. Generally, one-half of a capital gain is included in determining a Trust Unitholder's income and one-half of a capital loss may be deducted against taxable capital gains, subject to and in accordance with the rules in the Tax Act. Capital gains and Canadian dividends may result in a liability for alternative minimum tax under the Tax Act.

#### **Eligibility for Registered Plans**

See "Registered Plans" above.

#### **Tax Information Reporting**

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the "IGA"), and related Canadian legislation, the Funds and the Manager are required to report certain information with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans such as RRSPs), to Canada Revenue Agency ("CRA"). It is expected that the CRA will then exchange the information with the U.S. Internal Revenue Service.

### **RISK FACTORS**

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

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

##### *Investment Risk*

On its own an investment in a Fund may be deemed speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Funds. Investors should review closely the investment objectives and investment strategies to be utilized by the Funds as outlined herein to familiarize themselves with the risks associated with an investment in the Funds.

##### *Marketability and Transferability of LP Units*

There is no market for the Units and their resale is subject to restrictions imposed by the Partnership Agreement or Declaration of Trust, as applicable, including consent by the Manager, and

applicable securities legislation. Consequently, holders of Units may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan.

#### *Achievement of Investment Objective*

There can be no assurance that the Funds' investment strategies will be successful or that its investment objectives will be achieved. The Funds could realize substantial losses, rather than gains, from some or all of the investments described herein.

#### *Income*

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

#### *Changes in Investment Strategies*

The Manager may alter the Funds' investment strategies and restrictions without prior approval by Unitholders to adapt to changing circumstances, subject to advising Unitholders in writing of any such changes which are material, although such notice may be provided after such a change.

#### *Not a Public Mutual Fund*

Neither Fund is subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Funds' portfolios.

#### *Valuation of the Funds' Investments*

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

Although the Partnership generally will invest in exchange-traded and liquid over-the-counter securities, they may from time to time have some of their assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of his or her Units while the Partnership holds such investments will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Administrator or the Manager. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Administrator or the Manager in respect of a redemption. In addition, there is risk that an investment in a Fund by a new investor (or an additional investment by an existing investor) could dilute the value of such investments for existing Unitholders in the Fund if the actual value of such investments is higher than the value designated by the Administrator or the Manager. Further, there is a risk that a new investor in a Fund (or an existing investor that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Administrators or the Manager.

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

Unitholders are not entitled to participate in the management or control of the Funds or their operations. Unitholders do not have any input into either Funds' trading. The success or failure of the Funds will ultimately depend on the investment of the assets of the Funds by the Manager, with which Unitholders will not have any direct dealings.

### *Reliance on Manager and Track Record*

The success of the Funds will be primarily dependant upon the skill, judgment and expertise of the Manager and its principals. Although persons involved in the management of the Funds and the service providers to the Funds have had experience in their respective fields of specialization, the Trust has no operating or performing history, and the Partnership has limited operating or performing history, upon which prospective investors can evaluate the Funds' likely performance. Investors should be aware that the past performance by those involved in the investment management of the Funds should not be considered as an indication of future results.

In the event of the loss of the services of the Manager, or of a key person of the Manager, the businesses of the Funds may be adversely affected.

### *Tax Liability*

Neither Fund is required to distribute its income in cash. If either Fund has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be distributed to Unitholders in accordance with the provisions of the Declaration of Trust or Partnership Agreement, as applicable, and reinvested in additional Units. Unitholders will be required to include all such distributions in computing their income for tax purposes, even if that cash may not have been distributed to such Unitholders. Since Units may be acquired or redeemed on a daily basis and distributions of taxable income of the Funds to Unitholders are anticipated only to be made on an annual basis, such distributions to a particular Unitholder may not correspond to the economic gains and losses which such Unitholder may experience.

### *Potential Indemnification Obligations*

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

### *Possible Effect of Redemptions*

Substantial redemptions of Units from a Fund could require the Partnership to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining.

### *Custody Risk*

The Fund does not control the custodianship of all of its securities. The banks or brokerage firms selected to act as custodians may become insolvent, causing the Funds to lose all or a portion of the funds

or securities held by those custodians. Consequently, the Funds and therefore, the Unitholders, may suffer losses.

#### *Broker or Dealer Insolvency*

The Funds' assets may be held in one or more accounts maintained for the Funds by its Prime Broker or at other brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of 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, it is impossible to generalize about the effect of their insolvency on the Funds and their assets. Investors should assume that the insolvency of any of the Prime Broker or such other service providers would result in the loss of all or a substantial portion of the Funds' assets held by or through the Prime Broker and/or the delay in the payment of withdrawal proceeds.

#### *Trading Errors*

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

#### *Potential Conflicts of Interest*

The business of the Manager is the trading of accounts for its clients. The orders of the Funds may be executed in competition with the other accounts managed by the Manager. Since the Manager may manage common interests for accounts on different financial terms, there may be an incentive to favour certain accounts over others. However, it is generally the policy and practice of the Manager never to favour any account over another. Clients should be aware however, that the Manager may trade accounts differently based on the dictates of the individual clients. For example, a client may request the Manager to exclude a designated market in trading for the account. As a result client portfolios with similar mandates may not have identical portfolios.

#### *Possible Effect of Performance Fees*

The Manager may receive Performance Fees based on the performance of the Partnership's investment portfolio. Such Performance Fee may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because a performance based fee will be calculated on a basis which includes unrealized appreciation of portfolio assets, it may be greater than if such fee were based solely on realized gains.

In addition, Series A, Series A2, Series F and Series F2 Units may not be issued in sub-series. If this is the case and an investor subscribes for Units of one of these Series mid-year when a performance fee has accrued, and the NAV per Unit of such Series subsequently drops before year-end and a performance fee is not ultimately paid, the interests of other investors in the Fund may be diluted.

#### *Charges to the Funds*

The Partnership is obligated to pay brokerage commissions and legal, accounting, filing and other expenses regardless of whether it realizes profits. Furthermore, because the Trust is expected to invest all or substantially all of its assets in the Partnership, the Trust will indirectly bear the fees and expenses of the Partnership by reductions in the Net Asset Value of the Partnership.

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

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

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

No outside selling agent unaffiliated with the Manager has made any review or investigation of the terms of this offering, the structure of the Funds or the background of the Manager and General Partner.

#### *Possible Negative Impact of Regulation of Prospectus Exempt Market*

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

### **Risks Associated with the Trust**

#### *Not a Trust Company*

The Trust is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Trust 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.

#### *Mutual Fund Trust Status*

Although the Manager expects that the Trust will qualify as a mutual fund trust under the Tax Act at all material times, at the time of this Offering Memorandum, the Trust had not yet so qualified as it did not yet have any Trust Unitholders. In order to qualify as a mutual fund trust under the Tax Act, the Trust

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

#### *Liability of Unitholders*

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

#### *Substantial Unitholder Risk*

If the Trust experiences a “loss restriction event” (i) the Trust will be deemed to have a year-end for tax purposes, and (ii) the Trust will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Trust will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Trust, or a group of persons becomes a “majority-interest group of beneficiaries” of the Trust, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of a Trust will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Trust.

#### **Risks Associated with the Partnership**

The Trust’s principal investment will be an investment in the Partnership. The following additional risk factors, associated with an investment in the Partnership, will indirectly impact investors in the Trust.

#### *Tax Liability*

The net income or loss of the Partnership for accounting purposes will be calculated on the basis of both realized trading gains and losses and accrued, unrealized gains and losses on the Partnership’s net income or loss. In computing such income or loss for tax purposes, only realized gains and losses will be taken into account. Therefore, a Limited Partner’s income and loss allocation will likely differ from his, her or its share of income and loss for tax purposes. Furthermore, purchasers may be allocated income for tax purposes and not receive any cash distributions from the Partnership. Dividend income earned from most of the Partnership’s portfolio will not be granted the tax preferred status of dividends from Canadian corporations under the Tax Act.

### *Distributions and Allocations*

Distribution of the Partnership's profits is not required. If the Partnership has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be allocated to its Limited Partners in accordance with the provisions of the Partnership Agreement and will be required to be included in computing income for tax purposes, irrespective of the fact that cash may not have been distributed to the Limited Partners. Since Units may be acquired or redeemed on a daily basis and allocations of income and losses of the Partnership to Limited Partners will only be made on an annual basis for tax purposes, such allocations may not correspond to the economic gains and losses which the Limited Partners may experience due to the nature of reporting of realized and unrealized gains and losses.

### *Possible Loss of Limited Liability*

Under the LP Act, the General Partner has unlimited liability for the debts, liabilities, obligations and losses of the Partnership to the extent that they exceed the assets of the Partnership. The liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership is limited to the value of money or other property the Limited Partner has contributed or agreed to contribute to the Partnership. In accordance with the LP Act, if a Limited Partner has received a return of all or part of the Limited Partner's contribution to the Partnership, the Limited Partner is nevertheless liable to the Partnership, or where the Partnership is dissolved, to its creditors, for any amounts not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims arose before the return of the contribution. **The limitation of liability of a Limited Partner may be lost if a Limited Partner takes part in the control of the business of the Partnership.**

### *Funding Deficiencies*

Other than with respect to the possible loss of the limited liability as outlined above, no Limited Partner shall be obligated to pay any additional assessment on the Units held or subscribed. However, if, as a result of a distribution by the Partnership, the Partnership's capital is reduced and the Partnership is unable to pay its debts as they become due, the Limited Partners may have to return to the Partnership any such distributions received by them to restore the capital of the Partnership. If the Partnership does not have sufficient funds to meet its requirements and must default because the deficiency is not funded, Limited Partners may lose their entire investment in the Partnership.

## **Risks Associated with the Partnership's Underlying Investments**

### *Investment and Trading Risks in General*

All trades made by the Manager risk the loss of capital. The Manager may utilize trading techniques or instruments, which can, in certain circumstances, maximize the adverse impact to which a client's account may be subject. No guarantee or representation is made that the Partnership'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 Partnership's portfolio and performance.

### *General Economic and Market Conditions*

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

### *Issuer-Specific Changes*

The value of an individual security or particular type of security can be more volatile than, and can perform differently from the market as a whole.

### *Availability of Investment Strategies*

The identification and exploitation of the investment strategies pursued by the Partnership involves a high degree of uncertainty. No assurance can be given that the Manager will be able to locate suitable investment opportunities in which to deploy all of the Partnership's capital.

### *Portfolio Turnover*

The Partnership has not placed any limits on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

### *Liquidity of Underlying Investments*

The Partnership intends to invest only in broadly held, publicly traded securities. Nonetheless, it is possible that the Fund may not be able to sell or repurchase significant portions of such 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.

### *Highly Volatile Markets*

The prices of financial instruments in which the Partnership's assets may be invested can be highly volatile and may be influenced by, among other things, specific corporate developments, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Partnership is also subject to the risk of the failure of any of the exchanges on which the Partnership's positions trade or of their clearinghouses.

### *Potential Lack of Diversification*

The Partnership invests in dividend-bearing U.S. equities. Although the Partnership does not have any specific limits on holdings in securities of issuers in any one region or industry judgment will be used to manage the investment portfolio. As a result, the Partnership's portfolio may be subject to more rapid or dramatic changes in value than would be the case if the Fund were required to maintain a wide diversification among companies, industries, regions, types of securities and other asset classes.



### *Interest Rate Risks*

The Partnership will be subject to interest rate risk. In the case of interest rate sensitive securities, the value of a security may change as the general level of interest rates fluctuates. 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.

### *Market Risks*

All securities investments present a risk of loss of capital. While the Manager believes that its investment strategies moderate this risk through careful selection and controlled investment techniques, the use of margin transactions and other practices can, in certain circumstances, increase losses. A lack of liquidity during a market panic could cause significant market losses.

### *Equity Securities*

To the extent that the Partnership holds equity portfolio investments, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Partnership are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Partnership. Additionally, to the extent that the Partnership holds any foreign investments, it will be influenced by world political and economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment positions held by the Partnership (except to the extent that the Class H Units' investment in the underlying US dollar securities are hedged to Canadian dollars).

### *Trading Costs*

The Partnership may engage in a high rate of trading activity resulting in correspondingly high costs being borne by the Partnership.

### *Currency and Exchange Rate Risks*

The Partnership's assets are intended to be invested in securities of companies denominated in currencies other than the Canadian dollar, chiefly in United States dollars. Accordingly, a portion of the income received by the Partnership may be denominated in non-Canadian currencies. The Partnership nevertheless will compute and report its income in Canadian dollars. The Partnership may distribute its income in Canadian or United States dollars. Since the Partnership may invest in securities denominated or quoted in currencies other than the Canadian dollar, changes in currency exchange rates may affect the value of the Partnership's portfolios and the unrealized appreciation or depreciation of investments. Further, the Partnership may incur costs in connection with conversions between currencies.

### *Hedging Risk*

For the hedging program of the Class H Units, the Partnership relies on the ability of the counterparty to the hedging transaction to perform its obligations. In the event that the counterparty fails to complete its obligations, the Class H Units could bear the risk of loss of the amount expected to be received under the hedging transaction or other transactions in the event of the counterparty's default or bankruptcy.

The Partnership will endeavour to hedge the complete holdings associated with the Class H Units. However, the various hedge transactions in any particular period may not perfectly cover the entire USD

risk of the Class H Unit Holders due to market fluctuations of the underlying assets on a day to day basis and the portfolio's periodic changes.

#### *Counterparty Risk*

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

#### *Use of Leverage*

The Partnership may use leverage to increase the amount of capital available for investments beyond the amount of the proceeds invested in the Partnership. Such leverage will permit the Partnership to control a greater amount of investments than could be purchased with the capital in the Partnership and thereby magnify the profits or losses which may be realized by the Partnership. The level of interest rates, generally, and the rates at which the Partnership can borrow, in particular, will also affect the operating results of the Partnership.

The use of leverage will magnify the volatility of the value of the Partnership's investment portfolio. Leverage increases the Partnership's returns if the Partnership earns a greater return on investments purchased with borrowed funds than the Partnership's cost of borrowing such funds. However, the use of leverage exposes the Partnership to additional levels of risk, including (i) should the securities pledged to brokers to secure the Partnership's margin accounts decline in value, the Partnership could be subject to a "margin call", pursuant to which the Partnership will be required to either deposit additional funds with the lender or suffer mandatory liquidation of investment positions; (ii) greater losses from investments than would otherwise have been the case had the Partnership traded in cash markets and not borrowed to make the investments; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Partnership's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Partnership's assets, the Partnership might not be able to liquidate assets quickly enough to repay its borrowings or may be forced to sell investments at disadvantageous times in order to repay borrowings, further magnifying its losses.

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

### **CONFLICTS OF INTEREST**

Securities regulation in Canada requires that potential conflicts of interest be fully disclosed in this Offering Memorandum. Such potential conflicts are perceived to arise whenever a registrant such as the Manager participates in the distribution of securities of a related or connected issuer.

As an investment fund manager and portfolio manager, the Manager may occasionally face conflicts between its own interests and those of the Funds and any other investment funds and separately managed accounts managed by it (collectively, "**clients**"), or between the interests of one client and the interests of another. The Manager has adopted certain policies to minimize the occurrence of such conflicts or to deal fairly where those conflicts cannot be avoided. In no case will the Manager put its own interests ahead of those of its clients.

As a portfolio manager, the Manager and its employees shall conduct themselves with integrity and honesty and act in an ethical manner in all of their dealings with its clients. The Manager will not knowingly participate or assist in the violation of any statute or regulation governing securities and investment matters. The Manager's officers and senior employees will exercise reasonable supervision over subordinate employees subject to their control to prevent any violation by such persons of applicable statutes or regulations. The Manager will exercise diligence and thoroughness on taking an investment action on behalf of each client and shall have a reasonable and adequate basis for such actions, supported by appropriate research and investigations. Before initiating an investment transaction for a client, the Manager will consider its appropriateness and suitability. The Manager will ensure that each client account is supervised separately and distinctly from other clients' accounts. The Manager owes a duty to each client and, therefore, the Manager has an obligation to treat each client fairly.

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

Richard Hamm, the Chief Executive Officer and a director and shareholder of the Manager, together with his family trust, owns LP Units representing approximately 21% of the issued and outstanding LP Units and therefore holds a "significant interest" in the Partnership for the purposes of applicable securities legislation. The Trust's investment in the Partnership creates a potential conflict of interest for the Manager relating to the voting of the LP Units held by the Trust in that Mr. Hamm is a substantial securityholder of the Manager and also has a significant interest in the Partnership. The Manager intends to address this potential conflict of interest by not voting any LP Units (should the requirement for a vote arise) held by the Trust; rather, the Manager may make arrangements to permit Trust Unitholders to exercise the votes attaching to the applicable class of LP Units.

## **STATEMENT OF POLICIES**

### **Fairness Policy**

The Manager shall exercise diligence and thoroughness on taking an investment action on behalf of each of its clients, including the Funds, and shall have a reasonable and adequate basis for such actions, supported by appropriate research and investigations. Before initiating an investment transaction for a client, the Manager will consider its appropriateness and suitability. The Manager will manage each account within the guidelines established between the Manager and the client. The Manager shall ensure that each client account is supervised separately and distinctly from other clients' accounts. The Manager owes a duty to each client and, therefore, has an obligation to treat each client fairly.

Whenever the Manager proposes to make an investment, the investment opportunity will be allocated in full on a rotational basis, to accounts for which the proposed investment would be within such account's investment objectives.

It may be determined that the purchase or sale of a particular security is appropriate for more than one client account, (i.e. that particular client orders should be aggregated, such that in placing orders for the purchase or sale of securities, the Manager may pool one client's order with that of another client or clients). Simultaneously placing a number of separate, competing orders may adversely affect the price of a security. Therefore, where appropriate, when bunching orders and allocating block purchases and block sales, it is the Manager's policy to treat all clients fairly and to achieve an equitable distribution of bunched orders. All block trades of securities will be purchased for, or allocated amongst, all applicable accounts of the Manager's clients in a manner the Manager considers to be fair and equitable.

In the course of managing a number of discretionary accounts, there may arise occasions when the quantity of a security available at the same price is insufficient to satisfy the requirements of every client, or the quantity of a security to be sold is too large to be completed at the same price. Under such conditions, as a general policy, and to the extent that no client will receive preferential treatment, the Manager will ensure:

- where orders are entered simultaneously for execution at the same price, or where a block trade is entered and partially filled, complete fills are rotationally allocated in a fair and consistent method to client's accounts;
- where a block trade is filled at varying prices for a group of clients, fills are allocated on an average price basis; and
- trading commissions for block trades are allocated on a pro rata basis, in accordance with the foregoing trade allocation policies.

Whichever method is chosen, it must be followed in the future where similar conditions exist. Where it is impossible to achieve uniform treatment, every effort shall be made by the Manager and its employees to compensate at the next opportunity in order that every client, large or small, over time, receives equitable treatment in the filling of orders.

In allocating aggregated orders, the Manager will use several criteria to determine the order in which participating client accounts will receive an allocation thereof, including the current concentration of holdings of the security in question in the account.

Transactions for clients shall have priority over personal transactions so that the Manager's personal transactions do not act adversely to a client's interest.

The above sets out in general terms the standards of fairness that the Manager and its employees will exercise in its dealings with all of its clients.

### **Personal Trading**

The Manager has adopted a policy intended to restrict and monitor all personal trading by the employees of the Manager in order to ensure that there is no conflict between such personal trading and the interests of the investment funds managed by the Manager and the Manager's other clients. Failure to comply with this policy is cause for disciplinary action up to, and including, immediate dismissal.

### **Referral Arrangements**

The Manager may enter into referral arrangements whereby it pays a fee for the referral of a client to the Manager or to one of the funds it manages. No such payments will be made unless the referred investors are first advised of the arrangement and all applicable securities laws are complied with.

### **Related and Connected Issuers**

The securities laws of Canada require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular 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. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser.

The Manager will be acting as a fund manager, portfolio manager and an exempt market dealer. As a result, potential conflicts of interest could arise in connection with the Manager acting in these capacities. As an exempt market dealer, the Manager intends to sell only interests in related trusts, limited partnerships and other pooled funds organized by the Manager. Accordingly, there is no opportunity for a potential conflict to arise as there would be if, for example, the Manager also sold or sought investors for securities of unrelated issuers. The Manager may from time to time be deemed to be related or connected to one or more issuers for purposes of the disclosure and other rules of the securities laws referred to above. The Manager is prepared to act as an adviser and as a dealer in the ordinary course of its business to and in respect of securities of any such related or connected issuer. In any such case, these services shall be carried out by the Manager in the ordinary course of its business as an adviser and a dealer in accordance with its usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.

**“Related issuer”** means, in respect of the Manager, an issuer of securities over which the Manager exercises a controlling influence (for example, through the ownership of, or direction or control over voting securities) or an issuer of securities that exercises a controlling influence over the Manager. In this context, the term “influence” means having the power, directly or indirectly, to exercise a controlling influence over the management and policies of the company, whether alone or in combination with one or more other persons or companies.

**“Connected issuer”** means, in respect of the Manager, an issuer that has, or any related issuer of which has, any indebtedness to, or other relationship with, (i) the Manager, (ii) related issuer of the Manager, (iii) officer or partner of the Manager or (iv) director, officer or partner of a related issuer of the Manager, that, in connection with a distribution of securities of the issuer, is material to a prospective purchaser of the securities. Accordingly, an issuer is “connected” to the Manager if, due to indebtedness or other relationships, a prospective purchaser of securities of the connected issuer might question the Manager’s independence from the issuer.

The Trust is a related and connected issuer of the Manager, as the Manager is the trustee and manager of the Trust. The Partnership is also a related and connected issuer of the Manager, as the Manager is an affiliate of the General Partner and the Manager earns fees from the ongoing management of the Partnership’s investment portfolio. The Manager receives fees from the Funds for the ongoing management of the Funds and receives fees from the Funds for its investment advisory services, as described in greater detail in this Offering Memorandum. There are no commissions payable to the Manager or any of its affiliates on the sale of Units of the Funds.

## **ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LEGISLATION**

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

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

## LEGAL MATTERS

### **Cooling-off Period**

Securities legislation in certain provinces may give a purchaser certain rights of rescission, against the registered dealer who sold Units to them, but those rights must be exercised within a certain time period as little as forty-eight (48) hours) following the purchase of Units.

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

In addition to and without derogation from any right or remedy that a purchaser of the Units may have at law, securities legislation in certain provinces of Canada provides that a purchaser has or must be granted rights of rescission or damages, or both, where the offering memorandum and any amendment thereto contains a misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation.

As used herein, "**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A "**material fact**" means a fact that would reasonably be expected to have a significant effect on, the market price or value of the Units.

The following is a summary of the rights of rescission or damages, or both, available to investors under the securities legislation of certain provinces in Canada. Purchasers should refer to the applicable provisions of the applicable securities legislation for the particulars of the statutory rights available to them in their province, or consult with a legal adviser.

### ***Rights for Purchasers in Ontario***

If this Offering Memorandum, together with any amendment hereto, delivered to a purchaser of Units resident in Ontario contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such Misrepresentation, a right of action against the applicable Fund for damages or, while still the owner of the Units purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that:

- (a) the Fund shall not be held liable pursuant to either 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 the Fund proves do not represent the depreciation in value of the Units acquired by the purchaser as a result of the Misrepresentation relied upon;
- (c) the Fund will not be liable for a Misrepresentation in forward-looking information if the Fund proves that:
  - (i) this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;
- (d) in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the Units acquired; and
- (e) no action may be commenced to enforce such right of action more than:
  - (i) in the case of an action for rescission 180 days after the date of the acceptance of the purchaser's Subscription Agreement by the Manager; or
  - (ii) in the case of an action for damages, the earlier of:
    - (1) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or
    - (2) three years after the date of the acceptance of the purchaser's Subscription Agreement by the Manager.

The foregoing rights do not apply if the purchaser purchased Units of the Fund using the "accredited investor" exemption and is:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) a Schedule III bank;
- (d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

- (e) a subsidiary of any person referred to in paragraphs (a) to (d) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

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

If this Offering Memorandum together with any amendment hereto or advertising or sales literature used in connection herewith delivered to a purchaser of Units resident in Saskatchewan contains a Misrepresentation, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the applicable Fund, every person acting in a capacity with respect to the Fund which is similar to that of a director or promoter of the Fund, and every person who or company that sells the Units on behalf of the Fund under this Offering Memorandum or amendment thereto, or, alternatively, a purchaser may elect to exercise a right of rescission against the Fund, provided that among other limitations:

- (a) 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;
- (b) 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;
- (c) in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser; and
- (d) no action shall be commenced to enforce these rights more than:
  - (i) in the case of an action for rescission, 180 days after the date of the purchase of the Units; or
  - (ii) 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 purchase of the Units.

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

These rights are subject to more defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

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

If this Offering Memorandum delivered to a purchaser of Units resident in Manitoba contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against the applicable 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, for damages or against the Fund for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that among other limitations:

- (a) the Fund will not be liable if they prove that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the Fund will not be liable for all or any portion of the damages that the Fund proves does not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (c) other than with respect to the Fund, no person or company is liable if the person or company proves:
  - (i) that this 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;
- (d) other than with respect to the Fund, no person or company is liable if the person or company proves that, after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (e) other than with respect to the Fund, no person or company is liable with respect to any part of this 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;

- (f) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser; and
- (g) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
  - (i) in the case of an action for rescission, 180 days after the date of purchase of the Units; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the facts giving rise to the cause of action, and (B) two years after the date of purchase of the Units.

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.

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

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

Where this Offering Memorandum, or any amendment hereto, contains a Misrepresentation, a purchaser resident in New Brunswick to whom this Offering Memorandum has been delivered and who purchases Units shall be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has a right of action for damages against the applicable Fund or the purchaser may elect to exercise a right of 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, among other limitations:

- (a) in an action for rescission or damages, the Fund will not be liable if the Fund proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

- (b) in an action for damages, the Fund will not be liable for all or any portion of the damages that the Fund proves do not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (c) in no case will the amount recoverable exceed the price at which the Units were sold to the purchaser;
- (d) a person is not liable in an action for a Misrepresentation in forward-looking information if the person proves that:
  - (i) this Offering Memorandum contains, proximate to that information,
    - (A) 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) 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
- (e) no action shall be commenced to enforce these statutory rights of action more than:
  - (i) in an action for rescission, 180 days from the date of purchase of Units; or
  - (ii) in an action for damages, the earlier of: (i) one year after the purchaser first had knowledge of the Misrepresentation, or (ii) six years after the date of purchase of Units.

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

Where this Offering Memorandum or any amendment hereto contains a Misrepresentation, a purchaser resident in Nova Scotia to whom this Offering Memorandum has been sent or delivered and who purchases the Units is deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and the purchaser has a right of action for damages against the applicable Fund and, subject to certain additional defences, against every person acting in a capacity with respect to the Fund which is similar to that of a director of a company, or alternatively, may elect to exercise a right of 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, among other limitations:

- (a) in an action for rescission or damages, a person will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) no person other than the Fund is liable if the person proves that:

- (i) this Offering Memorandum or the amendment to this Offering Memorandum was sent or delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable general notice that it was delivered without the person's knowledge or consent;
  - (ii) after delivery of this Offering Memorandum or the amendment to this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, or amendment to this Offering Memorandum, the person withdrew the person's consent to this Offering Memorandum, or the amendment to this Offering Memorandum, and gave reasonable general notice 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, a person is not 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;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Units were offered;
- (e) a person is not liable in an action for a Misrepresentation in forward-looking information if the person proves all of the following things:
- (i) this Offering Memorandum contains, proximate to that information:
    - (A) 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) 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 may be commenced to enforce a right of action more than 120 days:
- (i) after the date on which payment was made for the Units; or

- (ii) after the date on which the initial payment was made for Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

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

***Rights for Purchasers in Prince Edward Island***

If this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to a purchaser resident in Prince Edward Island contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the applicable 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 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 proves that the purchased the Units with knowledge of the Misrepresentation;
- (b) no person (other than the Fund) will be liable if it proves that (i) the 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 had promptly given reasonable notice to the Fund that it had been sent without the person's knowledge or consent, or (ii) on becoming aware of the Misrepresentation in the Offering Memorandum, the person had withdrawn the person's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) no person (other than the Fund) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation;
- (d) a person is not liable in an action for a Misrepresentation in forward-looking information if:
  - (i) this Offering Memorandum contains, proximate to that information:
    - (A) 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) 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;
- (e) in an action for damages, the defendant 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;
- (f) in no case shall the amount recoverable exceed the price at which the Units were offered to the purchaser under this Offering Memorandum; and
- (g) no action shall be commenced to enforce the foregoing rights:
  - (i) in the case of an action for rescission, more than 180 days after the date of the purchase of Units; or
  - (ii) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the Misrepresentation, or (ii) three years after the date of the purchase of Units.

***Rights for Purchasers in the Yukon, Northwest Territories and Nunavut***

If this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to a purchaser resident in the Yukon, Northwest Territories or Nunavut contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will have, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund and against every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a corporation at the date of this Offering Memorandum or, alternatively, while still the owner of the 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 or company 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 if the person proves that (i) the Offering Memorandum was delivered 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 person's knowledge or consent, and (ii) on becoming aware of any Misrepresentation in the Offering Memorandum, the person withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) no person (other than the Fund) will be liable with respect to any part of the Offering Memorandum unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation;

- (d) no person will be liable for a Misrepresentation in forward-looking information if:
  - (i) this Offering Memorandum contains, proximate to the forward-looking information, (A) 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) a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (e) in an action for damages, the defendant 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;
- (f) in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser; and
- (g) no action shall be commenced to enforce the foregoing rights:
  - (i) in the case of an action for rescission, more than 180 days after the date of the purchase of the Units; or
  - (ii) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the Misrepresentation, or (ii) three years after the date of the purchase of Unit.

TOR01: 5889317: v10

**Bristol Gate Capital Partners Inc.  
45 St. Clair Avenue West, Suite 601  
Toronto, Ontario  
M4V 1K9**

**Telephone No.: (416) 921-7076  
Email: [info@bristolgate.com](mailto:info@bristolgate.com)**

**<http://www.bristolgate.ca>**