



individuals or subscribers resident in Alberta, that are not purchasing as “accredited investors” the minimum investment shall be Units with an aggregate acquisition cost of not less than \$150,000. See “Details of the Offering”.

If there is a misrepresentation in this Offering Memorandum, purchasers resident in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the Northwest Territories may, in certain circumstances, be provided with a remedy for rescission or damages. See “Purchasers’ Rights of Action for Damages and Rescission”.

Spartan Fund Management Inc. will act as the trustee (in such capacity, the “**Trustee**”) and the investment fund manager and promoter (in such capacity, the “**Manager**”) of the Fund.

**The Fund may be considered a connected and/or related issuer of the Manager for the purposes of applicable Canadian securities laws.** The Manager receives a management fee and may be entitled to receive a performance fee from the Fund in connection with its services as an investment fund manager and portfolio manager. The Manager may also act as an exempt market dealer for the distribution of Units but does not receive a fee for acting in such capacity. See “Conflicts of Interest”.

**An investment in the Fund involves risk, and such an investment should only be made after consultation with independent qualified sources of investment and tax advice. The purchase of Units of any class of the Fund should be considered only by investors financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund.**

**There is no market through which any of the Units may be sold and none is expected to develop. However, Units may be redeemed in accordance with the provisions of this Offering Memorandum and the Declaration of Trust. See “Redemption of Units”. All securities purchased pursuant to this Offering Memorandum are subject to restrictions on resale unless a further exemption may be relied upon by the investor or an appropriate discretionary order is obtained pursuant to applicable securities laws. The Units are also subject to resale restrictions under the Declaration of Trust (as defined herein). Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of any of the Units under applicable securities legislation. Redemptions may be suspended under certain defined circumstances. There are certain additional risk factors associated with investing in any of the Units. Potential investors should consult their own professional advisers and should carefully review the risk factors outlined in this Offering Memorandum. See “Risk Factors”.**

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Offering Memorandum contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Fund believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Fund) are forward-looking statements. These forward-looking statements reflect the current expectations, assumptions or beliefs of the Manager based on information currently available to the Manager. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Fund to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Fund. Factors that could cause actual results or events to differ materially from current expectations include, among other things, volatility in financial markets, fluctuations in currency exchange rates and interest rates, tax consequences, changes in applicable laws and other risks associated with investing in securities and those factors discussed under the section entitled “Risk Factors” in this Offering Memorandum. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Fund disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Manager believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

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## SUMMARY

*Prospective purchasers are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Fund. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum. Capitalized terms not otherwise defined in this summary have the meanings ascribed to them in the Glossary. All references in this Offering Memorandum to “dollars” or “\$” are to Canadian dollars unless otherwise indicated.*

**The Fund:** LSQ SPAC Fund (the “**Fund**”) is an open-end investment fund established as a trust under the laws of the Province of British Columbia pursuant to a declaration of trust dated as of January 7, 2019 and amended and restated as of April 1, 2020, June 23, 2020 and July 23, 2020, as the same may be amended, supplemented, amended or amended and restated from time to time (the “**Declaration of Trust**”). Spartan Fund Management Inc. is the trustee (in such capacity, the “**Trustee**”) and the investment fund manager and promoter (in such capacity, the “**Manager**”) of the Fund and is responsible for the management and administration of the Fund. See “The Fund”.

**Trustee and Manager of the Fund:** Spartan Fund Management Inc.  
100 Wellington Street West, Suite 2101  
Toronto, Ontario  
Canada, M5K 1J3

**The Offering:** The Fund is offering an unlimited number of Class F Units, Class X Units, Class USF Units and Class USX Units (the “**Units**”) issued in series pursuant to exemptions from the prospectus requirements of applicable securities legislation (the “**Offering**”). Upon the Fund reaching a Net Asset Value of \$10,000,000, no further Class X or Class USX Units will be offered by the Fund except in the sole discretion of the Manager.

The minimum initial investment in Units for subscribers resident in any province or territory of Canada (the “**Offering Jurisdictions**”): (i) who qualify as “accredited investors” (as such term is defined in National Instrument 45-106 *Prospectus Exemptions* and, in Ontario, in Section 73.3 of the *Securities Act* (Ontario)) is \$25,000 for Class F Units and Class X Units (US\$25,000 for Class USF Units and Class USX Units); and (ii) for subscribers, other than individuals or subscribers resident in Alberta, that are not purchasing as “accredited investors” the minimum investment shall be Units with an aggregate acquisition cost of not less than \$150,000. The Manager may in its discretion accept subscriptions for lesser amounts subject to compliance with applicable securities legislation. The Manager reserves the right to accept or reject subscriptions for Units, to change the minimum amounts for investment in the Fund and/or to discontinue the Offering at any time and from time to time. See “Details of the Offering”.

A Unitholder may make an additional investment in Units of not less than \$5,000 or US\$5,000, as applicable, provided that: (i) at such time the Unitholder is an accredited investor; (ii) the Unitholder is not an individual and not resident in Alberta and is purchasing Units with an aggregate acquisition cost of not less than \$150,000; or (iii) the Unitholder initially acquired Units as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of such initial acquisition and at the time of the additional subscription holds Units of the same Class with an aggregate acquisition cost, or an aggregate net asset value, of not less than \$150,000. See “Details of the Offering”.

Each Unit of the same Class or Series will represent an equal undivided interest in the net assets of the Fund attributable to that Class or Series of Units. The Fund is authorized to issue an unlimited number of Classes and Series of Units and an unlimited number of Units in each such Class or Series. Each whole Unit of a particular Class and Series has equal rights to each other Unit of the same Class and Series with respect to all matters, including voting, receipt of distributions,

liquidation and other events in connection with the Fund. See “Description of Units”.

**Units of the Fund:**

There are four Classes of Units currently offered by the Fund pursuant to this Offering Memorandum: Class F Units, Class X Units, Class USF Units and Class USX Units. Each Class is issued in Series. Each Class has the same investment objectives, strategy and restrictions but differ in respect of one or more of their features, such as management fees, sales commissions, minimum investment and currency denomination, as set out herein. Class F Units, Class X, Class USF Units and Class USX Units of the Fund may carry a front-end sales commission at the time of purchase of up to 2.0%. Class F Units and Class USF Units of the Fund may be purchased by investors who are enrolled in fee-based programs through their broker, dealer or advisor and who are subject to an annual asset-based fee. Class X Units and Class USX Units are intended primarily for institutional or ultra high net worth investors. Class F Units and Class X Units are denominated in Canadian dollars, and Class USF Units and Class USX Units are denominated in U.S. dollars. See “Details of the Offering”.

**Offering Price:**

Canadian dollar denominated Classes of Units are initially offered at \$100.00 per Unit and U.S. dollar denominated Classes of Units are initially offered at U.S.\$100.00 per Unit, and thereafter on a continuous basis at the Net Asset Value per Unit of the applicable Class and Series as of the last Business Day (as hereinafter defined) of each month or any other Business Day as the Manager may designate (each a “**Valuation Date**”). Fractional Units will be issued up to a maximum of four decimal places. See “Purchase of Units”.

**Investment Objective of the Fund:**

The investment objective of the Fund is to generate consistent positive risk-adjusted returns with low volatility and low correlation to the equity markets. There can be no assurance that the investment objective will be achieved and investment results may vary substantially over time. See “Investment Objective of the Fund”.

**Investment Strategy of the Fund:**

The Fund will seek to achieve its investment objective by primarily investing in publicly-listed North American Special Purpose Acquisition Corporations (“SPACs”) along with derivative instruments relating thereto. The Fund will primarily focus on SPACs traded on U.S. exchanges. The Fund’s investments will include common equities, derivative instruments and other securities including the selling short of such securities and the use of leverage against such long and short positions. See “Investment Strategies of the Fund”.

The Fund is also subject to certain investment guidelines and restrictions. See “Investment Guidelines and Restrictions of the Fund”.

**Use of Leverage:**

The Fund has the authority to borrow money to pay redemptions and for cash management purposes. In addition, the Fund may also borrow for investment purposes. The Fund may borrow funds from brokerage firms and banks and purchase investments on margin. The investment strategies utilized by the Fund may employ leverage when deemed appropriate by the Manager, including to enhance returns and to meet redemptions that would otherwise result in the premature liquidation of investments. The investment program utilized by the Fund may employ leverage through the use of options, swaps and other derivative instruments or through trading on margin. See “Investment Strategies of the Fund - Use of Leverage” and “Risk Factors - Leverage”.

**Currency Hedging:**

Class F Units and Class X Units are denominated in Canadian dollars, and Class USF Units and Class USX Units are denominated in U.S. dollars. The functional currency of the Fund is Canadian dollars. The exposure of the Canadian dollar-denominated and U.S. dollar-denominated Classes of Units to the Fund is the same except that the returns to the U.S. dollar-denominated Classes of Units are subject to fluctuations in the Canadian to U.S. dollar exchange rate. It is anticipated that the currency exposure of the U.S. dollar-denominated Classes of Units will be

substantially, but not fully, hedged.

The underlying investments held in the portfolio of the Fund may be denominated in U.S. dollars and other foreign currencies and any return on such investments will be in the same currency. A fluctuation in the Canadian dollar against the U.S. dollar and in the Canadian dollar or U.S. dollar (as the case maybe) against other foreign currencies could cause the value of the underlying investments to diminish or increase irrespective of performance. It is the intention of the Fund to hedge this risk through a program of currency risk management. Any costs and related liabilities and/or benefits relating to such hedging will be reflected in the Class Net Asset Value to which such hedging relates. There may be circumstances in which the Fund may not be able to, or may determine that it is not advisable to, hedge its exposure to foreign currencies. There is no assurance that the Fund will hedge the foreign currency exposure of its underlying investments or that it will be possible to remove all currency risk exposure. See “Currency Hedging”.

**Net Asset Value:**

The Administrator has been appointed by the Manager to calculate the net asset value (“**Net Asset Value**”) of the Fund. The Net Asset Value, the Net Asset Value per Unit, the Net Asset Value for each Class of Units (the “**Class Net Asset Value**”) and the Class Net Asset Value per Unit will be determined by the Administrator in accordance with the Fund’s valuation policy as of each Valuation Date. A separate Series Net Asset Value and Series Net Asset Value per Unit is calculated for each Series of each Class of Units. See “Determination of Net Asset Value”.

**Suspension of Calculation of Net Asset Value:**

The Fund may suspend the calculation of Net Asset Value and Class Net Asset Value and any subscriptions or redemptions of the Units: (i) for the whole or any part of a period during which normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which a majority of the securities are listed and traded, or on which specified derivatives are traded, if those securities or specified derivatives represent more than 50% by value, or underlying market exposure, of the assets of the Fund, without allowance for liabilities, and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative; or (ii) during any other period in which the Manager determines that conditions exist which impair the ability to determine the value of the assets of the Fund; or (iii) with the approval of the relevant securities regulatory authorities or as otherwise required or permitted under applicable securities laws. See “Determination of Net Asset Value - Suspension of Calculation”.

**Purchase Procedure:**

Units of the Fund are offered and sold pursuant to available exemptions from the prospectus requirements under applicable securities legislation in the Offering Jurisdictions. Prospective investors that are Canadian residents must invest the minimum initial subscription amount of:

- (a) \$25,000 for Class F Units and Class X Units (US\$25,000 for Class USF Units and Class USX Units), for subscribers that qualify as “accredited investors” (as such term is defined in National Instrument 45-106 *Prospectus Exemptions* and, in Ontario, in Section 73.3 of the *Securities Act* (Ontario)); or
- (b) \$150,000 for Class F Units, Class X Units, Class USF Units and Class USX Units, for subscribers, other than individuals or subscribers resident in Alberta, that are not purchasing as “accredited investors”.

Upon the Fund reaching a Net Asset Value of \$10,000,000, no further Class X or Class USX Units will be offered by the Fund except in the sole discretion of the Manager.

A Unitholder may make an additional investment in Units of not less than \$5,000 or US\$5,000, as applicable, provided that: (i) at such time the Unitholder is an accredited investor; (ii) the Unitholder is not an individual or resident in Alberta and

is purchasing Units with an aggregate acquisition cost of not less than \$150,000; or (iii) the Unitholder initially acquired Units as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of such initial acquisition and at the time of the additional subscription holds Units of the same Class with an aggregate acquisition cost, or an aggregate net asset value, of not less than \$150,000.

At the discretion of the Manager, subscriptions for lesser amounts which comply with other available exemptions from prospectus requirements under applicable securities legislation may be accepted. To initially subscribe for Units, an investor must complete a subscription agreement (the “**Subscription Agreement**”). An investor purchasing through a registered dealer should contact the dealer in order to understand the deadlines to deliver the completed Subscription Agreement to the dealer. No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

In order for a subscription request to be processed at the Net Asset Value per Unit of the applicable Class and Series determined on a particular Valuation Date, a completed Subscription Agreement must be received by the Administrator before 4:00 p.m. (EST) on the relevant Valuation Date (provided that the Manager reserves the right, but shall not be obligated, to accept subscriptions that are received after 4:00 p.m. (EST) on the relevant Valuation Date). All subscription requests received after such time will be processed at the Net Asset Value per Unit of the applicable Class and Series determined as of the Valuation Date for the following month. Payment must be received with the completed Subscription Agreement or, in the case where a registered dealer (a “**Registered Dealer**”) acts as agent for an investor, subscription funds may be provided by the Subscriber directly from the Subscriber’s account at the Subscriber’s Registered Dealer within two (2) Business Days following the date the subscription request is received.

Units of the Fund are offered by the Manager directly and through Registered Dealers. No sales commission is charged by the Fund or the Manager for the purchase of Units of the Fund through the Manager.

The Manager has the discretion to reject any subscription request. The decision to accept or reject any subscription request will be made as soon as possible, and in any event, within two (2) Business Days of receipt of the request. If the subscription request is rejected, all payments received with the request will be refunded without interest or deduction. See “Purchase of Units”.

#### **Redemption of Units:**

Units may be redeemed on a monthly basis, as at the last Valuation Date of each calendar month or any other Business Day as the Manager may designate (each, a “**Redemption Date**”). Upon receipt by the Administrator of a written redemption request not less than 20 calendar days prior to the applicable Redemption Date, the Fund will redeem all or any part of the Units of a Class held by a Unitholder at the Class Net Asset Value per Unit for the applicable Class and Series determined by the Administrator as of the next Redemption Date following receipt of the redemption request. All redemption requests received after 4:00 p.m. (EST) on a date which is not less than 20 calendar days prior to the applicable Redemption Date (provided that the Manager reserves the right, but shall not be obligated, to accept redemption requests that are received after such time) will be processed at the Class Net Asset Value per Unit of the applicable Class and Series calculated as of the Redemption Date in the following month. Redemption requests will be processed in the order in which they are received. The redemption proceeds (net of any Redemption Charge, as hereinafter defined) will be paid to the Unitholder on or about the 15<sup>th</sup> Business Day following the Redemption Date.

The investment objective of the Fund is designed for investors with medium to long-term investment horizons and is not intended as a short-term investment. Therefore, the Fund may charge a 3% short-term trading redemption charge (a “**Redemption Charge**”), based on the Net Asset Value of the redeemed Units, to any Unitholder

who redeems Units within the first 12 months of the purchase of such Units.

The Manager may suspend, or continue a suspension of, the right of redemption of Units of the Fund in certain circumstances. See “Redemption of Units – Suspension of Redemption”.

Partial redemptions that reduce the aggregate Net Asset Value of a Unitholder’s investment below an amount established from time to time by the Manager may result in the Fund requiring a mandatory redemption of all Units held by such Unitholder or redesignating such Unitholder’s Units as Units of another Class with a lower minimum investment. The Manager may in its sole discretion also require the mandatory redemption of Units or redesignation of Units under other circumstances. See “Redemption of Units – Mandatory Redemptions”.

**Eligibility for Investment:**

Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, tax-free savings accounts, deferred profit sharing plans, registered education savings plans, or registered disability savings plans, provided the Fund is a “mutual fund trust” or a “registered investment” under the Tax Act in respect of such plans and funds. Investors that are tax-free savings accounts, registered retirement savings plans, registered retirement income funds, registered disability savings plans, or registered education savings plans should consult their own tax advisors as to whether Units would be “prohibited investments” for such trusts for purposes of the Tax Act. See “Eligibility for Investment”.

**Distributions and Automatic Reinvestment of Distributions:**

The Fund does not currently intend to make any cash distributions but may do so in the future. The Fund intends to distribute to Unitholders sufficient income and capital gains in each taxation year so that it generally will not pay any Canadian federal income tax under Part I of the Tax Act, after taking into account any loss carry forwards and capital gains refunds. Distributions, if any, are paid as of the last Business Day of the calendar year, and at such other times as may be determined by the Manager. Subject to the Manager’s discretion to make distributions of cash, including to those Unitholders who have redeemed their Units during the applicable calendar year, distributions will automatically be reinvested in additional Units. Following such distributions and reinvestments, Units will be immediately consolidated such that the number of outstanding Units held by each Unitholder on such day following the distribution will equal the number of Units held by the Unitholder prior to the distribution, except to the extent that tax has to be withheld in respect of the distribution. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. All distributions will be made on a *pro rata* basis to each registered Unitholder determined as of the close of business on the record date of the distribution. Distributions will be paid in the same currency as the currency denomination of the applicable Unit. “Distribution Policy”.

**Canadian Federal Income Tax Considerations:**

A Unitholder who is resident in Canada for the purposes of the Tax Act will generally be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. Amounts payable to a Unitholder that holds Units as capital property for purposes of the Tax Act in excess of the Unitholder’s share of the Fund’s net income and net realized capital gains will reduce the adjusted cost base of the Unitholder’s Units. If the reductions to a Unitholder’s adjusted cost base would cause the adjusted cost base of a Unit held as capital property to be negative, the Unitholder will be deemed to realize a capital gain equal to such negative amount. A Unitholder who disposes of Units held as capital property (on redemption or otherwise) will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder’s income) exceed (or are exceeded by) the aggregate of the adjusted cost base of Units and any reasonable costs of disposition. See “Certain Canadian Federal Income Tax Considerations”



Each investor should satisfy her/himself as to the tax consequences of an investment in Units by obtaining advice from her/his tax advisor. For a detailed explanation of certain of the Canadian federal income tax considerations generally relevant to investors, see “Certain Canadian Federal Income Tax Considerations”.

**Risk Factors:**

An investment in the Units is subject to certain risks. Prospective investors should give careful consideration to the following factors, among others, in evaluating the merits and suitability of an investment in the Units:

**Risks Associated with an Investment in the Fund**

- Limited Operating History
- Limited Ability to Liquidate Investment
- Reliance on the Manager
- Not a Public Mutual Fund
- Tax Related Risks
- Possible Effect of Redemption
- Charges to the Fund
- Potential Indemnification Obligations
- Lack of Independent Experts Representing Unitholders
- Changes in Investment Strategy
- Trade Errors
- Valuation of the Fund’s Investments
- No Involvement of Unaffiliated Selling Agent
- Use of a Prime Broker to Hold Assets
- Securities Lending
- Potential Unitholder Liability

**Risks Associated with the Fund’s Portfolio**

- General Risks of Investing
- General Economic and Market Conditions
- Liquidity of Underlying Investments
- Changes in Investment Strategy
- SPAC Risk
- Fixed Income Securities
- Equity Securities
- OTC Transactions
- Currency Risk
- Foreign Investment Risk

**Risks of Special Techniques**

- Short Sales
- Leverage
- Concentration

- Liquidity
- Hedging
- Suspension of Trading

See “Risk Factors”.

**Prime Broker and Custodian:**

CIBC World Markets serves as the prime broker and custodian for, and may receive fees from, the Fund. The Manager may appoint other prime brokers in respect of the Fund from time to time.

**Administrator:**

SGGG Fund Services Inc.  
121 King Street West, Suite 300  
Toronto, Ontario,  
M5H 3T9

**Auditors:**

Deloitte LLP  
Toronto, Ontario

**Legal Counsel:**

AUM Law Professional Corporation  
Toronto, Ontario

**Year-end:**

December 31

**Statutory and Contractual Rights of Action:**

Purchasers of Units are entitled to the benefit of certain statutory or contractual rights of action. See “Purchasers’ Rights of Action for Damages and Rescission”.

## SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Fund and Unitholders. Unitholders may have to pay some of these fees and expenses directly. The fees and expenses payable by the Fund will reduce the value of your investment in the Fund. See “Fees and Expenses Relating to the Fund”.

<u>Type of Fee</u>	<u>Description</u>
Management Fees:	<p>The Fund shall pay the Manager a management fee (the “<b>Management Fee</b>”) based upon the Class Net Asset Value of each Class of Units. The Manager will receive a monthly fee equal to:</p> <ul style="list-style-type: none"><li>(a) 1/12 of 1.0% of the aggregate Class Net Asset Value of the Class F Units and Class USF Units of the Fund plus applicable taxes; and</li><li>(b) 1/12 of 1.5% of the aggregate Class Net Asset Value of the Class X Units and Class USX Units of the Fund plus applicable taxes.</li></ul> <p>The Management Fee is calculated and paid monthly as at the last calendar day of each month and as at any other day as the Manager may determine.</p> <p>See “Fees and Expenses Relating to the Fund - Management Fees”.</p>
Performance Fees:	<p><i>Performance Fees payable by the Fund</i></p> <p>The Fund will pay to the Manager a performance fee which shall be calculated and accrued monthly and be paid quarterly (the “<b>Performance Fee</b>”) (plus applicable taxes, if any). The Performance Fee is calculated on a Series-by-Series and Class-by-Class basis in respect of the Class F Units, Class X Units, Class USF Units and Class USX Units. The Performance Fee for a calendar quarter in respect of each Series of Units shall be equal to 20%, in the case of Class F and Class USF, and 10%, in the case Class X and Class USX of the positive difference (“<b>Series Excess Amount</b>”), if any, between the Series Net Asset Value per Unit of such Series of Units and the Series High-Water Mark for each such Series of Units calculated on such Valuation Date. See “Fees and Expenses Relating to the Fund - Performance Fees”.</p>
Establishment and Operating Expenses of the Fund:	<p>The Fund will be responsible for the costs of establishing the Fund and the offering of Units, including, but without limitation, the fees and expenses of legal counsel and the Fund’s auditors. The Fund intends to amortize these costs over the five year period following the date of the initial closing of the offering of Units. The Fund is responsible for the payment of all fees and expenses relating to its operation, including</p> <ul style="list-style-type: none"><li>(i) fees payable to the Manager, a third party administrator, accounting, audit and legal costs, fees associated with the Fund’s bank accounts, custodial, prime broker and safekeeping fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, all Unitholder communication expenses and servicing costs, distribution expenses, the cost of maintaining the Fund’s existence, regulatory fees and expenses, the cost of consulting, data, statistical services, research, organizational costs, distribution costs, regulatory filing fees, all reasonable extraordinary or non-recurring expenses which are directly related to the maintenance and management of the Fund and all taxes, assessments or other regulatory and governmental charges levied against the Fund. The Fund is responsible for the payment of all reasonable extraordinary or non-recurring expenses relating to its operation; and</li><li>(ii) fees and expenses relating to the portfolio investments of the Fund, including the cost of securities, regulatory fees, interest on borrowings and commitment fees and related expenses payable to lenders and</li></ul>

counterparties, brokerage fees, commissions and expenses, banking fees, interest expenses and taxes of all kinds to which the Fund is subject.

The Fund is generally required to pay applicable sales taxes on the management fee, performance fee and on most administration expenses that it pays. Each Class of Units is responsible for the expenses specifically related to that Class and a proportionate share of expenses that are common to all Classes. See “Fees and Expenses Relating to the Fund”.

**Dealer Compensation:**

A sales commission of up to 2% of the purchase price may be deducted from a purchase order for Class F Units, Class X Units, Class USF Units or Class USX Units. Such commission is typically negotiated between the investor and the Registered Dealer through whom the investor purchases the Units and is paid by the investor.

In respect of a purchase of Units, the Manager may agree to pay an additional commission, in an amount to be negotiated on a case-by-case basis, to the Registered Dealer and/or other person legally eligible to accept a commission. Commissions may be modified or discontinued by the Manager at any time. See “Dealer Compensation”.

## GLOSSARY

In this Offering Memorandum, the following terms have the meanings set forth below, unless otherwise indicated.

“**accredited investor exemption**” means the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 and, in Ontario, section 73.3 of the *Securities Act* (Ontario);

“**Administration Agreement**” means certain administrative functions delegated by the Manager to the Administrator pursuant to an administration agreement dated June 14, 2014, as amended from time to time;

“**Administrator**” means SGGG Fund Services Inc., the record-keeper and fund administrator of the Fund;

“**Alberta Act**” means the *Securities Act* (Alberta), as amended;

“**applicable securities laws**” means, at any time, the securities laws, regulations and rules in the Offering Jurisdictions and the requirements, rules and policies of the Canadian securities regulatory authorities that are then applicable to the Fund in the circumstances;

“**Business Day**” means any day (other than a Saturday, Sunday or a statutory holiday in Toronto, Ontario) on which the Toronto Stock Exchange is open for trading;

“**Capital Gains Refund**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of the Fund”;

“**CFTC**” means the U.S. Commodities Futures Trading Commission;

“**Class**” means a particular class of Units;

“**Class Net Asset Value**” means the net asset value of any Class of Units calculated as described under “Determination of Net Asset Value”;

“**Class Net Asset Value per Unit**” means the Class Net Asset Value attributable to each Unit in such Class;

“**CRA**” means the Canada Revenue Agency;

“**Declaration of Trust**” has the meaning given to such term in “The Fund”;

“**Extraordinary Resolution**” means a resolution passed by a majority of not less than 75% of the votes cast by the Unitholders who voted in respect of that resolution whether at a meeting or by way of written resolution;

“**DPSP**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**Investment Assets**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of the Fund”;

“**Investment Guidelines and Restrictions**” has the meaning given to such term in “Investment Guidelines and Restrictions of the Fund”;

“**Fund**” means LSQ SPAC Fund, an open-end investment trust established under the laws of the Province of British Columbia on January 7, 2019 pursuant to the Declaration of Trust;

“**Management Fee**” has the meaning given to such term in “Fees and Expenses Relating to the Fund - Management Fees”;

“**Manager**” means Spartan Fund Management Inc., a company incorporated under the laws of the Province of Ontario and the manager of the Fund;

“**Manitoba Act**” means *Securities Act* (Manitoba), as amended;

“**minimum amount exemption**” means the exemption from the prospectus requirements contained in section 2.10 of NI 45-106;

“**Misrepresentation**” has the meaning given to such term in “Purchasers’ Rights of Action for Damages and Rescission”;

“**Net Asset Value**” or “**NAV**” means the net asset value of the Fund calculated as described under “Determination of Net Asset Value”;

“**Net Asset Value per Unit**” means the Net Asset Value attributable to each Unit;

“**Nova Scotia Act**” means the *Securities Act* (Nova Scotia), as amended;

“**NI 45-106**” means National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators;

“**Offering**” means the offering of an unlimited number of Units of the Fund on a continuous basis pursuant to exemptions from the prospectus and, where applicable, registration requirements of applicable securities legislation;

“**Offering Jurisdictions**” means, collectively, the provinces and territories of Canada;

“**Offering Memorandum**” means this confidential offering memorandum of the Fund dated February 22, 2019, as the same may be amended or amended and restated from time to time;

“**Ontario Act**” means the *Securities Act* (Ontario), as amended;

“**PEI Act**” means *Securities Act* (Prince Edward Island), as amended;

“**Performance Fee**” has the meaning given to such term in “Fees and Expenses Relating to the Fund - Performance Fees”;

“**Plan**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**Prime Brokers**” means CIBC World Markets, which have been appointed to provide custodial services, margin lending, reporting and trade execution on behalf of the Fund, together with any replacement or additional entities appointed from time to time;

“**Proposed Amendments**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations”;

“**RDSP**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**Redemption Charge**” means the 3% short-term trading redemption charge relating to a redemption of Units within the first twelve months of purchase;

“**Redemption Date**” means the last Valuation Date of each calendar month or any such other day as determined from time to time by the Manager;

“**Registered Dealers**” means dealers or brokers that are registered under applicable securities laws of the Offering Jurisdictions to sell securities of investment funds and that are not restricted from selling the Units including, for greater certainty, dealers registered in the category of exempt market dealer;

“**Registered Plan**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**RESP**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**RRIF**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**RRSP**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**Saskatchewan Act**” means *The Securities Act*, 1988 (Saskatchewan), as amended;

“**SEC**” means the U.S. Securities and Exchange Commission;

“**Series**” means a particular series of a Class of Units;

“**Series Excess Amount**” has the meaning given to such term in “Fees and Expenses Relating to the Fund - Performance Fees”;

“**Series High-Water Mark**” has the meaning given to such term in “Fees and Expenses Relating to the Fund - Performance Fees”;

“**Series Net Asset Value**” means the net asset value of any Series of a Class of Units calculated as described under “Determination of Net Asset Value”;

“**Series Net Asset Value per Unit**” means the Series Net Asset Value attributable to each Unit in such Series;

“**SPACs**” means publicly-listed North American Special Purpose Acquisition Corporations;

“**Subscriber**” means a person subscribing for Units of the Fund under a Subscription Agreement;

“**Subscription Agreement**” means the subscription agreement an investor must complete to initially subscribe for units of the Fund;

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time and all regulations promulgated thereunder;

“**Tax Proposals**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations”;

“**Termination Date**” has the meaning given to such term in “Termination of the Fund”;

“**TFSA**” has the meaning given to such term in “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”;

“**Trustee**” means Spartan Fund Management Inc., a company incorporated under the laws of the Province of Ontario and the Trustee of the Fund or, if applicable, its successor;

“**Units**” means the Units of the Fund, and each a “**Unit**”;

“**U.S.**” means United States of America;

“**Unitholders**” means the holders of Units, and each a “**Unitholder**”;

“**Valuation Date**” means the last Business Day of each calendar month on which the Toronto Stock Exchange is open for business or any such other day as determined from time to time by the Manager; and

“**Valuation Time**” means 4:00 p.m. (EST) or such other time as the Manager, in its discretion, deems appropriate to determine the Net Asset Value per Unit and the Net Asset Value.

## THE FUND

LSQ SPAC Fund (the “**Fund**”) is an open-end investment fund established as a trust under the laws of the Province of British Columbia pursuant to the declaration of trust dated as of January 7, 2019 and amended and restated as of April 1, 2020, June 23, 2020 and July 23, 2020, as the same may be amended, supplemented, amended or amended and restated from time to time (the “**Declaration of Trust**”). Spartan Fund Management Inc. is the trustee (in such capacity, the “**Trustee**”) and the investment fund manager and promoter (in such capacity, the “**Manager**”) of the Fund and is responsible for the management and administration of the Fund. The principal office of the Fund and the head office of the Manager and principal distributor of the Fund are situated at 100 Wellington Street West, Suite 2101, Toronto, Ontario, M5K 1J3.

The only undertaking of the Fund is the investment of its funds. An investment in the Fund is represented by trust units (the “**Units**”). Subscribers whose subscriptions have been accepted will become unitholders of the Fund. Holders of Units are hereinafter referred to as “**Unitholders**”.

## THE TRUSTEE

Pursuant to the Declaration of Trust, the Trustee acts on behalf of all Unitholders in matters relating to the Fund. The principal office of the Trustee is located at 100 Wellington Street West, Suite 2101, Toronto, Ontario, M5K 1J3.

The Trustee, and any successor trustee, must be a resident of Canada for tax purposes. The Trustee may resign upon not less than 90 days’ prior written notice to Unitholders. If the Manager resigns as trustee, it may appoint a successor trustee, including an affiliate of the Manager, or a registered trust company, upon providing Unitholders with not less than 30 days’ written notice prior to the appointment of a successor trustee.

The Trustee will be deemed to have resigned without notice in certain circumstances including upon the dissolution, insolvency or bankruptcy of the Trustee or if the Trustee ceases to be resident in Canada or to be qualified to act as trustee in accordance with applicable laws. In the event the Trustee is deemed to resign, a successor trustee shall be appointed by the Manager to fill such vacancy and the replacement trustee, other than an affiliate of the Manager or a registered trust company, shall be elected by majority vote at a special meeting of the Unitholders called to approve such appointment.

The Trustee may be removed on 60 days’ written notice in the event the Trustee is in material breach or default of the provisions of the Declaration of Trust, and, if capable of being cured, such breach or default has not been cured within 20 Business Days’ from written notice to the Trustee of such breach or default, if such removal has been approved by an Extraordinary Resolution of the Unitholders. In the event that the Trustee is removed, a replacement Trustee shall be elected by a majority of the votes cast by Unitholders at the meeting at which the Trustee’s removal was approved.

If, after the resignation or removal of the Trustee, no successor has been appointed within 90 days of the date of the effective date of the notice, the Unitholders may elect a successor trustee by majority vote at a meeting of Unitholders called for such purpose. If the Manager fails to appoint, or the Unitholders fail to elect, a successor trustee in accordance with the Declaration of Trust, the Fund shall be terminated.

The Declaration of Trust provides that the Trustee shall not be liable to the Fund or to any Unitholder for any loss or damage relating to any matter regarding the Fund except in cases where the Trustee fails to act honestly and in good faith and in the best interests of Unitholders to the extent required by laws applicable to trustees, or fails to meet its standard of care. In performing its obligations and duties, the Trustee must act honestly and in good faith, with a view to the best interests of Unitholders and must exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. Furthermore, the Trustee shall not be liable for any acts or omissions based on reliance upon the instructions of the Administrator. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, its affiliates, and each of their officers, directors, employees and agents, in respect of certain liabilities incurred by any of them in carrying out the Trustee’s duties.



The Trustee will not receive fees from the Fund but is entitled to be reimbursed for all expenses which are properly incurred by the Trustee in connection with the performance of its duties.

## **THE MANAGER**

The Manager is responsible for the management of the Fund pursuant to the Declaration of Trust. The Manager's responsibilities include general administrative and management services and the calculation and reporting of the Net Asset Value on a monthly basis. The Manager has delegated certain administrative functions to the Administrator pursuant to the Administration Agreement. As the principal distributor of the Fund, the Manager is also responsible for the offering and sale of Units of the Fund. Units of the Fund may also be purchased from a Registered Dealer.

The Manager will also provide investment advisory and portfolio management services to the Fund, which will include making all investment decisions, investing the net proceeds of each issuance of Units in the Fund portfolio and managing the Fund portfolio in accordance with the investment objectives of the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

Decisions as to the purchase and sale of securities in the Fund portfolio, as to borrowing by the Fund and as to the execution of all portfolio transactions in the Fund portfolio will be made by the Manager, in accordance with and subject to the terms of the Declaration of Trust. In providing all such services, the Manager is authorized, subject to any regulatory restrictions regarding soft dollar transactions, to cause the Fund to enter into soft dollar arrangements and to effect transactions pursuant to such arrangements. This right does not relieve the Manager from an obligation to obtain best execution for transactions.

The Manager is required to exercise its powers and discharge its duties honestly and in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Among its other powers, the Manager may establish the Fund's operating expense budget and authorize the payment of operating expenses.

If the Manager is in material breach or material default of its obligations under the Declaration of Trust and, if capable of being cured, such breach or default has not been cured within 20 Business Days' notice of such breach or default to the Manager, the Fund shall give notice thereof to the Unitholders and the Unitholders may remove the Manager by an Extraordinary Resolution and appoint a replacement manager of the Fund. The Manager will be deemed to have resigned without notice in certain circumstances including upon the dissolution, insolvency or bankruptcy of the Manager or if the Manager ceases to be resident in Canada.

The Declaration of Trust contains provisions for the appointment of a successor fund manager in the event of the removal or resignation of the Manager. If no successor fund manager is appointed in accordance with the Declaration of Trust, the Fund will be terminated.

The Declaration of Trust provides that the Manager and its directors, officers, partners, employees and agents will not be liable to the Fund for any loss or damage relating to any matter regarding the Fund, including any loss or diminution of the value of the assets of the Fund. However, the Manager will incur liability, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or by any material breach or material default by the Manager of its obligations under the Declaration of Trust. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Manager and indemnifying the Manager, and any of its officers, partners, employees and agents, in respect of certain liabilities incurred by any of them in carrying out the Manager's duties.

The Manager was established under the laws of the Province of Ontario. The Manager is registered as a portfolio manager and investment fund manager under the laws of Ontario, British Columbia, Newfoundland and Labrador and Quebec, as an exempt market dealer under the laws of Alberta, Ontario, British Columbia and Quebec and as a commodity trading manager under the laws of Ontario.

## Officers, Directors and Key Investment Personnel of the Manager

The name and position with the Manager of its directors and officers are set out below:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
Gary Ostoich Toronto, Ontario	Director and President	Executive of the Manager
Brent Channell Oakville, Ontario	Director and Managing Director	Executive of the Manager
John Ackerl Millgrove, Ontario	Chief Investment Officer	Executive of the Manager

## INVESTMENT OBJECTIVE OF THE FUND

The investment objective of the Fund is to generate consistent positive risk-adjusted returns with low volatility and low correlation to the equity markets. There can be no assurance that the investment objective will be achieved and investment results may vary substantially over time. There is no guarantee or other form of principal protection for any amounts invested by a Unitholder.

## INVESTMENT STRATEGIES OF THE FUND

The Fund will seek to achieve its investment objective by primarily investing in publicly-listed North American Special Purpose Acquisition Corporations (“SPACs”) along with derivative instruments relating thereto. The Fund will primarily focus on SPACs traded on U.S. exchanges. The Fund’s investments will include common equities, derivative instruments and other securities including the selling short of such securities and the use of leverage against such long and short positions

### *Structure of a SPAC*

Unless and until an acquisition is completed a SPAC generally invests its assets in U.S. Government securities, money market fund securities and cash. If an acquisition that meets the requirements of the SPAC is not completed within a pre-established period of time, the invested funds are returned to the entity’s shareholders. Because SPACs and similar entities are in essence blank check companies without an operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the SPAC’s management to find and consummate a successful acquisition. Some SPACs may pursue acquisitions only within a certain industry. In a typical SPAC initial public offering, the public investors are sold SPAC units. Each SPAC unit is comprised of one share of common stock and a fraction of a warrant and/or a right to purchase a share of common stock in the future.

### *SPAC Investment Strategy*

The Manager believes that the SPAC investment strategy provides investors the return characteristics of positive yield with equity-like upside optionality and a limited downside through the SPAC’s redemption feature.

The Manager will evaluate a number of factors including the SPAC management team’s overall strategy and its likelihood of announcing a suitable qualifying transaction.

### **Use of Leverage**

The Fund has the authority to borrow money to pay redemptions and for cash management purposes. In addition, the Fund may also borrow for investment purposes. The Fund may borrow funds from brokerage firms and banks and purchase investments on margin. The investment strategies utilized by the Fund may employ leverage when deemed appropriate by the Manager, including to enhance returns and to meet redemptions that would otherwise result in the

premature liquidation of investments. The investment program utilized by the Fund may employ leverage through the use of options, swaps and other derivative instruments or through trading on margin.

Borrowing for investment purposes is known as “leverage”. Leverage is defined as the absolute market value of all long positions and short positions over net asset value. Leverage is defined as a factor (rather than an independent source of risk) that influences the rapidity with which changes in market risk, credit risk or liquidity risk change the value of an investment portfolio. Although leverage presents opportunities for increasing total investment return, it also has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment, either directly or indirectly, by the Fund could be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage, directly or indirectly could result in a loss that would be greater than if leverage were not employed. In addition, to the extent the Fund borrows funds, the rates at which it can borrow may affect its operating results.

See “Risk Factors - Leverage”.

### **Currency Hedging**

Class F Units and Class X Units are denominated in Canadian dollars, and Class USF Units and Class USX Units are denominated in U.S. dollars. The functional currency of the Fund is Canadian dollars. The exposure of the Canadian dollar-denominated and U.S. dollar-denominated Classes of Units to the Fund is the same except that the returns to the U.S. dollar-denominated Classes of Units are subject to fluctuations in the Canadian to U.S. dollar exchange rate. It is anticipated that the currency exposure of the U.S. dollar-denominated Classes of Units will be substantially, but not fully, hedged.

The underlying investments held in the portfolio of the Fund may be denominated in U.S. dollars and other foreign currencies and any return on such investments will be in the same currency. A fluctuation in the Canadian dollar against the U.S. dollar and in the Canadian dollar or U.S. dollar (as the case maybe) against other foreign currencies could cause the value of the underlying investments to diminish or increase irrespective of performance. It is the intention of the Fund to hedge this risk through a program of currency risk management. Any costs and related liabilities and/or benefits relating to such hedging will be reflected in the Class Net Asset Value to which such hedging relates. There may be circumstances in which the Fund may not be able to, or may determine that it is not advisable to, hedge its exposure to foreign currencies. There is no assurance that the Fund will hedge the foreign currency exposure of its respective underlying investments or that it will be possible to remove all currency risk exposure.

## **INVESTMENT GUIDELINES AND RESTRICTIONS OF THE FUND**

The investment activities of the Fund are subject to the following investment restrictions:

Investments made by the Fund will be subject to the following investment guidelines and restrictions (“**Investment Guidelines and Restrictions**”) described in paragraphs (a) – (h) below. The Investment Guidelines and Restrictions may be changed by the Manager without notice to Unitholders provided that such change is in accordance with the investment objective of the Fund. The Investment Guidelines and Restrictions of the Fund provide, among other things, as follows:

- (a) **Leverage Restrictions.** The proportion of long positions versus short positions will be a function of the Portfolio Manager’s ability to find attractive situations and the strategy being employed. In any event, the aggregate maximum gross exposure will not exceed 300% of Net Asset Value.
- (b) **Cash.** The Fund may hold cash and cash equivalents as part of the Fund’s portfolio.
- (c) **Purchasing Public Securities.** The Fund will not invest in private companies but can invest in initial public offerings and listed securities and can also invest in derivative instruments to gain access to the returns of such companies.
- (d) **Concentration – Individual Issuers.** Security holdings in any one issuer will be limited to a maximum of 15% of such securities then outstanding.

- (e) **Restriction on Foreign Investments.** The Fund will not acquire an interest in a “non-resident trust” other than an “exempt foreign trust” all as defined for the purposes of the Tax Act.
- (f) **Qualified Investments.** The Fund will, to the extent it qualifies as a “registered investment” but not a “mutual fund trust” for the purposes of the Tax Act, restrict its purchases of securities to “qualified investments” for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans, and tax free savings accounts.
- (g) **Mutual Fund Trust Status.** The Fund will not make any investment or conduct any activity that would prevent the Fund from qualifying or result in the Fund failing to qualify as a “unit trust” or a “mutual fund trust” within the meaning of the Tax Act.
- (h) **Sole Undertaking.** The Fund will not engage in any undertaking other than the investment of the Fund’s assets in accordance with its investment objective and investment strategies.

All amounts and percentage limitations apply at the date the relevant investment is made. If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or total assets of the Fund will not be considered a violation of the Investment Guidelines and Restrictions or require the disposition of any security from the Fund’s portfolio.

#### *Purchases of New Issues*

The Fund may, to the extent permitted by the Rules of the U.S. Financial Regulatory Authority, Inc., as may be amended from time to time (the “**FINRA Rules**”) purchase equity securities that are part of an initial public offering (sometimes referred to as “IPOs” or “new issues”). Under the FINRA Rules, brokers may generally not sell such securities to a private investment fund (such as the Fund) if the fund has investors who are “Restricted Persons”, which includes persons employed by or affiliated with a broker and portfolio managers of hedge funds, other registered and unregistered investment advisory firms or “Covered Investors”, which includes certain persons who are affiliated with certain companies that are current, former or prospective investment banking clients of the broker. The profits and losses from new issues will generally be allocated to investors in the Fund that are not Restricted Persons or Covered Investors. The Fund may, however, avail itself of a “de minimis” exemption pursuant to which a portion of any new issue profits and losses may be allocated to Restricted Persons or Covered Investors.

### **DETAILS OF THE OFFERING**

An unlimited number of Class F Units, Class X Units, Class USF Units and Class USX (the “**Units**”) issued in series pursuant to exemptions from the prospectus requirements of applicable securities legislation (the “**Offering**”). Upon the Fund reaching a Net Asset Value of \$10,000,000, no further Class X or Class USX Units will be offered by the Fund except in the sole discretion of the Manager.

The minimum initial investment in Units for subscribers resident in any province or territory of Canada (the “**Offering Jurisdictions**”): (i) who qualify as “accredited investors” (as such term is defined in National Instrument 45-106 *Prospectus Exemptions* and, in Ontario, in Section 73.3 of the *Securities Act* (Ontario)) is \$25,000 for Class F Units and Class X Units (US\$25,000 for Class USF Units and Class USX Units); and (ii) for subscribers, other than individuals or subscribers resident in Alberta, that are not purchasing as “accredited investors” the minimum investment shall be Units with an aggregate acquisition cost of not less than \$150,000. The Manager may in its discretion accept subscriptions for lesser amounts subject to compliance with applicable securities legislation. The Manager reserves the right to accept or reject subscriptions for Units, to change the minimum amounts for investment in the Fund and/or to discontinue the Offering at any time and from time to time.

A Unitholder may make an additional investment in Units of not less than \$5,000 or US\$5,000, as applicable, provided that: (i) at such time the Unitholder is an accredited investor; (ii) the Unitholder is not an individual or resident in Alberta and is purchasing Units with an aggregate acquisition cost of not less than \$150,000; or (ii) the Unitholder initially acquired Units as principal for an acquisition cost of not less than \$150,000 paid in cash at the

time of such initial acquisition and at the time of the additional subscription holds Units of the same Class with an aggregate acquisition cost, or an aggregate net asset value, of not less than \$150,000.

There are four Classes of Units currently offered by the Fund pursuant to this Offering Memorandum: Class F Units, Class X Units, Class USF Units and Class USX. Each Class is issued in Series. Each Class has the same investment objectives, strategy and restrictions but differ in respect of one or more of their features, such as management fees, sales commissions, minimum investment and currency denomination, as set out herein. Class F Units, Class X Units, Class USF Units and Class USX of the Fund may carry a front-end sales commission at the time of purchase of up to 2.0%. Class F Units and Class USF Units of the Fund may be purchased by investors who are enrolled in fee-based programs through their broker, dealer or advisor and who are subject to an annual asset-based fee. Class F Units and Class X Units are denominated in Canadian dollars, and Class USF Units and Class USX Units are denominated in U.S. dollars.

At the discretion of the Manager, subscriptions for lesser amounts which comply with other available exemptions from prospectus requirements under applicable securities legislation may be accepted. Each subscriber must satisfy applicable regulatory requirements.

## **FEES AND EXPENSES RELATING TO THE FUND**

### **Establishment and Operating Expenses of the Fund**

The Fund will be responsible for the costs of establishing the Fund and the offering of Units, including, but without limitation, the fees and expenses of legal counsel and the Fund's auditors. The Fund intends to amortize these costs over the five year period following the date of the initial closing of the offering of Units. The Fund is responsible for the payment of all fees and expenses relating to its operation, including

- (a) fees payable to the Manager, a third party administrator, accounting, audit and legal costs, fees associated with the Fund's bank accounts, custodial, prime broker and safekeeping fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, all Unitholder communication expenses and servicing costs, distribution expenses, the cost of maintaining the Fund's existence, regulatory fees and expenses, the cost of consulting, data, statistical services, research, organizational costs, distribution costs, regulatory filing fees, all reasonable extraordinary or non-recurring expenses which are directly related to the maintenance and management of the Fund and all taxes, assessments or other regulatory and governmental charges levied against the Fund. The Fund is responsible for the payment of all reasonable extraordinary or non-recurring expenses relating to its operation; and
- (b) fees and expenses relating to the portfolio investments of the Fund, including the cost of securities, regulatory fees, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, banking fees, interest expenses and taxes of all kinds to which the Fund is subject.

The Fund is generally required to pay applicable sales taxes on the management fee, performance fee and on most administration expenses that it pays. Each Class of Units is responsible for the expenses specifically related to that Class and a proportionate share of expenses that are common to all Classes.

### **Management Fees**

The Fund shall pay the Manager a management fee (the "**Management Fee**") based upon the Class Net Asset Value of each Class of Units. The Manager will receive a monthly fee equal to:

- (a) 1/12 of 1.0% of the aggregate Class Net Asset Value of the Class F Units and Class USF Units of the Fund plus applicable taxes; and
- (b) 1/12 of 1.5% of the aggregate Class Net Asset Value of the Class X Units and Class USX Units of the Fund plus applicable taxes.

The Management Fee is calculated and paid monthly as at the last calendar day of each month and as at any other day as the Manager may determine.

## **Performance Fees**

### *Performance Fees payable by the Fund*

The Fund will pay to the Manager a performance fee which shall be calculated and accrued monthly and be paid quarterly (the “**Performance Fee**”) (plus applicable taxes, if any). The Performance Fee is calculated on a Series-by-Series and Class-by-Class basis in respect of the Class F Units, Class X Units, Class USF Units and Class USX F Units. The Performance Fee for a calendar quarter in respect of each Series of Units shall be equal to 20%, in the case of Class F Units and Class USF, and equal to 10%, in the case of Class X Units and Class USX Units, of the positive difference (“**Series Excess Amount**”), if any, between the Series Net Asset Value per Unit of such Series of Units and the Series High-Water Mark (as defined below) for each such Series of Units calculated on such Valuation Date.

“**Series High-Water Mark**” for a Series of Units as at any date means, initially, its subscription price, and thereafter shall be adjusted from time to time to equal its Series Net Asset Value immediately following the payment of a Performance Fee in respect of such Series of Units. The Series High-Water Mark for a Series of Units is adjusted on a pro rata basis for redemptions of the particular Series or Class of the Units.

If a Unitholder redeems Units during the quarter, the Performance Fee which has accrued up to the applicable Valuation Date is deducted from the redemption proceeds payable to such Unitholder and is payable to the Manager at the next Valuation Date. Performance Fees are calculated at each Valuation Date and carried as a liability of the Fund until paid to the Manager, as the case may be, on a quarterly basis or on the redemption of Units in respect of which such Performance Fees are payable.

## **DETERMINATION OF NET ASSET VALUE**

The Administrator has been appointed by the Manager to calculate the Net Asset Value of the Fund. The Net Asset Value, the Net Asset Value per Unit, and the Class Net Asset Value per Unit shall be computed by the Administrator in the general manner described below as at the Valuation Time on each Valuation Date.

The “**Net Asset Value**” of the Fund and of each Series of each Class of Units is determined by the Administrator in accordance with an Administration Agreement. A separate Series Net Asset Value and Series Net Asset Value per Unit is calculated for each Series of each Class of Units. For these purposes, “**Valuation Time**” means 4:00 p.m. (EST) or such other time as the Administrator, in its discretion, deems appropriate to determine the Net Asset Value per Unit and the Net Asset Value and “**Valuation Date**” shall mean the last Business Day of each month on which the Toronto Stock Exchange is open for business, and in any event, December 31<sup>st</sup> of each year or any such other day as determined from time to time by the Manager.

The Net Asset Value as of any date shall equal the fair market value of the assets of the Fund as of such date, less an amount equal to the total Fund liabilities as of such date, determined in accordance with International Financial Reporting Standards.

The Manager may provide or make available estimates of the Net Asset Value or the Series Net Asset Value of any Series of Units of the Fund from time to time. Such estimates, if provided or made available, are for informational purposes only and should not be relied upon or used for any other purpose as they may differ materially from the actual Net Asset Value or Series Net Asset Value calculated by the Fund Administrator in accordance with the procedures described herein.

## **Valuation Principles**

The value of the assets and, if applicable, liabilities of the Fund are determined as follows:

- (a) the value of any cash or its equivalent on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, distributions, dividends or other amounts received (or declared to holders of record of securities owned by the Fund, as applicable, on a date before the Valuation Date

as of which the Net Asset Value is being determined, and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof provided that if the Manager or the Administrator has determined that any such deposit, bill, demand note, accounts receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Fund, as applicable, on a date before the Valuation Date as of which the Net Asset Value is being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager or the Administrator determines to be the fair market value thereof;

- (b) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Administrator) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Administrator such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Date on which the aggregate value of the Fund Property is being determined, all as reported by any means in common use;
- (c) the value of any bonds, debentures and other debt obligations will be valued by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such securities on a Valuation Date at such times as the Administrator, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;
- (e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the total assets are being determined as determined by the Manager or Administrator (generally such asset will be valued at cost until there is a clear indication of an increase or decrease in value);
- (f) any market price reported in currency other than Canadian dollars shall be converted into Canadian dollars by applying the rate of exchange obtained from the best available sources to the Manager or Administrator including, but not limited to, their respective affiliates;
- (g) listed securities subject to a hold period will be valued as described above with an appropriate discount if deemed appropriate as determined by the Manager or Administrator and investments in other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Manager or Administrator; and
- (h) the value of any security or property to which, in the opinion of the Manager or Administrator (in consultation with the Manager), the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager or Administrator, in consultation with the Manager, from time to time adopts.

### **Series Net Asset Value per Unit**

The “**Series Net Asset Value**” of a Series of Units, as of any date, shall equal the Class Net Asset Value for each Series as of such date attributable to the Series, less an amount equal to the total Series liabilities as of such date. The “**Series Net Asset Value per Unit**” shall be computed by the Administrator as at each Valuation Date by dividing the applicable Series Net Asset Value by the total number of Units of such Series then outstanding on such Valuation Date, prior to any issuance or redemption of Units of such Series to be processed by the Manager immediately following such calculation.

## Suspension of Calculation

The Fund may suspend the calculation of Net Asset Value and Class Net Asset Value and any subscriptions or redemptions of the Units: (i) for the whole or any part of a period during which normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which a majority of the securities are listed and traded, or on which specified derivatives are traded, if those securities or specified derivatives represent more than 50% by value, or underlying market exposure, of the assets of the Fund, without allowance for liabilities, and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative; or (ii) during any other period in which the Manager determines that conditions exist which impair the ability to determine the value of the assets of the Fund, or (iii) with the approval of the relevant securities regulatory authorities or as otherwise required or permitted under applicable securities laws.

## PURCHASE OF UNITS

Canadian dollar denominated Classes of Units are initially offered at \$100.00 per Unit and U.S. dollar denominated Classes of Units are initially offered at U.S.\$100.00 per Unit, and thereafter on a continuous basis at the Net Asset Value per Unit of the applicable Class and Series as of each Valuation Date. Fractional Units will be issued up to a maximum of four decimal places.

Units of the Fund are offered and sold pursuant to available exemptions from the prospectus requirements under applicable securities legislation in the Offering Jurisdictions. Prospective investors that are Canadian residents must invest the minimum initial subscription amount of:

- (a) \$25,000 for Class F Units and Class X Units (US\$25,000 for Class USF Units and Class USX Units), for subscribers that qualify as “accredited investors” (as such term is defined in National Instrument 45-106 *Prospectus Exemptions* and, in Ontario, in Section 73.3 of the *Securities Act* (Ontario)); or
- (b) \$150,000 for Class F Units, Class X Units, Class USF Units and Class USX Units, for subscribers, other than individuals or subscribers resident in Alberta, that are not purchasing as “accredited investors”.

Upon the Fund reaching a Net Asset Value of \$10,000,000, no further Class X or Class USX Units will be offered by the Fund except in the sole discretion of the Manager.

A Unitholder may make an additional investment in Units of not less than \$5,000 or US\$5,000, as applicable, provided that: (i) at such time the Unitholder is an accredited investor; (ii) the Unitholder is not an individual or resident in Alberta and is purchasing Units with an aggregate acquisition cost of not less than \$150,000; or (iii) the Unitholder initially acquired Units as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of such initial acquisition and at the time of the additional subscription holds Units of the same Class with an aggregate acquisition cost, or an aggregate net asset value, of not less than \$150,000.

At the discretion of the Manager, subscriptions for lesser amounts which comply with other available exemptions from prospectus requirements under applicable securities legislation may be accepted. To initially subscribe for Units of the Fund, an investor must complete a subscription agreement (the “**Subscription Agreement**”). An investor purchasing through a registered dealer should contact the dealer in order to understand the deadlines to deliver the completed Subscription Agreement to the dealer. No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

In order for a subscription request to be processed at the Class Net Asset Value per Unit determined on a particular Valuation Date, a completed Subscription Agreement must be received by the Administrator before 4:00 p.m. (EST) on the relevant Valuation Date (provided that the Manager reserves the right, but shall not be obligated, to accept subscriptions that are received after 4:00 p.m. (EST) on the relevant Valuation date). All subscription requests received after such time will be processed at the Class Net Asset Value per Unit determined as of the Valuation Date for the following month. Payment must be received with the completed Subscription Agreement or, in the case where a registered dealer (a “**Registered Dealer**”) acts as agent for an investor, subscription funds may be provided by the Subscriber directly from the Subscriber’s account at the Subscriber’s Registered Dealer within two (2) Business Days following the date the subscription request is received.



Units of the Fund are offered by the Manager directly and through Registered Dealers. No sales commission is charged by the Fund or the Manager for the purchase of Units of the Fund through the Manager.

The Manager has the discretion to reject any subscription request. The decision to accept or reject any subscription request will be made as soon as possible, and in any event, within two (2) Business Days of receipt of the request. If the subscription request is rejected, all payments received with the request will be refunded without interest or deduction.

If payment for any Units purchased is not honoured when presented for payment, the Manager may reverse the purchase transaction at the same Net Asset Value per Unit applied to the issue of the Units.

All subscriptions for Units will initially be made through the purchase of interim subscription receipts at a fixed net asset value of \$10 per subscription receipt. Following the calculation of the Class Net Asset Value per Unit, the interim subscription receipts will be automatically converted, without any further action on the part of the subscriber, into the appropriate number of Units of the applicable Class as per each investor's Subscription Agreement. The number of Units of the applicable Class will be the net subscription proceeds divided by the month-end Class Net Asset Value per Unit of such Class determined as at the end of the month in which the subscription order was accepted. Consequently, the initial purchase confirmation will confirm the purchase of the interim subscription receipts while a subsequent confirmation will confirm the final number of Units purchased by the subscriber. The number of interim subscription receipts will be different from the final number of Units so purchased. These interim subscription receipts are not redeemable and do not carry any voting rights.

No certificates will be issued for Units purchased; however, following each purchase the Administrator will send the investor a written statement indicating the subscription price per unit purchased and the number of Units purchased.

## REDEMPTION OF UNITS

Units may be redeemed on a monthly basis, as at the last Valuation Date of each calendar month or any other Business Day as the Manager may designate (each, a "**Redemption Date**"). Upon receipt by the Administrator of a written redemption request not less than 20 calendar days prior to the applicable Redemption Date, the Fund will redeem all or any part of the Units of a Class held by a Unitholder at the Net Asset Value per Unit for the applicable Class and Series determined by the Administrator as of the next Redemption Date following receipt of the redemption request. All redemption requests received after 4:00 p.m. (EST) on a date which is not less than 20 calendar days prior to the applicable Redemption Date (provided that the Manager reserves the right, but shall not be obligated, to accept redemption requests that are received after such time) will be processed at the Net Asset Value per Unit for the applicable Class and Series calculated as of the Redemption Date in the following month. Redemption requests will be processed in the order in which they are received. The redemption proceeds (net of any Redemption Charge, as hereinafter defined) will be paid to the Unitholder on or about the 15<sup>th</sup> Business Day following the redemption date.

The investment objective of the Fund is designed for investors with medium to long-term investment horizons and is not intended as a short-term investment. Therefore, the Fund may charge a 3% short-term trading redemption charge (a "**Redemption Charge**"), based on the Net Asset Value of the redeemed Units, to any Unitholder who redeems Units within the first 12 months of the purchase of such Units.

The Manager may in its absolute discretion decide to satisfy any redemption request in full or in part by instructing the Trustee to transfer in specie such securities or other property of the Fund, which together with payments in cash (if any), shall in the aggregate have a value not less than the redemption amount payable to the Unitholder (i.e., the aggregate Net Asset Value per Unit of such redeemed Units) provided that the value of all securities and other property of the Fund shall be determined as at the relevant Valuation Date. Securities or other property of the Fund which may be transferred to Unitholders on a redemption of Units may not be qualified investments for Plans. The Manager does not anticipate instructing the Trustee to satisfy redemption requests in specie other than in exceptional circumstances such as when one or more redemptions by one or more Unitholders have a materially prejudicial effect on the remaining Unitholders or otherwise materially and adversely affect the Fund.

## **Suspension of Redemption**

The Manager may suspend, or continue a suspension of, the right of redemption of Units of the Fund during any period where there has been a suspension in the calculation of the Net Asset Value. See “Determination of Net Asset Value - Suspension of Calculation”.

If the Manager suspends the right of redemption of Units, a Unitholder may either withdraw his redemption application or receive payment based on the Net Asset Value per Unit next determined after the termination of the suspension.

The Fund may redeem some of the Units for which redemption has been requested by Unitholders and postpone or suspend the redemption of the remaining Units of such Unitholders. Any partial redemption shall be made *pro rata* according to the aggregate number of Units tendered for redemption by each such Unitholder.

## **Mandatory Redemptions or Redesignations**

Partial redemptions that reduce the aggregate Net Asset Value of a Unitholder’s investment below an amount established from time to time by the Manager may result in the Manager requiring a mandatory redemption of all Units held by such Unitholder or redesignating such Unitholder’s Units as Units of another Class (denominated in the same currency) with a lower minimum investment. The Manager may in its sole discretion also require the mandatory redemption of Units or redesignation of Units under other circumstances. Any such mandatory redemption will be made at the applicable redemption price per Unit on the next redemption date following the issuance of not less than 10 days’ prior written notice of the mandatory redemption to the affected Unitholder, and any redesignation will be made at the applicable Net Asset Value per Unit on the next Valuation Date following the issuance of not less than 30 days’ prior written notice of the redesignation to the affected Unitholder.

If at any time the Trustee becomes aware that Units are or may become beneficially owned by one or more entities in the circumstances described below:

- (a) a non-resident of Canada or a partnership that is not a Canadian partnership within the meaning of the Tax Act if it would cause the Fund to lose its status as a “mutual fund trust” under the Tax Act;
- (b) a “financial institution” (as defined in section 142.2 of the Tax Act) if it would cause the Fund to be subject to the mark-to-market rules in section 142.5 of the Tax Act; or
- (c) a “designated beneficiary” of the Fund within the meaning of Part XII.2 of the Tax Act if, as a consequence thereof, the Fund may become liable for tax under Part XII.2 of the Tax Act,

the Trustee, or any third party on the direction of the Trustee, may cause the Fund to redeem all or such portion of the Units at the Net Asset Value per Unit of such Class or Series on the date of redemption, or on such other terms as the Trustee in its sole discretion deems equitable in the circumstances.

## **DEALER COMPENSATION**

A sales commission of up to 2% of the purchase price may be deducted from a purchase order for Class F Units, Class X Units, Class USF Units or Class USX Units. Such commission is typically negotiated between the investor and the Registered Dealer through whom the investor purchases the Units and is paid by the investor.

In respect of a purchase of Units, the Manager may agree to pay an additional commission, in an amount to be negotiated on a case-by-case basis, to the Registered Dealer and/or other person legally eligible to accept a commission. Commissions may be modified or discontinued by the Manager at any time.

## **DESCRIPTION OF UNITS**

Each Unit of the same Class or Series will represent an equal undivided interest in the net assets of the Fund attributable to that Class or Series of Unit. The Fund is authorized to issue an unlimited number of Classes and/or Series of Units and an unlimited number of Units in each such Class and/or Series, subject to any determination to

the contrary made by the Manager in its sole discretion. All Classes and/or Series of Units have the same investment objective, strategy and restrictions but differ in respect of one or more of their features, such as such as management fees, sales commissions, minimum investment and currency denomination. The Fund may issue fractional Units so that subscription funds may be fully invested. Each whole Unit of a particular Class or Series has equal rights to each other Unit of the same Class and Series with respect to all matters, including voting, receipt of distributions from the Fund, liquidation and other events in connection with the Fund. Units will have no preference, conversion, exchange or pre-emptive rights over any other Unit of the same Class or Series. Each whole Unit of a particular Class entitles the holder thereof to one vote at meetings of Unitholders where all Classes vote together, or to one vote at meetings of Unitholders where that particular Class of Unitholders votes separately as a Class. No holder of a fraction of a Unit, as such, shall be entitled to notice of, or to attend or vote at, meetings of Unitholders or of a Class of Unitholders, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Units may only be issued as fully-paid and non-assessable upon receipt of the full consideration for which they are to be issued and are not subject to further call or assessment and no pre-emptive rights attach to them. No certificates representing Units shall be issued by the Manager or Trustee. The rights of Unitholders of the Fund are contained in the Declaration of Trust and may be modified, amended or varied only in accordance with the provisions contained in the Declaration of Trust. Units are transferable on the register of the Fund only by a registered Unitholder or his or her legal representative, subject to compliance with applicable securities laws. Unitholders are entitled to redeem their Units, subject to the Manager's right to suspend the right of redemption. See "Redemption of Units".

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

Each Series of Units is entitled to participate equally in the distributions made by the Fund and, on liquidation, in its assets remaining after satisfaction of outstanding liabilities.

Units of the Fund may be redesignated to Units of another Class, subdivided or consolidated at the discretion of the Manager upon the Manager giving notice to each unit holder.

The provisions or rights attaching to the Units and other terms of the Declaration of Trust may only be modified, amended or varied in accordance with the provisions contained in the Declaration of Trust. See "Amendments to the Declaration of Trust".

## **DISTRIBUTION POLICY**

The Fund does not currently intend to make any cash distributions but may do so in the future. The Fund intends to distribute to Unitholders sufficient income and capital gains in each taxation year so that it generally will not pay any Canadian federal income tax under Part I of the Tax Act, after taking into account any loss carry forwards and capital gains refunds. Distributions, if any, are paid as of the last Business Day of the calendar year, and at such other times as may be determined by the Manager. Subject to the Manager's discretion to make distributions of cash, including to those Unitholders who have redeemed their Units during the applicable calendar year, distributions will automatically be reinvested in additional Units. Following such distributions and reinvestments, Units will be immediately consolidated such that the number of outstanding Units held by each Unitholder on such day following the distribution will equal the number of Units held by the Unitholder prior to the distribution, except to the extent that tax has to be withheld in respect of the distribution. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. All distributions will be made on a *pro rata* basis to each registered Unitholder determined as of the close of business on the record date of the distribution. Distributions will be paid in same currency as the currency denomination of the applicable Unit.

## **REPORTING TO UNITHOLDERS**

Each Unitholder will receive from the Manager or the Administrator or from the Unitholder's Registered Dealer, as the case may be, a statement, on at least an annual basis, showing the Units held and any transactions for the

preceding period. Such statements will contain any amounts reinvested for the Unitholder during the preceding period, the number of additional Units purchased or redeemed on behalf of the Unitholder and the Net Asset Value of the Units determined on the Valuation Date immediately preceding the date of the statement.

Unitholders will be sent audited annual financial statements within 90 days of the Fund's year-end in accordance with their instructions. Unitholders are given the option to receive or not receive annual and interim financial statements and have the ability to change their selection at any time by contacting the Manager.

### **MEETINGS OF UNITHOLDERS**

The Fund will not hold regular meetings; however, the Manager may convene a meeting of Unitholders, or a Class of Unitholders, as it considers appropriate or advisable from time to time. The Trustee must also call a meeting of Unitholders or of a Class of Unitholders on the written request of Unitholders holding not less than 30% of the outstanding Units of the Fund (or of a Class with respect to a Class meeting) in accordance with the Declaration of Trust, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting.

Units of a Class shall vote separately as a Class if a Class is affected by any matter requiring the approval of Unitholders in a manner that is different from Units of another Class or if the notice calling the meeting so provides.

Not less than 21 days' notice will be given of any meeting of Unitholders. The quorum at any meeting is two or more Unitholders present in person or by proxy representing not less than 10% of the Units, or Units of a Class, as applicable, then outstanding. If no quorum is present at such meeting when called, the meeting, if convened upon the request of Unitholders, will be cancelled, and in any other case, the meeting will be adjourned by the Manager to a date and time determined by the Manager, and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum, if notice of the adjourned meeting is given.

Any consent of Unitholders, except as otherwise required under the Declaration of Trust, must be given by not less than 50% of the Units or Units of a Class, as applicable, represented and voted at a meeting or by written resolution.

### **AMENDMENTS TO THE DECLARATION OF TRUST**

Any provision of the Declaration of Trust may be amended by the Manager (except in the circumstances set out below), with the approval of the Trustee, upon notice to Unitholders, but no such amendment may be made that would materially adversely affect the interest of the Unitholders of the Fund as a whole and/or of a Class or Series without the approval of not less than 66 2/3% of the votes cast at a meeting of Unitholders of the Fund or the affected Class or Series. The notice to be provided to Unitholders must be given in writing (and may be provided by electronic means in accordance with the Declaration of Trust) not less than 30 days in advance of the effective date of the amendment unless the Manager and Trustee agree to an earlier effective date.

Any provision of the Declaration of Trust may be amended by the Manager (except in the circumstances set out below), with the approval of the Trustee, without any prior notice to, or approval of, Unitholders if the amendment is necessary to comply with applicable laws or regulatory authorities, to maintain the Fund's status as a "mutual fund trust" for purposes of the Tax Act, to correct any ambiguity, mistake or manifest error contained in the Declaration of Trust, or to provide additional protection to Unitholders or enhance the rights of Unitholders, provided that Unitholders are given notice of the amendments as soon as reasonably possible following the effective date of the amendments.

Any provision of the Declaration of Trust may be amended, deleted, expanded or varied for any of the following purposes upon (i) approval of not less than 66 2/3% of the votes cast at a meeting of Unitholders of the Fund or of the affected Class or Series; or (ii) Unitholders affected by the change having been given not less than 60 days' written notice of the proposed change and the opportunity to redeem their Units prior to the effective date of the change:

- (a) changes to the amendment and termination provisions of the Declaration of Trust;
- (b) the basis of the calculation of a fee or expense that is charged to the Fund is changed in a way that could result in an increase in charges to the Fund paid to the Manager;
- (c) the fundamental investment objective of the Fund is changed, which for greater certainty is to generate consistent positive risk-adjusted returns with low volatility and low correlation to the equity markets;
- (d) the Fund decreases the frequency of the calculation of the Net Asset Value;
- (e) other than the annual reclassification of Series of Units, the redesignation of Series or classes of Units which have been issued as Units of any other Series or class; or
- (f) the Fund undertakes a reorganization with, or transfers its assets to, another fund, if
  - i. the Fund ceases to continue after the reorganization or transfer of assets, and
  - ii. the transaction results in the Unitholders of the Fund becoming unitholders in the other fund; and
  - iii. there is, in the opinion of the Manager, a material difference in the fundamental investment objective of the Fund and the other fund.

In addition, the consent of the Trustee is also required to any amendment if it restricts any protection provided to the Trustee or impacts the responsibilities of the Trustee under the Declaration of Trust.

No change or amendment to the redemption rights attaching to a Class or Series of Units may be made without the prior written consent of a majority of Unitholders of such Class or Series, including changes to the frequency of redemptions, any minimum holding period before which Units may be redeemed, minimum redemption amounts, the implementation of any redemption charges, deferral of payment of redemption proceeds, suspension of redemptions, or any other matter that could limit, penalize or impair the redemption of such Units, where any such change would result in the Fund ceasing to qualify as a “mutual fund trust” for purposes of the Tax Act.

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

The following is, as of April 1, 2020, a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm’s length and is not affiliated with the Fund, and will hold his/her Units as capital property.

Generally, Units will be considered to be capital property to a holder provided the holder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units, and all other “Canadian securities” owned and subsequently owned by such Unitholders, treated as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

This summary assumes that no Unitholder has entered or will enter into a “derivative forward agreement”, as that term is defined for the purposes of the Tax Act, with respect to the Units.

This summary is based on the facts set out in this Offering Memorandum, the current provisions of the Tax Act as at April 1, 2020, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to April 1, 2020 (the “**Tax Proposals**”), and an understanding of the current published

administrative policies and assessing practices of the CRA. Other than the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units. **The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisers for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

### **Status of the Fund**

This summary is based on the assumptions that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust, (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or immovables or real rights in immovables), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), (iii) either the Fund must comply with certain investment conditions or its Units must satisfy certain redemption conditions, and (iv) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units.

An additional condition to qualify as a mutual fund trust for the purposes of the Tax Act is that the Fund may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

If the Fund were not to qualify or continue to qualify as a “mutual fund trust” at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

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

### **Taxation of the Fund**

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains and dividends received in the year on shares of corporations, less the portion thereof that it claims in respect of amounts paid or payable to Unitholders (whether in cash or in Units) in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. The Fund intends to make sufficient distributions in each year of its net income and net capital gains for tax purposes, thereby permitting the Fund to deduct sufficient amounts so that the Fund will generally not be liable in such year for non-refundable income tax under Part I of the Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (the “**Capital Gains Refund**”).

The Fund's portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

Gains and losses realized by the Fund on the disposition of securities will generally be reported as capital gains and capital losses. The Fund may make an election under subsection 39(4) of the Tax Act, if available, so that all gains or losses realized on the disposition of securities that are "Canadian securities" (as defined in the Tax Act) will be deemed to be capital gains or losses to the Fund. Generally, gains and losses realized by the Fund from derivative securities and in respect of short sales of securities (other than Canadian securities) will be treated as income and losses of the Fund, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage and subject to the detailed rules in the Tax Act. Whether gains or losses realized by the Fund in respect of a particular security (other than a Canadian security) are on income or capital account will depend largely on factual considerations.

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Fund in a taxation year must be included in computing the Fund's income for the year, and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by the Fund in a taxation year may be deducted against any taxable capital gains realized by the Fund in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may be deducted against taxable capital gains realized by the Fund in any of the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances described in the Tax Act.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income and such other expenses as permitted by the Tax Act. The Fund may generally deduct the costs and expenses of the Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days. Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules and limitations in the Tax Act.

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

### **Taxation of Unitholders**

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year, including any portions of amounts paid on redemption treated as distributions of income or gains by the Fund. The non-taxable portion of the Fund's net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain. Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends, if any, received or deemed to be received by the Fund on shares of taxable

Canadian corporations as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. Amounts designated as taxable dividends from taxable Canadian corporations will be subject to the gross-up and dividend tax credit rules in the Tax Act.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to utilize, in a taxation year, losses from prior years. The amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount (other than the non-taxable portion of the Fund's net realized capital gains paid or payable to the Unitholder, the taxable portion of which was designated to the Unitholder in a year).

On the disposition or deemed disposition of a Unit, including on a redemption, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder's income as described above) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all identical Units owned by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Unitholder of Units.

For Unitholders who hold Units denominated in U.S. dollars, the cost and proceeds of disposition of Units, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, such Unitholders may realize gains or losses by virtue of the fluctuation in the value of U.S. dollars relative to Canadian dollars.

One-half of any capital gain realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act. In general terms, taxable capital gains realized on the disposition of Units as well as net income of the Fund paid or payable to the Unitholder that is designated as net realized taxable capital gains or as taxable dividends from taxable Canadian corporations may increase the Unitholder's liability for alternative minimum tax.

The Class Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time the Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired, notwithstanding that such amounts will have been reflected in the price paid by the Unitholder for the Units.

Based on the current published administrative policies and assessing practices of the CRA, a redesignation of Units denominated in U.S. dollars into Units denominated in Canadian dollars, and vice versa, may be considered to constitute a disposition of such Units for the purposes of the Tax Act.

### **Taxation of Registered Plans**

Amounts of income and capital gains in respect of Units included in the income of a trust governed by a tax-free savings account ("TFSA"), a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a deferred profit sharing plan, a registered education savings plan ("RESP"), or a registered disability savings plan ("RDSP") (each, a "Plan") are generally not taxable under Part I of the Tax Act, provided that the Units are "qualified investments" for the Plan. See "Eligibility for Investment". Unitholders should consult their own advisers regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Plan.

Notwithstanding the foregoing, if the Units are "prohibited investments" for an RRSP, RRIF, RDSP, RESP or TFSA (each a "**Registered Plan**"), the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. A Unit will generally be a



“prohibited investment” for a Registered Plan if the “controlling individual” (the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF or the subscriber of an RESP) (i) does not deal at “arm’s length” with the Fund (for purposes of the Tax Act), or (ii) has a “significant interest” in the Fund (within the meaning of the Tax Act). A person will generally have a significant interest in a trust if he or she, either alone or together with one or more persons with whom he or she does not deal at arm’s length, holds interests representing 10% or more of the fair market value of all interests in the trust. A Unit will generally not be a “prohibited investment” if the Unit is “excluded property” for Registered Plans.

Annuitants of RRSPs or RRIFs, holders of TFSAs or RDSPs or subscribers of RESPs, should consult with their own tax advisors regarding the “prohibited investment” rules based on their own particular circumstances.

### **International Tax Reporting**

Pursuant to Part XIX of the Tax Act, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident. Pursuant to Part XIX of the Tax Act, Unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange unless the investment is held within certain Plans.

The U.S. enacted *Foreign Account Tax Compliance Act* (“**FATCA**”), imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (“**IGA**”), which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the “**FATCA Tax**”) for Canadian entities such as the Fund provided that: (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing it, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavor to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, Unitholders are required to provide identity and residency and other information to the Fund (and may be subject to penalties for failing to do so) which, in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by Specified U.S. Persons, such information and certain financial information (for example, account balances) will be provided by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service. The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation.

### **ELIGIBILITY FOR INVESTMENT**

Units will be qualified investments under the Tax Act for trusts governed by a Plan, provided the Fund is a “mutual fund trust” or a “registered investment” under the Tax Act in respect of the Plan. Notwithstanding the foregoing, if a Unit is a “prohibited investment” for a Registered Plan, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as the case may be, (each a “**Plan Holder**”) will, among other things, be subject to a penalty tax as a set out in the Tax Act. Plan Holders are advised to consult with their own tax advisors with respect to whether Units are “prohibited investments” in their particular circumstances.

### **RISK FACTORS**

An investment in the Fund involves significant risks. An investment in Units should only be made after consulting with independent and qualified sources of investment and tax advice. An investment in the Fund is speculative and is not intended as a complete investment program. **Only investors who can reasonably afford the risk of loss of their entire investment should consider the purchase of Units. The following does not purport to be a complete summary of all the risks associated with an investment in the Fund.**

## Fund Risk Classification

The Manager has identified the investment risk level of the Fund as an additional guide to help you decide whether the Fund is right for you. The investment risk level indicated for the Fund is required to be determined in accordance with the Canadian Securities Administrator's (CSA) standardized risk classification methodology, which is based on the historical volatility of the Fund as measured by the 10-year annualized standard deviation of the returns of the Fund. The standard deviation represents, generally, the level of volatility in returns that a mutual fund has historically experienced over a set measurement period. It is important to note that other types of risk, both measurable and non-measurable, may exist. It is also important to note that the Fund's historical volatility may not be indicative of its future volatility.

Since the Fund does not have at least 10 years of performance history, the standard deviation of the Fund will be calculated using the actual return history of the Fund, and imputing the return history of a reference index that is expected to reasonably approximate the standard deviation of the Fund for the remainder of the 10-year period.

The reference index we have chosen for the Fund is the S&P/TSX Composite Total Return Index. The S&P/TSX Composite Total Return Index is based on stocks that make up the S&P/TSX Composite Index, with the assumption that all dividends paid are reinvested in the stocks in proportion to their index weights. The S&P/TSX Composite Index contains stocks of the largest companies on the TSX. The index contains both common stock and income trust units. Additions to the index are generally based on quarterly reviews.

The Fund is assigned an investment risk rating in one of five categories, which is determined based on the standard deviation ranges in the CSA's standardized risk classification methodology, as outlined in the table below:

<b>Risk rating</b>	<b>Standard deviation range</b>
Low	0 to less than 6
Low to Medium	6 to less than 11
Medium	11 to less than 16
Medium to High	16 to less than 20
High	20 or greater

Although monitored on a monthly basis, we review the investment risk level of the Fund on an annual basis.

The method that we use to identify the investment risk level of the Fund is available on request, at no cost, by calling us at 416-601-3172 or by sending an email to [admin@spartanfunds.ca](mailto:admin@spartanfunds.ca).

The risk rating assigned to this Fund by the Manager is Low to Medium risk and it is appropriate if you have a medium to long-term investment horizon.

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

### *Limited Operating History*

Although the persons involved in the management of the Fund and the service providers to the Fund, as the case may be, have had long experience in their respective fields of specialization, the Fund has a relatively limited operating and performance history upon which prospective investors can evaluate the Fund's performance.

### *Limited Ability to Liquidate Investment*

There is no formal market for the Units and one is not expected to develop. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units at any Valuation Date subject to the limitations described under "Redemption of Units". Unitholders may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan. This offering of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities law.

### *Reliance on the Manager*

The Fund relies on the ability of the Manager to manage the assets of the Fund. The Manager will make investment decisions upon which the success of the Fund will depend significantly. No assurance can be given that the investment approaches utilized by the Manager will prove successful. There can be no assurance that satisfactory replacements for the Manager will be available, if needed. Removal of the Manager will not terminate the Fund, but will expose Unitholders to the risks involved in whatever new investment management arrangements the replacement advisor is able to negotiate. In addition, the liquidation of positions held for the Fund as a result of the resignation or removal of the Manager may cause substantial losses to the Fund.

### *Not a Public Mutual Fund*

Although the Fund is a "mutual fund" as defined in the securities legislation applicable in certain provinces, it does not operate in accordance with the requirements of National Instrument 81-102 *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. As a result, the Fund is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's portfolio.

### *Tax Related Risks*

There can be no assurance that Canadian tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the Fund or its affiliates or the administrative policies and assessing practices of the CRA will not change in a manner that adversely affects the Fund or Unitholders. There can be no assurance that the CRA will agree with the tax treatment adopted by the Fund in filing its tax return. Any disagreement could result in additional tax being payable by the Fund or by Unitholders. A reassessment may result in a Fund being liable for unremitted withholding tax on prior distributions to non-resident unitholders. As the Fund may not be able to recover such withholding taxes from the non-resident unitholders whose Units were redeemed, payment of any such amounts by the Fund may reduce the net assets of the Fund.

If the Fund fails or ceases to qualify as a "mutual fund trust" or a "registered investment" for a Plan under the Tax Act, the income tax considerations described above under the heading "Eligibility for Investment" would be materially and adversely different in certain respects.

If the Fund holds property that is not a "qualified investment" for a Plan at the end of a month where the Fund is a registered investment for such Plan, it may be subject to a penalty tax in respect of such holdings under Part X.2 of the Tax Act.

The Fund may be subject to loss restriction rules contained in the Tax Act unless the Fund qualifies as an "investment fund" as defined in the Tax Act, which, among other things, requires that certain investment diversification restrictions are met, and that unitholders hold only fixed (and not discretionary) interests in the Fund.

If the Fund experiences a “loss restriction event”: (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund’s net income and net realized capital gains at such time to unitholders so that the Fund is not liable for income tax under Part I of the Tax Act on such amounts), and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted. Generally, the Fund will have a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the Tax Act.

#### *Foreign Tax Reporting*

The U.S. enacted FATCA imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into the IGA, which establishes a framework for cooperation and information sharing between the two countries and may provide relief from the FATCA Tax for Canadian entities such as the Fund provided that: (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing it, and (ii) the government of Canada complies with the terms of the IGA. The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation.

#### *Possible Effect of Redemption*

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

#### *Charges to the Fund*

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

#### *Potential Indemnification Obligations*

Under certain circumstances, the Fund may be subject to significant indemnification obligations in respect of the Manager, any portfolio manager or other related parties. The Fund will not carry any insurance to cover such potential obligations and none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the Fund’s Net Asset Value and, by extension, the value of the Units.

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

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

#### *Changes in Investment Strategy*

The Manager may alter its strategy without prior approval by the Unitholders if the Manager determines that such change in strategy is consistent with the Fund’s investment objective and in the best interest of Unitholders. There is no guarantee that such a change in investment strategy will be profitable or will not cause losses for Unitholders.

#### *Trade Errors*

In the course of carrying out trading and investing responsibilities on behalf of the Fund, errors may occur in executing specific trading instructions. This includes situations where the transaction was incorrectly executed: (i) in the wrong security; (ii) on the wrong side of the market; (iii) outside of the price instructions; (iv) for a quantity greater than specified in the instructions; or (v) duplicating a prior execution of the same original order.

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

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

The Fund may have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of its Units while the Fund holds such investments will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund. In addition, there is risk that an investment in the Fund by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the designated value of such investments is higher than the value designated by the Fund. Further, there is risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Fund. The Fund does not intend to adjust the Net Asset Value of the Fund retroactively.

### *Cyber Security Risk*

As the use of technology has become more prevalent in the course of business, each of the Manager and the Fund have become potentially more susceptible to operational risks through breaches of cyber security. A breach of cyber security refers to both intentional and unintentional events that may cause the Manager or the Fund to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause the Manager or the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to the Manager's or the Fund's digital information systems (e.g. through "hacking" or malicious software coding) but may also result from outside attacks, such as denial of service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of the Manager's or the Fund's third party service providers (e.g. administrators and custodians) or issuers that the Fund invests in can also subject the Manager and the Fund to many of the same risks associated with direct cyber security breaches.

### *No Involvement of Unaffiliated Selling Agent*

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

### *Use of a Prime Broker to Hold Assets*

Some or all of the Fund's assets may be held in one or more margin accounts. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the Fund's assets in such accounts, which may result in a potential loss of such assets. As a result, the Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded.

### *Securities Lending*

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans and such collateral is marked to market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

### *Potential Unitholder Liability*

The Fund is a unit trust and, as such, the Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations or unitholders of trusts that have filed a prospectus in certain jurisdictions. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Fund. However, the Declaration of Trust will provide that no Unitholder, in its capacity as such, will be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons will look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's property only will be subject to levy or execution. Pursuant to the Declaration of Trust, the Fund will indemnify and hold harmless out of the Fund's assets each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

The Declaration of Trust provides that the Manager will, where feasible, to cause every written contract or commitment of the Fund to contain an express disavowal of liability of Unitholders.

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

### **Risks Associated with the Fund's Portfolio**

#### *General Risks of Investing*

An investment in the Fund is subject to all risks incidental to investment in securities and other assets, which the Fund may own. These factors include, without limitation, changes in government rules and fiscal and monetary policies, changes in laws and political and economic conditions throughout the world and changes in general market conditions. There can be no guarantee that any profits will be realized by the Fund and, therefore, by the Fund as a holder of Fund Units.

#### *General Economic and Market Conditions*

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

#### *Liquidity of Underlying Investments*

Some of the securities in which the Fund intends to invest may be thinly traded. There are no restrictions on the investment of Fund assets in illiquid securities. Given certain potential market conditions, it is possible that the Fund may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Fund is required to transact in such securities before its intended investment horizon, the performance of the Fund could suffer.

#### *Changes in Investment Strategy*

The Investment Manager may alter the strategy of the Fund if the Investment Manager determines that such change is in the best interest of the Fund.

#### *SPAC Risk*

The Fund may invest in stock, warrants, and other securities of SPACs or similar special purpose entities that pool funds to seek potential acquisition opportunities. Unless and until an acquisition is completed, a SPAC generally invests its assets (less a portion retained to cover expenses) in U.S. Government securities, money market fund securities and cash; if an acquisition that meets the requirements for the SPAC is not completed within a pre-

established period of time, the invested funds are returned to the entity's shareholders. Because SPACs and similar entities are in essence blank check companies without an operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. Some SPACs may pursue acquisitions only within certain industries, which may increase the volatility of their prices. In addition, these securities may be considered illiquid and/or be subject to restrictions on resale. SPACs may be subject to litigation which, notwithstanding management indemnifications, may result in the value of the SPAC being materially negatively impacted.

#### *Fixed Income Securities*

The Fund, to the extent that it holds fixed income securities, will be influenced by financial market conditions and the general level of interest rates in Canada. In particular, if fixed income investments are not held to maturity, the Fund may suffer a loss at the time of sale of such securities.

#### *Equity Securities*

To the extent that the Fund holds equity securities, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Fund. Additionally, as the Fund will be holding foreign investments, it will be influenced by world political and economic factors and by the value of the United States dollar as measured against the foreign currencies which will be used in valuing the foreign investment positions held by the Fund.

#### *OTC Transactions*

The Fund may engage in over-the-counter (OTC) or off-exchange transactions. Such transactions involve additional risks. Off-exchange contracts are not regulated nor are they guaranteed by an exchange or clearinghouse. Rather, participants in such markets act as principals and, accordingly the risks relating to counterparty and clearing firm loss or insolvency are particularly applicable. There is no limitation on the daily price movements of such contracts and speculative position limits are not applicable. Such transactions are also subject to legal risks, such as the legal incapacity of a counterparty to enter into a particular contract or the declaration of a class of contracts as being illegal or unenforceable.

#### *Currency Risk*

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

#### *Foreign Investment Risk*

To the extent that the Fund invests in securities of foreign issuers, it will be affected by world economic factors and in many cases by the value of the United States dollar as measured against foreign currencies. Obtaining complete information about potential investments from foreign markets may also be of greater difficulty. Foreign issuers may not follow certain standards that are applicable in North America, such as accounting, auditing, financial reporting and other disclosure requirements. Political climate may differ, affecting stability and volatility in foreign markets. As a result, the Fund's value may fluctuate to a greater degree by investing in foreign equities, than if the Fund limited its investments to Canadian securities.

### **Risks of Special Techniques**

The special investment techniques that the Manager may use are subject to risks including those summarized below.

#### *Short Sales*

The possible losses to the Fund from a short sale of a security differs from losses that could be incurred from a long position in the security. Losses from a short sale may be unlimited. Losses from a long position are limited to the

total amount of the investment. Short positions require the borrowing of stock from another party. A recall of borrowed stock could cause the Fund to close out a short position at a disadvantageous price.

#### *Leverage*

The Fund may use financial leverage by borrowing funds against the assets of the Fund. The use of leverage increases the risk to the Fund and subjects the Fund to higher current expenses. Also, if the Fund's portfolio value drops to the loan value or less, Unitholders could sustain a total loss of their investment.

#### *Concentration*

The Manager may take more concentrated positions than a typical fund or concentrate investment holdings in specialized industries, market sectors or in a limited number of issuers. Investment in the Fund involves greater risk and volatility since the performance of one particular sector, market, or issuer could significantly and adversely affect the overall performance of the Fund.

#### *Liquidity*

If the Fund is required to sell securities before its intended investment horizon, for example as a result of redemptions, the performance of the Fund could suffer. The Fund will be affected by those securities that are difficult to sell because they are not traded regularly. Difficulty in selling securities may result in a loss or a costly delay.

#### *Hedging*

Although a hedge is intended to reduce risk, it does not eliminate risk entirely and it is not always possible to implement a perfect hedge. A hedging strategy may not be effective. A hedge can also result in a loss in the case of an extraordinary event. There are several such possible cases including, but not limited to: (i) a cease trade order being issued in respect of the underlying security, (ii) the inability to maintain a short position, due to the repurchase or redemption of shares by the issuing company, (iii) disappearance of any conversion premium due to premature redemptions, changes in conversion terms or changes in an issuer's dividend policy, (iv) credit quality considerations, such as bond defaults and (v) lack of liquidity during market panics. To protect the Fund's capital against the occurrence of such events, the Manager will attempt to maintain a diversified portfolio.

#### *Suspension of Trading*

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it impossible to liquidate positions and could thereby expose the Fund to losses.

**The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing Units of the Fund issued at any time. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before making a decision to invest in the Units.**

### **CONFLICTS OF INTEREST**

Spartan Fund Management Inc. will act as Trustee and Manager of the Fund and may also act as a dealer with respect to the Units.

The services of the Trustee and Manager to the Trust are not exclusive. The Manager currently serves as the manager and portfolio manager of a number of other funds set out on the Manager's website ([www.spartanfunds.ca](http://www.spartanfunds.ca)), and may in the future manage the trading for other trusts, limited partnerships or other investment funds or accounts in addition to the Fund. In the event that the Manager elects to undertake such activities and other business activities in the future, the Manager and its principals may be subject to conflicting demands in respect of allocating management time, services and other functions. The Manager and its principals and affiliates will endeavour to treat each investment pool and managed account fairly and not to favour one account or pool over another.



The Fund depends on the Manager for ongoing investment advice. While the Manager devotes as much of its time and resources to such activities as in its judgment is reasonably required, the Manager is also involved in the management of other investment funds (both domestic and offshore) and in other business activities.

While the Manager maintains policies and procedures to ensure the fair allocation of investment opportunities amongst its clients, there may be situations of conflict in the actual allocation of opportunities by the Manager.

In addition to the foregoing, the Fund depends on the Manager for ongoing management and administration of its business activities. While the Manager devotes as much time and resources as in its judgment is reasonably required, each of the directors and officers of the Manager is also involved in other business activities.

The Fund may, subject to compliance with applicable securities law, also invest in entities related to the Manager or purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director. A “responsible person” means, for a registered adviser, (a) the adviser, (b) a partner, director or officer of the adviser, and (c) each of the following who has access to, or participates in formulating, an investment decision made on behalf of a client of the adviser or advice to be given to a client of the adviser: (i) an employee or agent of the adviser; (ii) an affiliate of the adviser; and (iii) a partner, director, officer, employee or agent of an affiliate of the adviser.

### **Statement of Related and Connected Issuers**

Applicable securities laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, or securities of an issuer in which a “responsible person” (as defined by National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* of the Canadian Securities Administrators) is an officer or director, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser.

The Fund may be considered a connected and/or related issuer the Manager. The Manager, in its capacity as an exempt market dealer to the Fund, is offering the Units on a private placement basis. However, no fees are payable to the Manager in its capacity as an exempt market dealer. The Manager receives management and performance fees from the Fund, based on the Net Asset Value of the Fund, from time to time. See “Fees and Expenses Relating to the Fund”. The definitions of the terms “related issuer” and “connected issuer” can be found in National Instrument 33-105 *Underwriting Conflicts*.

The Manager may engage in activities as an investment fund manager, portfolio manager and dealer in respect of securities of related and connected issuers or securities of an issuer in which a “responsible person” is an officer or director, but will do so only in compliance with applicable securities laws.

### **TERMINATION OF THE FUND**

The Manager may at any time terminate and dissolve the Fund by giving notice to the Trustee and then each Unitholder written notice of its intention at least 90 days before the date on which the Fund is to be terminated (the “**Termination Date**”). After giving such notice, the right of Unitholders to redeem and require payment for all or any of their Units shall be suspended and the Manager shall make appropriate arrangements for converting the Fund’s property into cash (unless the Manager determines that it would be in the best interests of the Unitholders to distribute some or all of the Fund’s assets in specie). After payment of the liabilities of the Fund, each Unitholder registered as such at the close of business on the date fixed as the Termination Date will be entitled to receive from the Trustee his or her proportionate share of the property of the Fund attributable to the Class or Series of Units held in accordance with the number of Units which he or she then holds. If the Fund is terminated, the Declaration of Trust will be terminated and the assets distributed in accordance with the terms of the Declaration of Trust.

## **ADMINISTRATOR**

The Fund has entered into a valuation and services agreement with the Administrator. The Administrator will calculate the monthly Net Asset Value and Net Asset Value per Unit (as applicable), allocate and report taxable income to the Unitholders, prepare the annual financial statements as required, keep Unitholder records and any other services that the Fund may request.

The Administrator will maintain the accounting books and records of the Fund, maintain the register of Unitholders of the Fund and process subscriptions, redemption requests, transfer requests and redemptions. The Administrator may at its own expense appoint an agent or delegate to perform any of the aforementioned services.

The administration agreement contains certain disclaimers of liability by the Administrator, for example, in calculating the Net Asset Value of the Fund the Administrator may use pricing information supplied by the Manager (or any affiliate thereof), pricing services, brokers, market makers or other intermediaries and will not be liable for any loss suffered by the Fund by reason of any error in calculation resulting from any inaccuracy in the information provided.

The Administrator will not be responsible for ensuring that the investment transactions comply with the investment objectives and policies set forth in this Offering Memorandum. The Administrator will not be liable for the failure by the Manager to adhere to any investment objective, investment policy, investment restrictions or borrowing restrictions for or imposed upon the Fund. The Manager, and not the Administrator, is responsible for determining that the Units of the Fund are marketed and sold in compliance with all applicable securities laws.

The Administrator may terminate its relationship with the Fund, and the Fund may terminate its relationship with The Administrator, at any time upon at least 60 days' prior written notice to the other party (or upon such shorter notice as the other party may agree to accept). The administration agreement may also be terminated immediately by either party under certain circumstances.

## **PRIME BROKER AND CUSTODIAN**

Pursuant to a prime brokerage agreement (the "**Settlement Services Agreement**"), CIBC World Markets Inc. is the custodian and prime broker for the assets of the Fund (collectively the "**Prime Broker**").

The Prime Broker will be responsible for the safekeeping of all of the investments and other assets of the Fund delivered to it and will act as the custodian of such assets, other than assets of the Fund transferred to another entity, as the case may be, as collateral or margin. The Prime Broker may also provide the Fund with financing lines and short-selling facilities. The Fund reserves the right, without notice to Unitholders in its discretion, to change the custodial and prime brokerage arrangements including the appointment of a replacement custodian or prime broker and/or additional prime brokers.

The Manager and Trustee will not be responsible for any losses or damages to the Fund arising out of any action or inaction of the Prime Broker or any sub-custodian holding the portfolio securities and other assets of the Fund.

## **LEGAL COUNSEL**

AUM Law Professional Corporation acts as legal counsel to the Fund and to the Manager.

## **AUDITORS**

Deloitte LLP, are the auditors of the Fund. The principal office of Deloitte LLP in Toronto is situated at 22 Adelaide Street West, Suite 200, Toronto, Ontario, Canada.

## PERSONAL INFORMATION

By purchasing the Units, the purchaser acknowledges that the Fund and its 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 Ontario Securities Commission, 20 Queen Street West, 22nd Floor, Toronto, Ontario M5H 3S8, Inquiries Officer, Telephone: (416) 593-8314, toll free in Canada: 1-877-785-1555, Facsimile: (416) 593-8122.

Pursuant to the IGA entered into by the governments of Canada and the United States and related Canadian legislation found in Part XVIII of the Tax Act, certain information with respect to Unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents and/or citizens of Canada), and certain other “U.S. Persons”, as defined under the IGA (excluding Registered Plans), may be provided to the CRA. The CRA is expected to provide such information to the U.S. Internal Revenue Service. By investing in the Fund and providing us with your identity and residency information you will be deemed to have consented to the Fund disclosure of such information to the CRA. Other jurisdictions may impose similar requirements.

## 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 and/or other matter which comes to the Manager’s attention, any director, officer or employee of the Fund, 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.

## PURCHASERS’ RIGHTS OF ACTION FOR DAMAGES AND RESCISSION

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.

A summary of the rights of action for damages or rescission in certain Offering Jurisdictions, which are subject to the securities legislation in such Offering Jurisdiction, are set forth below. Investors should refer to the applicable provisions of securities legislation for the full particulars of these rights or consult with their legal advisors.

### *Ontario*

Section 130.1 of 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:
  - (c) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (d) 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 in the accredited investor exemption and the minimum amount exemption. 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 NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (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.

#### *Saskatchewan*

Section 138 of Saskatchewan Act provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

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

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

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

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

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

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

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in

contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

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

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

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

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

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

### *Manitoba*

Section 141.1 of the Manitoba Act provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has a right of rescission against the issuer or has a right of action for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum.

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

- (a) if the purchaser chooses to exercise a right of rescission against the issuer, the purchaser shall have no right of action for damages against the parties listed under (i), (ii) and (iii);
- (b) in an action for damages, a defendant will not be liable for all or any part of the damages that he or she proves do not represent the depreciation in value of the security as a result of the misrepresentation;
- (c) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum; and
- (d) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser had knowledge of the misrepresentation.

In addition, no person or company, other than the issuer, will be liable if the person or company proves that:

- (a) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

- (b) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (c) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

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

Section 141.2 of the Manitoba Act provides that a purchaser of a security to whom an offering memorandum was required to be sent in compliance with Manitoba securities legislation, but was not sent within the prescribed time has a right of action for rescission or damages against the dealer, offeror or issuer who did not comply with the requirement.

Section 141.3 of the Manitoba Act also provides that a purchaser of a security to whom an offering memorandum is required to be sent may rescind the contract to purchase the security by sending a written notice of rescission to the issuer not later than midnight on the second day, excluding Saturdays and holidays, after the purchaser signs the agreement to purchase the securities.

Section 141.4 of the Manitoba Act provides that no action may be commenced to enforce any of the foregoing rights:

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

#### *Nova Scotia*

The right of action for damages or rescission described herein is conferred by section 138 Nova Scotia Act. Section 138 of the Nova Scotia Act provides, in the relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the Nova Scotia Act) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;

- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

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

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

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

#### *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 defences 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.

#### *Prince Edward Island*

Section 112 of the PEI Act provides to a purchaser who purchases, during the distribution period, a security offered by an offering memorandum (such as this Offering Memorandum) containing a misrepresentation, without regard to whether he or she relied on the misrepresentation, a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made or a right of action for damages against (a) the issuer, (b) the selling security holder on whose behalf the distribution is made, (c) every director of the issuer at the date of the offering memorandum, and (d) every person who signed the offering memorandum. If the purchaser elects to exercise a right of action for rescission, the purchaser shall have no right of action for damages.

Such rights of rescission and damages are subject to certain limitations and a person will not be liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer and selling security holder, will be liable if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, statement or opinion of the expert, or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

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

In an action for damages, the defendant is not liable for any damages that he or she proves do not represent the depreciation in value of the security resulting from the misrepresentation. In addition, the amount recoverable must not exceed the price at which the securities purchased by the purchaser were offered.

Section 121 of the PEI Act provides that no action may be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action other than an action for rescission, the earlier of:

- (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
- (ii) three years after the date of the transaction giving rise to the cause of action.

*Newfoundland and Labrador*

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases Units offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the purchaser has:

- (a) a right of action for damages against:
  - (i) the Fund;
  - (ii) every director of the Fund at the date of the offering memorandum;
  - (iii) every person or company who signed the offering memorandum; and
- (b) a right of rescission against the Fund.

If the purchaser chooses to exercise a right of rescission against the Fund, the purchaser has no right of action for damages against a person or company referred to above.

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

When a misrepresentation is contained in the offering memorandum, no person or company other than the Fund, is liable

- (a) if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) if the person or company proves
  - (i) that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and
  - (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;
- (c) if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the offering memorandum
    - (A) did not fairly represent the expert's report, opinion or statement, or
    - (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or

- (ii) believed there had been a misrepresentation.

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

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

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

- (a) in the case of an action for rescission, 180 days after the purchaser signs the agreement to purchase the Units; or
- (b) in the case of an action for damages, before the earlier of:
  - (i) 180 days after the purchaser first has knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date the purchaser signs the agreement to purchase the Units.

The rights of action described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

#### *Yukon*

Securities legislation in the Yukon provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

- (a) a right of action for damages against:
  - (i) the Fund;
  - (ii) the selling security holder on whose behalf the distribution is made;
  - (iii) every director of the Fund at the date of the offering memorandum; and
  - (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against:
  - (i) the Fund; or
  - (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the Fund, the purchaser has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum.

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the Fund or selling security holder, is not liable in an action for damages if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the offering memorandum
    - (A) did not fairly represent the report, opinion or statement of the expert, or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the Fund or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

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

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

The Fund, and every director of the Fund at the date of the offering memorandum who is not a selling security holder, is not liable if the Fund does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the Fund, unless the misrepresentation,

- (a) was based on information previously publicly disclosed by the Fund;
- (b) was a misrepresentation at the time of its previous public disclosure; and
- (c) was not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (b) in the case of any action other than an action for rescission,
  - (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 giving rise to the cause of action,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

#### *Northwest Territories*

Securities legislation in the Northwest Territories provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

- (a) a right of action for damages against:
  - (i) the Fund;
  - (ii) the selling security holder on whose behalf the distribution is made;
  - (iii) every director of the Fund at the date of the offering memorandum, and
  - (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against:
  - (i) the Fund; or
  - (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the Fund, the purchaser has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum.

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the Fund or selling security holder, is not liable in an action for damages if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the offering memorandum
    - (A) did not fairly represent the report, opinion or statement of the expert, or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the Fund or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

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

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

The Fund, and every director of the Fund at the date of the offering memorandum who is not a selling security holder, is not liable if the Fund does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the Fund, unless the misrepresentation,

- (a) was based on information previously publicly disclosed by the Fund;
- (b) was a misrepresentation at the time of its previous public disclosure; and
- (c) was not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (b) in the case of any action other than an action for rescission,

180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or three years after the date of the transaction giving rise to the cause of action, whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

#### *Nunavut*

Securities legislation in Nunavut provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

- (a) a right of action for damages against
  - (i) the Fund;
  - (ii) the selling security holder on whose behalf the distribution is made;
  - (iii) every director of the Fund at the date of the offering memorandum, and
  - (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against:

- (i) the Fund; or
- (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the Fund, the purchaser has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum.

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the Fund or selling security holder, is not liable in an action for damages if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the offering memorandum
    - (A) did not fairly represent the report, opinion or statement of the expert, or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the Fund or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

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

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

The Fund, and every director of the Fund at the date of the offering memorandum who is not a selling security holder, is not liable if the Fund does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the Fund, unless the misrepresentation

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

- (b) was a misrepresentation at the time of its previous public disclosure; and
- (c) was not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (b) in the case of any action other than an action for rescission,
  - (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 giving rise to the cause of action,whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

*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 Fund to provide to purchasers resident in the Province of Alberta purchasing under the accredited investor exemption 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 Fund 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.