

**CONFIDENTIAL OFFERING MEMORANDUM**  
**Dated May 7, 2015**  
**Amended and Restated March 19, 2021**

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

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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 a Delaware Limited Liability Company and 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 Brossard, Québec.

**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.

<b>The Offering</b>	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.
<b>Minimum Investment</b>	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.
<b>Valuation Day</b>	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.
<b>Distributions</b>	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.
<b>Redemption</b>	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.
<b>Canadian Federal Income Tax Considerations</b>	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.
<b>Eligibility for Investment</b>	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.
<b>Fees and Expenses</b>	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 obligate 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 5005 Lapiniere Blvd., Suite 2010, Brossard, QC, Canada J4Z 0N5.

The Manager of the Funds is responsible for their day-to-day business activities. The Manager is a Delaware Limited Liability Company and 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 Brossard, Québec.

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 Canadian and provincial government bonds, corporate bonds, convertible bonds, preferred shares, income trusts, real estate investment trusts, hybrid products as well as dividend paying equities 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 30 to 40 Canadian equity names. Each company must pay a dividend with the expectation that the company will grow the dividend.
- 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.
- It will have a focus in companies that have capitalization of at least \$3 billion.
- It may have up to 20% of its assets in companies that have a market capitalization under \$3 billion.
- 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.

If the Manager determines that an investor is no longer eligible to hold a Class of Units or would be eligible to hold another Class of Units, the Manager may switch the investor from one Class of Units to another Class of Units which such investor is eligible to hold.

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 1/12<sup>th</sup> 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 1/12<sup>th</sup> 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 1/12<sup>th</sup> 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 1/12<sup>th</sup> 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 1/12<sup>th</sup> 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 AND CONTRACTUAL RIGHTS OF ACTION**

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

### **Rights for Purchasers in Alberta**

Securities legislation in Alberta provides that every purchaser of Units pursuant to this Offering Memorandum or any amendment thereto shall have, in addition to any other rights they may have

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

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

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

No person or company referred to above is liable if the person or company proves that the purchaser had knowledge of the misrepresentation. In addition, no person or company will be liable in an action pursuant to section 204 of the Alberta Act if the person or company proves that:

- (a) this Offering Memorandum or any amendment thereto was sent to the purchaser without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
- (b) on becoming aware of the misrepresentation in this Offering Memorandum, the person or company withdrew its consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) if, with respect to any part of this Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company proves had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the relevant part of this Offering Memorandum or any amendment thereto did not fairly represent the report, opinion

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

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

In an action for damages, the defendant will not be liable for all or any part of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon. The amount recoverable under this right of action will not exceed the price at which the Units were offered under this Offering Memorandum or any amendment thereto. The rights of action for rescission or damages are in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Alberta Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

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

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

The foregoing rights are subject to the following limitations:

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

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

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

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

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

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

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

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

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

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

## Rights for Purchasers in Quebec

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

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

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

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

However, there will be various defences available to the persons that purchasers will have a right to sue. For example, they will have a defence if purchasers knew of the misrepresentation when they purchased the Units. In an action for damages, a person listed above, other than the Fund or the persons in charge of the Fund's patrimony, will not be liable if that person acted with prudence and diligence.

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

- (a) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and
- (b) there was a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If purchasers of Units intend to rely on the rights described in (a) or (b) above, they will have to do so within strict time limitations. Purchasers will have to commence an action to cancel the agreement or revise the price within three years after the date of the purchase. Purchasers will

have to commence an action for damages within the earlier of (i) three years after they first had knowledge of the facts giving rise to the cause of action (except on proof of tardy knowledge imputable to purchasers negligence) or (ii) five years after the filing of this Offering Memorandum with the AMF.

### **Rights for Purchasers in British Columbia**

Investors in British Columbia are granted the same rights of action for damages or rescission as residents of Ontario who purchase Units.

The rights summarized above are in addition to and without derogation from any other rights or remedy which investors may have at law.

### **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.