

CONFIDENTIAL OFFERING MEMORANDUM
Dated May 7, 2015
Amended and Restated November 1, 2016

Heward Equity Fund
Heward Income Fund
Heward Canadian Dividend Growth Fund
Heward Global Leaders Fund
(collectively, the “Funds”)

This confidential offering memorandum constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and therein only by persons permitted to sell such securities. This offering memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement of a public offering of these securities. No securities regulatory authority in Canada has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. Persons who acquire securities pursuant to this offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The securities offered hereunder will not be listed on any stock exchange and there will be no public market for such securities.

This offering memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this offering. By their acceptance of this offering memorandum recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisers, this offering memorandum or any information contained herein.

SUMMARY

The Funds

The Heward Equity Fund (formerly the Heward Fund prior to November 1, 2016), the Heward Income Fund, the Heward Canadian Dividend Growth Fund and the Heward Global Leaders Fund (collectively the “Funds” and individually a “Fund”) are open-ended investment trusts originally created pursuant to trust indentures under the laws of the Province of Quebec dated December 8, 2004 (as amended by amendments dated December 7, 2007, August 31, 2012, May 31, 2013, and May 7 2015) for the Heward Equity Fund, dated June 30, 2009 (as amended by amendments dated August 31, 2012, May 31, 2013, and May 7 2015) for the Heward Canadian Dividend Growth Fund, and dated November 1, 2016 for the Heward Income Fund and the Heward Global Leaders Fund. Such trust indentures as, where applicable, amended and/or consolidated and/or restated, as amended are collectively referred to as the “Indentures” and individually the “Indenture”. As of August 31, 2012, the services of the former trustee of the Funds (RBC Dexia Investor Services Trust) were terminated and Computershare Trust Company of Canada was appointed as the trustee of the Funds (the former trustee). At that date, Heward Investment Management Inc. (the former manager) entered into an amended and restated trust agreement with the trustee, which amended and restated in its entirety the Indentures (the “Trust Agreement”). The Trust Agreement was further amended on May 31, 2013. As of November 1, 2016, the services of the former trustee of the Funds (Computershare Trust Company of Canada) were terminated and TSX Trust Company was appointed as the new trustee of the Funds (the “Trustee”). At that date, Majestic Asset Management LLC became the new manager of the Funds (the “Manager” or “Majestic”) and entered into an amended and restated trust agreement with the Trustee, which amended and restated the Indentures (the “Trust Agreement”).

The Trustee

TSX Trust Company is the Trustee of the Funds.

The Manager

Majestic is the investment fund manager of the Funds. It is responsible for their day-to-day business activities.

The Manager is registered in the categories of portfolio manager, exempt market dealer, investment fund manager and commodity trading manager in Ontario and in the categories of portfolio manager, derivatives portfolio manager, exempt market dealer and investment fund manager in Québec.

Majestic carries out its activities from Montréal, Québec.

The Manager is a Delaware Limited Liability Company and is registered under the Commodity Exchange Act (U.S.) as a Commodity Trading Advisor (“CTA”) since October 26, 2006. Majestic is a member of the National Futures Association, the industry-wide, self-regulatory organization of the United States futures industry.

The Advisor Heward Investment Management Inc. is the Advisor of the Funds and is responsible for the management of the Funds' investment portfolios. The Advisor is incorporated under the laws of Canada.

The Advisor is registered in the categories of portfolio manager in Alberta, British Columbia, New Brunswick, Ontario and Québec.

Purchasers Any individual, firm, trust, corporation, association, partnership, society, fund, plan or other entity that meets the initial investment requirements of the Funds and the exempt purchaser and other requirements of securities regulators having jurisdiction may participate in the Funds.

Investment Objectives The Heward Equity Fund seeks to achieve a superior long-term rate of return and safety of capital. This will be achieved via an investment in equity vehicles derived from the global marketplace.

The Heward Income Fund will seek to generate investment income and long term capital appreciation to provide an attractive total investment return. To achieve this goal, the fund will invest in a diversified basket of debt securities, preferred shares, income trusts, real estate investment trusts, hybrid products and common shares.

The Heward Canadian Dividend Growth Fund seeks to maximize income and achieve modest long-term capital appreciation. The Fund will follow clearly defined investment criteria in selecting a diversified portfolio of high-quality Canadian equities with a history of consistent and growing dividends that offer the potential for long-term capital growth. The Fund will strive for two objectives: income and growth for investors.

The Heward Global Leaders Fund will use a top-down, bottom-up approach and seeks to generate consistent risk adjusted returns over the long term by identifying high-quality global businesses that are attractively priced. These companies are typically leaders in their respective business field, have high defensible barriers to entry, strong free-cash-flow generation, solid management, high returns on invested capital and consistent return of capital via dividends.

Risk Investment in the Funds involves certain risks and considerations which investors should evaluate before making a decision to acquire units of the Funds.

The Offering Investment in the Funds is made by subscribing for Class A, D, F or O units (the "Units"). The initial offering price of the Units of the Funds is Cdn. \$10 per Unit. Additional offerings will be made at a price per Unit equal to the then applicable net asset value. The Manager intends to offer Units on each Valuation Day, although it retains the right not to make any additional offerings.

Minimum Investment	The minimum initial investment in the Funds, for Purchasers that are not individuals, is \$150,000 or such lesser amount as is permitted by securities legislation and approved by the Manager. The minimum initial investment for Purchasers who qualify as “accredited investors” is \$25,000. A Purchaser may make further investments at the discretion of the Manager, subject to a minimum subsequent investment amount established by the Manager from time to time. There is no minimum for reinvestment of income and capital gains.
Valuation Day	The Valuation Day means the last business day in each week on which the Trustee is open or such other date or dates on which the Manager determines that a valuation is appropriate.
Distributions	In general, the net income of the Funds is calculated and distributed at the end of each quarter while the net taxable capital gains of the Funds are calculated and distributed at the end of each calendar year. Distributions will be reinvested in additional Units of the Funds unless the Manager has received written instructions to the contrary.
Redemption	Units of the Funds may be redeemed at the net asset value per Unit of the Funds as of each Valuation Day. The redemption will be processed only upon providing the Manager with at least 30 days prior written notice (or such shorter period as is approved by the Manager). In certain circumstances the Manager may suspend redemptions.
Canadian Federal Income Tax Considerations	In general, the Funds intend to distribute in each year their net income and net taxable capital gains so that they will not be liable for Canadian income tax. In computing their income, Purchasers will generally be required to include their pro rata share of the Funds distributions.
Eligibility for Investment	The Funds are registered investments within the meaning of the Tax Act. The Units of the Funds acquired at a specific date will be “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans provided that the Funds are mutual fund trusts or registered investments under the Tax Act on that date.
Fees and Expenses	The Funds are responsible for their own expenses. Purchasers of Class A, D and Class F Units will have a management fee and an advisory fee charged to each Class of Units. Purchasers of Class O Units pay an advisory fee directly to the Advisor (Units can be redeemed by the Advisor to pay for the management fee). The Manager is responsible for its own expenses. In its discretion, the Manager may pay certain of the expenses of the Funds but any such payment shall not oblige the Manager to make similar future payments. In the case of cash purchases and cash redemptions, the Manager may assess a Purchaser the estimated brokerage and related expenses incurred as a result of such purchase or redemption.

No acquisition charge is payable to the Manager in respect of orders to purchase Units of the Funds, however registered dealers selling Units of the Funds may charge an upfront fee to subscribers of up to 5% of the total subscription amount.

The Manager may pay a monthly fee (the “Trailer Fee”) to dealers to compensate the dealer for ongoing services to their clients in respect of an investment in the Class A Units of the Funds. The Trailer Fee is calculated based upon a percentage of the average daily value of the Units of the Funds held by the clients of the dealer. The Trailer Fee will be paid at a rate of up to 1% per annum.

**Statutory Rights
of Action**

Purchasers to whom this offering memorandum is delivered are granted the rights mentioned in the section entitled “Statutory Rights of Action”.

NAME AND FORMATION OF THE FUNDS

The Heward Equity Fund (formerly the Heward Fund prior to November 1, 2016), the Heward Income Fund, the Heward Canadian Dividend Growth Fund and the Heward Global Leaders Fund (collectively the “Funds” and individually a “Fund”) are open-ended investment trusts originally created pursuant to trust indentures under the laws of the Province of Quebec dated December 8, 2004 (as amended by amendments dated December 7, 2007, August 31, 2012, May 31, 2013, and May 7 2015) for the Heward Equity Fund, dated June 30, 2009 (as amended by amendments dated August 31, 2012, May 31, 2013, and May 7 2015) for the Heward Canadian Dividend Growth Fund, and dated November 1, 2016 for the Heward Income Fund and the Heward Global Leaders Fund. Such trust indentures as, where applicable, amended and/or consolidated and/or restated, as amended are collectively referred to as the “Indentures” and individually the “Indenture”. As of August 31, 2012, the services of the former trustee of the Funds (RBC Dexia Investor Services Trust) were terminated and Computershare Trust Company of Canada was appointed as the new trustee of the Funds (the former trustee). At that date, Heward Investment Management Inc. (the former manager) entered into an amended and restated trust agreement with the trustee, which amended and restated in its entirety the Indentures (the “Trust Agreement”). The Trust Agreement was further amended on May 31, 2013. As of November 1, 2016, the services of the former trustee of the Funds (Computershare Trust Company of Canada) were terminated and TSX Trust Company was appointed as the new trustee of the Funds (the “Trustee”). At that date, Majestic Asset Management (the “Manager”) entered into an amended and restated trust agreement with the Trustee, which amended and restated the Indentures (the “Trust Agreement”). The head office of the Manager and the Funds is located at 300 Saint-Sacrement Suite 320, Montréal, Québec, H2Y 1X4.

The Manager of the Funds is responsible for their day-to-day business activities. The Manager is registered in the categories of portfolio manager, exempt market dealer, investment fund manager and commodity trading manager in Ontario and in the categories of portfolio manager, derivatives portfolio manager, exempt market dealer and investment fund manager in Québec. The Manager carries out its activities from Montréal, Québec. The Manager is a Delaware Limited Liability Company and is registered under the Commodity Exchange Act (U.S.) as a Commodity Trading Advisor (“CTA”) since October 26, 2006. The Manager is a member of the National Futures Association, the industry-wide, self-regulatory organization of the United States futures industry.

Heward Investment Management Inc. remains the advisor of the Funds (the “Advisor”). The Advisor of the Funds is responsible for the management of the Funds’ investment portfolios and has the right to appoint one or more sub-advisers, including an affiliate, to assist it in performing its obligations. The Advisor is incorporated under the laws of Canada. The Advisor is registered in the categories of portfolio manager in Alberta, British Columbia, New Brunswick, Ontario and Québec. The head office of the Advisor is located at 2115 rue de la Montagne, Montréal, Québec, H3G 1Z8.

For the Manager's fund management services and the Advisor's investment management services in respect of the Funds, Purchasers will be assessed a fee which may vary among Purchasers depending on the size of the Purchaser's investment and the Class of Units purchased.

The fees payable to the Manager and the Advisor are subject to federal goods and services tax. Such tax and any similar applicable provincial tax shall be added to the fees. The Manager may at any time increase the fees payable to it on 60 days prior written notice to Purchasers.

The Trustee's fee for providing trustee services to the Funds is paid by the Funds and will be as agreed between the Trustee and the Manager. Reasonable expenses incurred in the administration of the Funds, including the legal and audit fees, bookkeeping charges and charges paid in connection with providing information, together with any applicable taxes to Purchasers, are paid by the Funds. From time to time, the Trustee or the Manager, in its discretion, as applicable or any other person approved by the Manager, may pay the expenses of the Funds provided that any such payments shall not create an obligation on the Manager, or any other person, to make similar payments in the future and such payments, if commenced, may be discontinued at any time, in whole or in part, without the consent of, or notice to, Purchasers.

The Manager is or may become involved in the management of other trusts and the provision of services to other entities.

PURCHASERS

Any person, firm, trust, corporation, association, partnership, society, fund, plan or other entity may participate in the Funds, provided that:

- a) the Purchaser is not an individual and meets the minimum initial investment set out in this offering memorandum;
- b) each member of a partnership, syndicate or other unincorporated organization or beneficiary of a trust, other than a pension plan, testamentary trust, mutual fund or family organization has contributed at least \$150,000 paid in cash at the time of the trade for the Units purchased, (other than Purchasers who qualify as "accredited investors", for which the minimum initial investment is \$25,000); and
- c) an entity was not created or used solely to purchase Units in reliance on the \$150,000 exemption set out in (b) above.

INVESTMENT OBJECTIVE OF THE FUNDS

The Heward Equity Fund (formerly the Heward Fund) seeks to achieve a superior long-term rate of return and safety of capital. This will be achieved via an investment in equity vehicles derived from the global marketplace.

The Heward Income Fund will seek to generate investment income and long term capital appreciation to provide an attractive total investment return. To achieve this goal, the fund will invest in a diversified basket of debt securities, preferred shares, income trusts, real estate investment trusts, hybrid products and common shares.

The Heward Canadian Dividend Growth Fund seeks to maximize income and achieve modest long-term capital appreciation. The Fund will follow clearly defined investment criteria in selecting a diversified portfolio of high-quality Canadian equities with a history of

consistent and growing dividends that offer the potential for long-term capital growth. The Fund will strive for two objectives: income and growth for investors.

The Heward Global Leaders Fund will use a top-down, bottom-up approach and seeks to generate consistent risk adjusted returns over the long term by identifying high-quality global businesses that are attractively priced. These companies are typically leaders in their respective business field, have high defensible barriers to entry, strong free-cash-flow generation, solid management, high returns on invested capital and consistent return of capital via dividends.

The Heward Global Leaders Fund seeks as a primary objective to achieve long term capital appreciation with a “growth at a reasonable price” (GARP) style, with a value bias. As a secondary objective, the fund seeks to outperform (net of fees) the Global Equity Benchmark (10% 90 Day TBill, 10% S&P TSX & 80% MSCI World) on a rolling three-year period.

INVESTMENT POLICIES OF THE FUNDS

The Advisor has developed a successful philosophy and style that has made it a leader in providing investment management services to clients. The Advisor looks for investment opportunities whose full value has yet to be realized by the markets.

Heward Equity Fund (formerly the Heward Fund)

The Fund will seek to achieve its investment objectives by employing a strategy that is diversified across various sectors and market capitalizations in the global marketplace. The portfolio will be structured in accordance with the Manager’s view of the market, therefore, sector allocations may vary significantly over time.

Approximately 5% of the assets of the Fund will be held in cash. Equities will comprise the balance of the Fund for approximately 95%.

The above asset allocation is considered the neutral market position but those percentages could vary by up to 20 percentage points.

Furthermore, the holdings of the Fund shall not be limited to the investments listed above. The assets of the Fund may be held in foreign securities. These foreign securities may include the use of leading foreign investment trusts and open ended investment companies. Investment restrictions in the Trust Agreement provide that the Fund will not make any investment which would result in the Fund being liable for any tax under the applicable registered investment provisions of the Tax Act.

Heward Income Fund

The Heward Income Fund will seek to generate long term capital appreciation and investment income to provide an attractive total investment return. To achieve this goal, the fund will invest in a diversified basket of debt securities, preferred shares, income trusts, real estate investment trusts, hybrid products and common shares. The instruments held in the portfolio will be primarily Canadian based but may include non-Canadian securities at the Manager’s discretion.

Approximately 5% of the assets of the Fund will be held in cash. Fixed income securities, consisting primarily of preferred shares, Canadian and provincial government bonds as well as high quality corporate bonds, would comprise the balance of the Fund for approximately 95%.

The above asset allocation is considered the neutral market position but those percentages could vary by up to 20 percentage points.

Furthermore, the holdings of the Fund shall not be limited to the investments listed above. The assets of the Fund may be held in foreign securities. These foreign securities may include the use of leading foreign investment trusts and open ended investment companies.

Investment restrictions in the Trust Agreement provide that the Fund will not make any investment which would result in the Fund being liable for any tax under the applicable registered investment provisions of the Tax Act.

Heward Canadian Dividend Growth Fund

The Fund will seek to achieve its investment objectives by employing a strategy that will invest in companies exhibiting strong financial positions with superior income streams and predictable and growing profitability.

The Fund will follow the investment guidelines as follows:

- It will have a maximum cash component of 25%.
- There will be a concentrated list of holdings targeting 25 to 35 Canadian equity names.
- Each company must pay a dividend of at least 1.5%.
- It will invest in 7 of the 10 GICS (Global Industry Classification Standard) sectors in order to ensure adequate diversification.
- It will not invest in income trusts.
- It will target its exposure to 15% in natural resources.
- It will have a focus in companies that have capitalization of at least \$1 billion.
- It will not have more than 10% of its assets in companies that have a market capitalization between \$500 million and \$1 billion.

Investment restrictions in the Trust Agreement provide that the Fund will not make any investment which would result in the Fund being liable for any tax under the applicable registered investment provisions of the Tax Act.

Heward Global Leaders Fund

The Heward Global Leaders Fund seeks as a primary objective to achieve long term capital appreciation with a “growth at a reasonable price” (GARP) style, with a value bias. As a secondary objective, the fund seeks to outperform (net of fees) the Global Equity Benchmark (10% 90 Day TBill, 10% S&P TSX & 80% MSCI World) on a rolling three-year period.

The fund will follow the asset allocation as follows:

ASSET CLASS	MINIMUM	TARGET/NEUTRAL	MAXIMUM
Cash & cash equivalents	5%	10%	25%
Common shares	75%	90%	100%
Canadian equities	0%	10%	20%
US equities	10%	50%	65%
International equities	10%	30%	50%

The Fund will follow the investment guidelines as follows:

- Target between 25 and 50 securities
- Maximum weight per security of 5% of the portfolio’s market value.
- Minimum market capitalization of \$3 billion per security.
- All companies in the portfolio must pay a dividend.
- It must invest in a minimum number of 8 GICS sectors.
- Maximum investment per sector of 25% of the portfolio’s market value.
- Maximum leverage of 100%
- No private placement, no short selling, no commodities, no derivative instruments used for non-hedging purposes.

Investment restrictions in the Trust Agreement provide that the Fund will not make any investment which would result in the Fund being liable for any tax under the applicable registered investment provisions of the Tax Act.

BROKERAGE ARRANGEMENTS AND FEES

It is intended that there will be no principal broker for the purchase and sale of the investment portfolio of the Funds.

Upfront Sales Charge

No acquisition charge is payable to the Manager in respect of orders to purchase Units of the Funds, however registered dealers selling Units of the Funds may charge an upfront fee to subscribers of up to 5% of the total subscription amount. Upfront Sales Charges may be applicable to Class A Units.

Trailer Fees

The Manager may pay a monthly fee (the “Trailer Fee”) to dealers to compensate the dealer for ongoing services to their clients in respect of an investment in the Funds. The Trailer Fee is calculated based upon a percentage of the average daily value of the Units of the Funds held by the clients of the dealer. The Trailer Fee will be paid at a rate of up to 1% per annum. Trailer Fees may be applicable to Class A Units of the Funds.

Management Fees

The Funds pay, out of the Fund Property, a management fee to the Manager which are provided in the terms and conditions attaching to a Series of Units (the “Management Fee”) (See below under the heading “Description of Units”).

Advisory Fees

The Funds pay, out of the Fund Property, an advisory fee to the Advisor which are provided in the terms and conditions attaching to a Series of Units (the “Advisory Fee”) (See below under the heading “Description of Units”).

DESCRIPTION OF UNITS

The Funds are divided into multiple classes of Units, referred to as Class A Units, Class D Units, Class F Units and Class O Units, and fractions thereof. The Manager may, in its discretion, determine the designation and attributes of a Class. The Manager may prescribe, in its discretion, the maximum number of Units or maximum dollar amount of Units that may be sold in the Funds. No Class attributes may be prescribed by the Manager except as provided in this offering memorandum.

Each Class of Units is for a different type of subscriber.

Class A: Available to all subscribers who invest the minimum initial investment. The subscriber is charged an annual Advisory Fee equal to 2% of the net asset value of the Units held by the subscriber. The management fees are accrued weekly and are paid monthly at 1/12th of 2%. Dealers receive trailing commissions from the Manager.

In addition, the Manager will charge the Fund an annual Management Fee of up to 0.10% of the net asset value of the Fund. The Management Fees are accrued weekly and are paid monthly at 1/12th of 0.10%.

Class D: Available to subscribers who are institutional investors and who invest the minimum initial investment. The Advisor will charge an Advisory Fee of 0.50% and the dealer will charge the subscriber an additional fee for the dealer’s management services being provided.

In addition, the Manager will charge the Fund an annual Management Fee of up to 0.10% of the net asset value of the Fund. The Management Fees are accrued weekly and are paid monthly at 1/12th of 0.10%.

Class F: Generally available to subscribers who are in an eligible fee-based program with their registered dealer, who have signed a Class F agreement with the registered dealer and who invest the minimum initial investment. The Advisor will charge a management fee of 1% and the dealer will charge the subscriber an additional fee for the dealer’s management services being provided.

In addition, the Manager will charge the Fund an annual Management Fee of up to 0.10% of the net asset value of the Fund. The Management Fees are accrued weekly and are paid monthly at

1/12th of 0.10%.

Class O: Available for certain subscribers who make large investments in the Funds. Subscribers who purchase Class O Units must enter into an agreement with the Advisor which identifies the advisory fee negotiated with the subscriber and payable by the subscriber to the Advisor. Dealers may receive referral fees from the Manager.

In addition, the Manager will charge the Fund an annual Management Fee of up to 0.10% of the net asset value of the Fund. The Management Fees are accrued weekly and are paid monthly at 1/12th of 0.10%.

VALUATION OF THE FUNDS AND UNITS

As of every Valuation Day, the Manager is responsible for determining the net asset value of the Funds and of each Unit of the Funds (provided that the Manager can delegate this function to the Trustee or an affiliate of the Trustee). A Valuation Day is any business day selected by the Manager from time to time provided that no less than one Valuation Day is selected by the Manager in each calendar month. The net asset value of the Funds is determined in accordance with the provisions of the Trust Agreement by valuing the assets of the Funds and deducting from the total of the foregoing all expenses and liabilities of the Funds. The net asset value of each Class of Units of the Funds as of a Valuation Day is determined by dividing the net asset value of the Class on that Valuation Day by the number of Units of that Class of the Funds outstanding at the close of business on that Valuation Day, including fractions of Units.

PURCHASE OF UNITS

Except as otherwise disclosed herein, units are offered for purchase without sales commission and all monies invested will be invested in Units of the Funds. The Manager reserves the right to reject any purchase order.

The minimum initial investment in the Funds is Cdn. \$150,000 (for non-individual Purchasers) or such lesser amount as is permitted by securities legislation and approved by the Manager. The minimum initial investment for Purchasers who qualify as “accredited investors” is \$25,000. A Purchaser may make further investments at the discretion of the Manager, subject to a minimum subsequent investment amount established by the Manager from time to time. There is no minimum for reinvestment of income and capital gains

The initial offering price per Unit will be Cdn. \$10 per Unit. The value of each Unit thereafter will fluctuate. The Manager will issue additional Units to Purchasers at such times as it may determine, at the then applicable net asset value. The Manager intends to offer Units on each Valuation Day, although it retains the right not to make any additional offerings. A subscription must be by written notice in a prescribed form received and accepted by the Manager no later than 4:00 p.m. on the applicable Valuation Day (or such shorter period as is approved by the Manager) and is irrevocable once given. In this case, the subscription should be submitted to the dealer who is required to immediately transmit the subscription to the Manager. The subscriber must pay the amount of the purchase by cheque payable to the custodian of the Funds or by wire transfer to the custodian of the Funds by the close of business on the purchase date.

The Manager intends to minimize the impact on the Funds of cash purchases of Units. Any subscriber making a cash purchase of Units (whether directly or from a managed account, as described below) may be charged the estimated brokerage and related expenses associated with investing the cash in securities or other assets suitable for the Funds.

If a subscriber subscribes in cash for Units and the cash subscription exceeds 10% or more of the Class net asset value of a Fund (before such purchase), the Manager, in its discretion, may require a subscriber to enter into a discretionary investment management agreement with the Manager to allow the Manager to invest the cash in securities or other assets suitable for that particular Fund. The various charges and expenses associated with the investment of such cash, such as brokerage fees and similar expenses will be borne by the subscriber. The fee payable to the Manager will be the same as those negotiated directly with the subscriber in respect of the Funds' assets. The Trustee's reasonable fee for providing trustee services and all other reasonable expenses incurred in the administration of the account will be deducted by the Trustee directly from the account. This policy permits the Funds' assets to remain fully invested, as appropriate, in accordance with its investment objectives and policies, and also results in the portfolio transaction charges related to the investment of the cash being allocated to the relevant subscriber.

On any Valuation Day, the Manager, on behalf of the subscriber may use any assets managed under a discretionary investment management agreement to subscribe for Units of the Funds as provided hereunder, including cash which has not yet been invested in securities or other assets suitable for the Funds.

REDEMPTION OF UNITS

Units of the Funds may be redeemed at a price per Unit equal to the Class net asset value of a Unit of the Funds on each Valuation Day upon providing the Manager with at least 30 days prior written notice of such redemption or at such other times and upon such other notice as may be permitted by the Manager. Redemption requests must be in writing and must specify the number and the Class of Units to be redeemed or the dollar amount to be paid. The request is irrevocable and must be signed by the Purchaser. The Manager shall pay the redemption proceeds within a reasonable time after the relevant Valuation Day, which in normal circumstances will be no later than 3 business days after such date. The Purchaser receiving the redemption shall not be entitled to any interest or income earned with respect to monies pending distribution.

Redemption shall be deemed to have been made upon the mailing or delivery of a cheque or by wire or electronic transfer as the Manager may determine to the Purchaser at the address or account listed on the register of the Funds, unless another method of payment has been agreed to by the redeeming Purchaser and the Manager.

Notwithstanding the foregoing, the Manager may suspend the redemption of Units of the Funds on the occurrence of certain events stipulated in the Trust Agreement. The Manager can also redeem Units of the Funds to pay for the management fees.

Payment for redemption shall be made in cash or in property or both as the Manager shall, in its sole discretion, determine and direct, although under normal conditions distributions generally will be made in cash. To the extent reasonably possible, all distributions in kind will involve a pro-rata distribution of all the securities in the Funds' portfolio, except that no

odd lots will be distributed. Purchasers should realize that there may be a limited market for shares so distributed, that the process of transferring shares into the name of the Purchaser may involve delays of up to six weeks, and that the sale of any such portfolio securities will involve brokerage costs to the redeeming investor.

Where redemptions are made in cash, the Manager reserves the right to charge the Purchaser making such redemption the estimated brokerage and related expenses relating to such redemption.

COMPUTATION AND DISTRIBUTION OF INCOME AND GAINS

Net income and net capital gains of the Funds are computed as of the last Valuation Day in the calendar year in accordance with the provisions of the Trust Agreement.

Net income and net capital gains of the Funds are distributed to Purchasers of record of the Funds as of the close of business on the last Valuation Day of each quarter and calendar year respectively, according to each Purchaser's proportionate share of the Funds less any tax required to be deducted. All distributions are reinvested automatically in additional Units of the applicable Class of the Funds unless the Purchaser advises the Manager in writing that the distributions should be paid directly to the Purchaser. On or before February 28 in each year the Manager will provide Purchasers with a statement including all distributions and allocations and other information that is necessary to permit Purchasers to complete their individual income tax returns for the preceding year.

INCOME TAX ASPECTS OF THE INVESTMENT

The income tax considerations of investing in Units of the Funds vary according to the status of the Purchaser, the province or provinces in which the Purchaser resides or carries on business and, generally, the Purchaser's own particular circumstances.

The following is a summary of certain principal federal income tax considerations generally applicable to the Funds and to arm's length Canadian resident Purchasers of the Funds holding Units as capital property. This summary is based on the current provisions of the Income Tax Act (Canada) and regulations thereunder (the "Tax Act") and all specific proposals for amendments thereto publicly announced to the date hereof. The summary is of a general nature and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Purchaser. Each prospective Purchaser should consult its own tax adviser as to the tax consequences to it of investment in Units of the Funds.

Taxation of the Funds

The Funds' policy is to distribute all of its net income and net taxable capital gains to its Purchasers at the end of each calendar year (on a quarterly basis with respect to the net income). If this policy is followed, the Funds will not be liable for Canadian income tax. However, to the extent that the expenses of the Funds exceed its net income other than taxable capital gains, the Funds may be subject to alternative minimum tax.

Taxation of Purchasers

In general, Purchasers will be required to include in their income those portions of net income and net taxable capital gains that are paid or payable to such Purchasers whether or

not such amounts have been reinvested in additional Units. Provided that the Funds make appropriate designations, that portion of taxable dividends received from taxable Canadian corporations and net taxable capital gains will generally retain their character for income tax purposes as if received by Purchasers directly. Purchasers will realize capital gains (or capital losses) on redemption of Units of the Funds to the extent that the proceeds of disposition, less any disposition costs, exceed (or are exceeded by) the adjusted cost base of those Units. Capital gains realized may give rise to a liability for alternative minimum tax. An additional refundable 6 2/3% tax may be payable by a Purchaser that, throughout the relevant taxation year, is a Canadian-controlled private corporation (as defined in the Tax Act) on certain investment income, including taxable capital gains.

Distributions made to a Purchaser that are not included in the Purchaser's income for the year will reduce the adjusted cost base of the Units of the Purchaser by the amount of such distributions. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain to the Purchaser and the adjusted cost base of the Unit to the Purchaser will be increased by the amount of such deemed capital gain.

The Funds may receive income in the form of interest and dividends in respect of securities of foreign entities held by the Funds. Such amounts received are generally net of any taxes withheld in the foreign jurisdiction. The taxes withheld will be included in the computation of income under the Tax Act. To the extent that the Funds so designates under the Tax Act, Purchasers will be entitled to treat such income as foreign income earned and such taxes as foreign taxes paid. The foreign tax credit that may be deducted by a Purchaser from Canadian income taxes otherwise payable will depend on the nature and circumstances of the Purchaser.

The Funds are registered investments within the meaning of the Tax Act. The Units of the Funds acquired at a specific date will be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans provided that the Funds are mutual fund trusts or registered investments under the Tax Act on that date.

Purchasers should consult their own tax advisors before purchasing Units.

RISK FACTORS

Certain risk factors relating to the Funds and the Units are described below. Additional risks and uncertainties not currently known to the Manager or that are not currently considered material, may also impair the operations of the Funds. If any such risk actually occurs, the activities, financial condition, liquidity or results of operations of the Funds, and the ability of the Funds to make distributions on the Units, could be adversely affected.

No Assurance of Return

While the Manager believes that the Funds' investment objectives will be successful over the long term, there can be no guarantee against losses resulting from an investment in Units of the Funds and there can be no assurance that the Funds' investment approach will be successful or that its investment objectives will be attained. The success of the Funds will depend upon the success of the Funds' investment strategy, which in turn will depend upon a number of conditions that are beyond the control of the Funds and the Manager. There can be

no assurance that any trading strategy employed on behalf of the Funds will produce profitable results. The Funds could realize substantial losses rather than gains from some or all of the investments described herein which will affect the net asset value of the Funds.

Loss of Investment

An investment in the Funds is appropriate only for investors who have the capacity to absorb investment loss. The purchase of Units of the Funds should be considered only by investors who do not require immediate liquidity of their investment and who can reasonably afford a substantial impairment of their investment.

Not a Trust Company

The Funds are not trust companies and, accordingly, are not registered under the trust company legislation of any jurisdiction. Although the Funds are “mutual funds” as defined in the securities legislation applicable in certain provinces, it does not operate in accordance with the requirements of *Regulation 81-102 respecting Mutual Funds* and other policies and regulations of the securities regulatory authorities that are applicable to mutual funds that have offered securities under a prospectus and are reporting issuers. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under provisions of the *Canada Deposit Insurance Corporation Act* or any other legislation.

Redemptions

The payment in cash by the Funds of the redemption price of Units will reduce the amount of cash available to the Funds for the payment of distributions to the Purchasers of record of the Funds, as the payment of the amount due in respect of redemptions will take priority over the payment of cash distributions.

THE FOREGOING RISK FACTORS DO NOT COMPLETELY EXPLAIN THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS SHOULD THEREFORE READ THIS ENTIRE CONFIDENTIAL OFFERING MEMORANDUM, AND CONSULT THEIR OWN ADVISERS BEFORE INVESTING IN THE FUNDS.

REPORTING AND FISCAL YEAR

The Manager furnishes to each Purchaser, at the time of investment in Units, a statement setting forth the number of Units of the Funds held by the Purchaser. In addition, Purchasers will be sent audited annual financial statements and unaudited semi-annual financial statements of the Funds. The fiscal year end of the Funds is December 31.

AMENDMENT OF TRUST AGREEMENT AND TERMINATION OF TRUST

The Trust Agreement may be amended by the Manager, at any time, without notice to the Purchasers, if such amendment is not prejudicial to Purchasers and is necessary or desirable or is for the purpose of ensuring compliance with applicable laws in effect from time to time, providing additional protection to Purchasers, dealing with minor or clerical matters or correcting ambiguities, omissions or errors. Any other amendment to the Trust Agreement may be made by the Manager at any time on 60 days prior written notice to the Purchasers.

The Funds may be terminated at any time at the discretion of the Manager. The Trustee may resign as trustee of the Funds upon 60 days' prior written notice to the Purchasers and the

Manager. If no successor trustee is appointed in accordance with the Trust Agreement, the Funds will be terminated. On termination of the Funds, the Trustee will distribute the assets of the Funds in accordance with the Trust Agreement.

MATERIAL CONTRACTS

There are no material contracts other than the Trust Agreement. A copy of the Trust Agreement, as amended, may be requested from the Manager.

RECORD KEEPER AND CUSTODIAN

The Trustee acts as record keeper for the Units at its office in Toronto and also acts as custodian of the Funds for safekeeping the cash and securities of the Funds.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to an offering memorandum with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a “Misrepresentation”. Where used herein, the term “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 not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

Ontario

Section 130.1 of the *Securities Act* (Ontario) (the “Ontario Act”) provides that every purchaser of securities pursuant to an offering memorandum (such as this offering memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

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

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

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

This offering memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 (the “accredited investor exemption”) and section 2.10 (the “minimum amount exemption”) of Regulation 45-106. The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this offering memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in Regulation 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Alberta

Securities legislation in Alberta provides that every purchaser of securities in reliance on the exemption set forth in section 2.10 (the “minimum amount exemption”) of Regulation 45-106 pursuant to this offering memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission against the Funds and certain other persons if this offering memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the *Securities Act* (Alberta) (the “Alberta Act”) for particulars of those rights or consult with a lawyer.

Specifically, Section 204 of the Alberta Act provides that if this offering memorandum, or any amendment to it, contains a misrepresentation (as defined in the Alberta Act), a purchaser who purchases Units offered by this offering memorandum or any amendment shall be deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Funds, every director of the Funds at the date of this offering memorandum, and every person or company who signed this offering memorandum or, alternatively, for rescission against the Funds. If the purchaser exercises its right of rescission against the Funds, the purchaser will not have a right of action for damages against the Funds or against any aforementioned person or company. No such

person or company is liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation. 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. The amount recoverable under this right of action will not exceed the price at which the Units are offered.

In Alberta, no action shall be commenced to these rights of action more than:

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

The foregoing summary is subject to the express provisions of the Alberta Act and the regulations promulgated thereunder and specific reference should be made to same. The rights of action for rescission or damages are in addition to, and without derogation from, any other right to the purchaser may have at law.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this offering memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defenses available to the issuer and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

British Columbia, Alberta and Québec

Notwithstanding that *the Securities Act* (British Columbia), the Alberta Act and the *Securities Act* (Québec) do not provide, or require the Funds to provide to purchasers resident in the Province of Alberta purchasing under the exemption contained in section 2.3 (the “accredited investor exemption”) of Regulation 45-106 and to purchasers in British Columbia and Québec any rights of action in circumstances where this offering memorandum or an amendment hereto contains a Misrepresentation, the Funds hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

PERSONAL INFORMATION

By purchasing the Units, the Purchaser acknowledges that the Funds and their respective agents and advisers may each collect, use and disclose its name and other specified personally identifiable information, including the amount of the Units that it has purchased for purposes of meeting legal, regulatory and audit requirements and as otherwise permitted or required by law or regulation. The Purchaser consents to the disclosure of that information.

By purchasing the Units, the Purchaser acknowledges (A) that personal information concerning the Purchaser will be disclosed to the relevant Canadian securities regulatory authorities, including the Ontario Securities Commission, and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the Purchaser consents to the disclosure of the personal information; (B) is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; and (C) is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; by purchasing the Units, the Purchaser shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities. Questions about such indirect collection of personal information by the Ontario Securities Commission should be directed to the Administrative Assistant to the Director of Corporate Finance, Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or to the following telephone number (416) 593-8086.

PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING LEGISLATION

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Manager may require additional information concerning investors.

If, as a result of any information or other matter which comes to the Manager’s attention, any director, officer or employee of the Funds, or its professional advisers, knows or suspects that an investor is engaged in money laundering or terrorist financing, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the

disclosure of information imposed by law or otherwise.