*This Confidential Offering Memorandum ("**Offering Memorandum**") constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.* ***No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities offered hereby, and any representation to the contrary is an offence.***

This Offering Memorandum is personal to each prospective purchaser and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities offered hereby. Distribution of this Offering Memorandum to any person other than the prospective purchaser and any person retained to advise such prospective purchaser with respect to its purchase is unauthorized, and any disclosure of any of its contents without the Fund's prior written consent is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and also agrees to make no photocopies or electronic copies of this Offering Memorandum or any documents referred to or incorporated in this Offering Memorandum.

March 31, 2021

AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM

Class A Units, Class F Units, Class I Units,
Class USA Units, Class USF Units and Class USI Units of

MMCAP CANADIAN FUND

MMCAP Canadian Fund (the "**Fund**") is an open-end investment fund established as a trust under the laws of the Province of Ontario on January 4, 2016. The objectives, strategy and restrictions of the Fund are described in this Offering Memorandum. The Fund is represented by trust units (the "**Units**") with equal rights and privileges. The various classes of Units offered pursuant to this Offering Memorandum have the same investment objectives, strategy and restrictions but differ in respect of one or more features such as management fees, sales commissions, minimum investment, currency denomination and service fees.

The Fund is offering an unlimited number of Units of each class issued in series on a continuous basis pursuant to exemptions from the prospectus requirements of applicable securities legislation (the "**Offering**"). The minimum initial investment in Units (other than Class I Units and, Class USI Units for which the minimum is $100,000 and US$100,000, as applicable) 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 (US$25,000 for Class USA Units and Class USF 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. 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. MM Asset Management Inc. will serve as the portfolio advisor ("**Portfolio Advisor**" or "**MM Asset**") of the Fund.

The Fund may be considered a connected and/or related issuer of the Manager and the Portfolio Advisor for the purposes of applicable Canadian securities laws. **See "Conflicts of Interest".**

There is no market for the Units and it may be difficult or even impossible for a holder of Units to sell them. However, Units may be redeemed in accordance with the provisions of this Offering Memorandum. 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. Therefore, all potential purchasers under the Offering should consult with their legal advisors. 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 purchasers 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 Manager 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 such persons. 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 Manager 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:	The MMCAP Canadian Fund (the "**Fund**") is an open-end investment fund established as a trust under the laws of the Province of Ontario pursuant to the declaration of trust dated as of January 4, 2016, as the same may be amended, supplemented 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
Portfolio Advisor of the Fund:	MM Asset Management Inc. (the "**Portfolio Advisor**" or "**MM Asset**") 161 Bay Street, Suite 2240 P.O. Box 304 Toronto, Ontario Canada, M5J 2S1
The Offering:	An unlimited number of Class A Units, Class F Units, Class I Units, Class USA Units, Class USF Units and Class USI Units (the "**Units**") issued in series pursuant to exemptions from the prospectus requirements of applicable securities legislation (the "**Offering**"). The minimum initial investment in Units (other than Class I Units and Class USI Units for which the minimum is $100,000 and US$100,000, as applicable) 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 (US$25,000 for Class USA Units and Class USF 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 $10,000, 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. 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 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, liquidation and other events in connection with the Fund. See "Description of Units".
Units of the Fund:	There are six Classes of Units currently offered by the Fund pursuant to this Offering Memorandum: Class A Units, Class F Units, Class I Units, Class USA Units, Class USF Units and Class USI Units. Each Class is issued in Series. Each Class has the same investment objectives, strategy and restrictions but differs in respect of one or more of their features, such as management fees, sales commissions, minimum investment, currency denomination and service fees, as set out herein. Class A Units and Class USA 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 I Units and Class USI Units are intended primarily for institutional or ultra high net worth investors. Class A Units, Class F Units and Class I Units are denominated in Canadian dollars, and Class USA Units, Class USF Units and Class USI Units are denominated in U.S. dollars. See "Details of the Offering".
Offering Price:	Units are offered on a continuous basis at the applicable Class Net Asset Value per Unit (as hereinafter defined) as of the last Business Day (as hereinafter defined) of each month (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 provide Unitholders with long-term capital appreciation through: (i) exposure to the returns of MMCAP Fund Inc. (the "**Offshore Fund**"), which in turn provides exposure to the returns of MMCAP International Inc. SPC (the "**Master Fund**"); and (ii) directly investing in, or selling short, equity and equity derivative securities in a manner that is generally consistent with the investment objectives, strategies and restrictions of the Master Fund. See "Investment Objective of the Fund".
Investment Strategy of the Fund:	To achieve its objective, the Fund may invest the net subscription proceeds from the sale of Units in non-voting redeemable Class D-C$ and Class D-US$ participating shares (the "**Offshore Fund Shares**") of the Offshore Fund. The Offshore Fund will, in turn, invest substantially all of the funds received from the issuance of Offshore Fund Shares in a class of non-voting redeemable participating shares of the Master Fund (the "**Reference Shares**"). The segregated portfolio of the Master Fund in which the Offshore Fund invests is the MMCAP Master Segregated Portfolio. The Offshore Fund Administrator will act as the administrator of the Offshore Fund and will (among other things) administer the issuance and redemption of the Offshore Fund Shares. To the extent the Fund invests in the Offshore Fund Shares, the return to the holders of Class A Units, Class F Units and Class I Units will be referable to the Class D-C$ Offshore Fund Shares, and the return to the holders of Class USA Units, Class USF Units and Class USI Units will be referable to the Class D-US$ Offshore Fund Shares. Other than with respect to currency denomination, the rights and attributes of the Class D-C$ and Class D-US$ Offshore Fund Shares are identical. The return to holders of each Class of Units will be dependent upon the return of the Offshore Fund Shares, which in turn is dependent on the return of the Reference Shares. However, the Unitholders will not have any ownership interest in the Offshore Fund Shares or the Reference Shares. There is no guarantee or other form of principal protection for any amounts invested by a Unitholder. Due to variations in fees and expenses, the return of the Fund will be different than the return of the

Offshore Fund and the Master Fund. See "Investment Strategies 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 money for investment purposes. The Fund, to the extent it conducts its investment strategy directly, may borrow funds from brokerage firms and banks and purchase investments on margin. The Fund may also utilize a form of leverage by using options, swaps and other derivative instruments. The exposure of the Fund to the returns of the Reference Shares issued by the Master Fund will also have the indirect effect of exposing the Fund to the use of leverage. The investment strategies utilized in respect of the Reference Shares may employ leverage when deemed appropriate by the Investment Advisor, including to enhance returns and to meet redemptions that would otherwise result in the premature liquidation of investments. The investment program utilized in relation to the Reference Shares 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", "Risk Factors - Leverage" and "Investment Objective and Strategy of the Offshore Fund".

Currency Hedging:

Class A Units, Class F Units and Class I Units are denominated in Canadian dollars, and Class USA Units, Class USF Units and Class USI Units are denominated in U.S. dollars. The functional currency of the Master Fund is Canadian dollars. The exposure of the Canadian dollar-denominated and U.S. dollar-denominated Classes of Units to the Reference Shares 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 to the Reference Shares will be substantially, but not fully, hedged.

The underlying investments held in the portfolio of the Fund and the Master Fund, as applicable, 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 and the Master Fund, as applicable, 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 or the net asset value of the Reference Shares, as applicable, to which such hedging relates. There may be circumstances in which the Fund or the Master Fund, as applicable, 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 either the Fund or the Master Fund will hedge the foreign currency exposure of their respective underlying investments or that it will be possible to remove all currency risk exposure. See "Currency Hedging".

The Offshore Fund:

The Offshore Fund is an open-ended investment company incorporated as an exempted company under the *Companies Law* (as amended) of the Cayman Islands on January 7, 2004. The constitution of the Offshore Fund is defined in its Memorandum and Articles of Association. The Articles of Association of the Offshore Fund provide that the Directors may appoint an administrator and investment manager of the Offshore Fund and may entrust to and confer upon the administrator and the investment manager, as applicable, any of the duties, powers, authorities and discretions exercisable by them as Directors (other than the power to make calls and to forfeit shares). The registered office of the Offshore Fund is Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands.

Substantially all of the capital of the Offshore Fund is invested in the Master Fund. The Offshore Fund is authorized to invest outside of the Master Fund, although it does not anticipate doing so unless a particular investment, if made by the Master

	Fund, would have unfavourable tax consequences for the Offshore Fund. See "The Offshore Fund".
The Master Fund	The Master Fund was incorporated as an exempted, segregated portfolio company under the *Companies Law* (as amended) of the Cayman Islands on January 7, 2004. The constitution of the Master Fund is defined in its Memorandum and Articles of Association. The Articles of Association of the Master Fund provide that the directors of the Master Fund may appoint an administrator and investment manager to act for and on behalf of the segregated portfolios of the Master Fund and may entrust to and confer upon the administrator and the investment manager, as applicable, any of the duties, powers, authorities and discretions exercisable by them as directors of the Master Fund (other than the power to make calls and to forfeit shares). The registered office of the Master Fund is Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands. See "The Master Fund".
Directors of the Offshore Fund:	The Directors of the Offshore Fund are responsible for the overall management of the Offshore Fund. The Directors of the Offshore Fund serve in a non-executive capacity and have delegated the day-to-day operation of the Offshore Fund to service providers including the Offshore Administrator. See "Management and Administration of the Offshore Fund".
Investment Advisor to the Master Fund:	The Master Fund has engaged MM Asset to act as the investment advisor in respect of the MMCAP Master Segregated Portfolio of the Master Fund (in its capacity as the "**Investment Advisor**"). See "Management and Administration of the Offshore Fund".
Investment Objective of the Offshore Fund:	The investment objective of the Offshore Fund, which invests in the Master Fund, is to provide holders of the Offshore Fund Shares with long-term capital appreciation by investing primarily in the Master Fund in order to gain exposure to securities of business entities located anywhere in the world across diversified industry sectors including industrial/industrial technology, consumer/retail, healthcare, diversified services and "special situations". The Offshore Fund has broad and flexible investment authority. Capital growth will be targeted primarily through the selection and strategic trading of both long and short positions in equity, debt and derivative securities. The Offshore Fund may use margin, leverage and hedging in pursuing its investment objective. **References in this Offering Memorandum to the investment objectives, strategies and restrictions of the Offshore Fund are intended to refer also to the investment objectives, strategy and restrictions of the Master Fund.** There can be no assurance that the investment objectives will be achieved and investment results may vary substantially over time. See "Investment Objective and Strategy of the Offshore Fund".

Investment Strategy of the Offshore Fund and Master Fund:

The Master Fund, in which the Offshore Fund invests, pursues a flexible and often aggressive investment style implementing both long and short strategies with debt and equity securities on a leveraged basis, as well as other investment strategies that are determined to be appropriate. In executing this strategy, a combination of techniques are generally employed, including but not limited to the following:

(a) making long term investments in securities which are believed to be undervalued, especially those with improving fundamentals, strong balance sheets and solid business franchises;

(b) short selling of securities which are believed to be overvalued, especially those with deteriorating fundamentals, weak balance sheets and/or other factors which merit a determination of overvaluation;

(c) managing the relative weightings of long and short positions to reduce overall portfolio exposure to stock market volatility;

(d) participating and structuring arbitrage situations where the Master Fund can capture the price spread between: (i) the current market price of a security and the value of the security upon completion of a take-over or merger that has been announced ("**merger arbitrage**"); (ii) the price of convertible securities and the value of the underlying securities to lock in a conversion profit or to conserve and protect the coupon on such securities ("**convertible arbitrage**"); and (iii) the price of special warrant securities and the value of the underlying securities to take advantage of a price spread between such securities ("**special warrant arbitrage**");

(e) identifying restructuring or spin-off opportunities in companies that may be involved in multiple business lines in order to take advantage of differences in the market value of the securities of the original issuer versus those of the spun-off entities; and

(f) engaging in "**pairs trading**" which involves taking a short position in securities of a particular issuer while taking a long position in securities of another issuer in the same or similar industry in an attempt to take advantage of relative valuation differences between the two issuers. Such a "pairs trade" may be made when it is believed that the fundamentals of the issuer in which the Master Fund holds a long position will become increasingly attractive as compared to those of an issuer in which the Master Fund holds a short position.

Consistent with the broad and flexible investment authority of the Master Fund, investments may at any time include long or short positions in publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, swaps, options (purchased or written), futures contracts, commodities and other derivative instruments and other securities or financial instruments including those of investment companies. In accordance with the policies of the Investment Advisor any gains or losses arising from securities transactions that do not settle within the customary settlement periods, including costs associated with forced repurchases of securities, will be for the account of the Master Fund and indirectly the Fund. The Master Fund may invest in cash or cash equivalents if the Investment Advisor believes there are not sufficiently good values in other investments. The Master Fund may also purchase, hold, sell or otherwise deal in commodities, commodity contracts, commodity futures, financial futures or options and may invest in forward currency exchange contracts or currency futures as a hedge against currency fluctuations.

The Master Fund is also subject to certain investment restrictions. See "Investment Objective and Strategy of the Offshore Fund".

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. 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, the Offshore Fund or the Master 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 a period in which the calculation of the value of or redemption of the Offshore Fund Shares or Reference Shares has been suspended, 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".

Calculation of the valuation of the Offshore Fund Shares may be suspended upon the occurrence of certain events or during any period when, in the judgment of the Directors of the Offshore Fund, there exist any circumstances that render the calculation of the net asset value, acceptance of subscriptions for Participating Shares, redemptions, re-purchases or payment of the redemption price, impracticable or undesirable. See "Determination of Net Asset Value - Net Asset Value of the Offshore Fund Shares and Reference Shares".

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 A Units and Class F Units (US$25,000 for Class USA Units and Class USF Units), for subscribers that qualify as "accredited investors" (as such term is defined in NI 45-106);

(b) $150,000 for Class A Units, Class F Units, Class USA Units and Class USF Units, for subscribers, other than individuals or subscribers resident in Alberta, that are not purchasing as "accredited investors"; or

(c) $100,000 for subscribers purchasing Class I Units (US$100,000 for Class USI Units).

A Unitholder may make an additional investment in Units of not less than $10,000, 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 5:00 p.m. (EST) at least two business days before the relevant Valuation Date (provided that the Manager reserves the right, but shall not be obligated, to accept subscriptions that are received prior to 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. See "Purchase of Units".

Redemption of Units:

Upon receipt by the Administrator of a written redemption request, the Fund will redeem all or any part of the Units of a Class held by a Unitholder at the Class or Series Net Asset Value per Unit determined by the Administrator as of the next Valuation Date following receipt of the redemption request. All redemption requests received after 4:00 p.m. (EST) on the date which is 45 days prior to a Valuation Date (or such later date as the Manager may accept in its sole discretion) will be processed at the Class or Series Net Asset Value per Unit calculated as of the Valuation 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 15th Business Day of the month 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 5% short-term trading redemption charge (a "**Redemption Charge**"), based on the Class or Series Net Asset Value of the redeemed Units, to any Unitholder who redeems Units within the first twelve (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:

Provided that the Fund qualifies and continues to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act, the Units will be "qualified investments" under the Tax Act for a trust governed by a tax-free savings account, registered retirement savings plan, registered retirement income fund, registered

education savings plan, deferred profit sharing plan or registered disability savings plan. See "Eligibility for Investment".

Distributions and Automatic Reinvestment of Distributions:

The Fund intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each taxation year to ensure that the Fund is not liable for income tax under Part I of Tax Act, after taking into account any loss carry forwards and capital gains refunds. 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.

All distributions to Unitholders (less any amounts required by law to be deducted therefrom) will automatically be reinvested for the account of each Unitholder in additional Units at the net asset value per Unit next determined after the declaration of the distribution. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. Other than as set forth above, the Manager does not intend to make any distributions on the Units.

Certain 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:

Certain Risk Factors Applicable to the Fund

- Reliance on Portfolio Advisor
- Limited ability to liquidate investment
- Possible effect of redemptions
- Taxation of the Fund
- Taxation of the Offshore Fund
- Charges to the Fund and the Master Fund
- Leverage
- Illiquidity
- Past Performance
- Suspension of Trading
- Conflicts of interest

- Not a mutual fund offered by prospectus
- Limited operating history
- Class risk
- Unitholder liability

Certain Risk Factors Applicable to the Investment Strategy of the Fund

- No Assurance of Achievement of Investment Objective
- Lack of Liquidity of Investments
- Limited Operating History
- Limitations on Transfer
- Limited Redemption Rights
- Reliance on Investment Advisor
- Reliance of Investment Advisor on Key Personnel
- Non-Canadian Investments
- Currency Risks
- Charges to Fund, Offshore Fund and Master Fund
- Potential Indemnification Obligations
- Leverage
- Investment and Trading Risks in General
- Merger and Other Arbitrage
- Concentration of Investments
- Distressed Securities
- Lower-Rated or Unrated Convertible Securities
- Illiquid Securities and Private Securities
- Counterparty and Custodial Risk
- Trading in Derivatives
- Risk of Short Sales
- Options
- Commodity Trading
- Suspension of Trading
- Changes in Laws
- Certain Canadian Tax Risks
- Performance Fee
- Non-Recognition of Segregated Portfolios
- Conflicts of Interest

See “Risk Factors”.

Prime Broker for the Reference Shares: RBC Dominion Securities Inc., CIBC World Markets Inc., TD Securities Inc., Scotia Capital Inc., Macquarie Futures USA LLC, Macquarie Bank Limited and BMO Nesbitt Burns Inc. serve as the prime brokers for, and may receive fees from,

	the Fund and the Master Fund. The Manager and/or the Master Fund, as applicable, may appoint other prime-brokers in respect of the Fund and the Master Fund from to time.
Administrator:	SGGG Fund Services Inc. 121 King Street West, Suite 300 Toronto, Ontario, M5H 3T9 (the "**Administrator**")
Auditors:	Deloitte LLP Toronto, Ontario
Legal Counsel:	McMillan LLP 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".

Type of Fee	**Description**
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: (i) 1/12 of 2.5% of the aggregate Class Net Asset Value of the Class A Units and Class USA Units of the Fund (including an amount equal to a 1.0% annual service fee payable by the Manager to brokers, dealers and advisors); (ii) 1/12 of 1.5% of the aggregate Class Net Asset Value of the Class F Units and Class USF Units of the Fund; and (iii) 1/12 of 2.0% of the aggregate Class Net Asset Value of the Class I Units and Class USI Units of the Fund, plus applicable taxes. No service fees are payable in respect of Class F Units, Class I Units, Class USF Units and Class USI Units of the Fund. 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. For the purposes of calculating the Management Fee, the Manager shall make an adjustment to take into account any accrued Class C Allocation charged to the Offshore Fund Shares in which the Fund invests. The Fund will invest in a zero management fee class of Participating Shares of the Offshore Fund. The Master Fund does not pay any management fees in respect of the Reference Shares. Manager will be responsible for paying any amounts owing to the Portfolio Advisor in its capacity as portfolio advisor of the Fund from the Management Fee. See "Fees and Expenses Relating to the Fund - Management Fees".
Performance Fees:	*Performance Fees payable by the Fund* The Fund, to the extent it conducts its investment strategy directly, will pay to the Portfolio Advisor a performance fee which shall be calculated and accrue monthly and be paid annually (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 Units. No Performance Fee is payable by the Fund to the Manager in respect of any portion of the Net Asset Value of the Fund that are invested in the Offshore Fund Shares. The Performance Fee for a fiscal year of the Fund shall be an amount equal to 20% of the Excess Amount multiplied by the number of Units of that Series outstanding on the Determination Date, subject to a loss carryforward. *Special Allocation to Class C Participating Shares of the Offshore Fund* The Offshore Fund will deduct from the net assets of the Offshore Fund attributable to the Offshore Fund Shares, and allocate to the net assets of the Offshore Fund attributable to the Class C Participating Shares, a special allocation which shall be calculated and accrue monthly and allocated annually as described herein (the "**Class C Allocation**"). The Class C Allocation is deducted from the Offshore Fund Shares on a series-by-series and class-by-class basis. The Class C Allocation for a fiscal year of the Offshore Fund Shares shall be an amount equal to 20% of the Offshore Excess Amount multiplied by the number of Offshore Fund Shares of that series outstanding on the Offshore Determination Date, subject to a loss carryforward.

	See "Fees and Expenses Relating to the Fund - Performance Fees".
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 fees payable to a third party administrator, accounting, audit and legal costs, insurance premiums, 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, promotional expenses, the cost of maintaining the Fund's existence, regulatory fees and expenses, the cost of consulting, 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 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 A Units or Class USA 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 Class A Units or Class USA Units, the Manager will pay to Registered Dealers a service fee based on the aggregate market value of their clients' investment in Class A Units or Class USA Units of the Fund, at an annualized rate of 1.0%. Service fees are calculated and paid on a quarterly basis in arrears approximately 15 days after the determination of the Class Net Asset Value of the Class A Units or Class USA Units. A Registered Dealer is entitled to such fees in respect of Class A Units or Class USA Units for so long as its clients hold such Units. There is no sales commission or service fee payable in respect of an investor's investment in Class F Units, Class I Units, Class USF Units and Class USI Units of the Fund. 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;

"**Articles of Association**" mean the Articles of Association of the Offshore Fund as the same may be amended from time to time;

"**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 C Allocation**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

"**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 Classs Net Asset Value attributable to each Unit in such Class;

"**convertible arbitrage**" has the meaning given to such term in "Investment Objective and Strategy of the Offshore Fund - Investment Strategy";

"**CRA**" means the Canada Revenue Agency;

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

"**Determination Date**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

"**Directors**" mean the Board of Directors of the Offshore Fund;

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

"**EMC**" has the meaning given to such term in "Certain Risk Factors Applicable to the Investment Strategy of the Fund - Non-U.S. Investments";

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

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

"**Investment Restrictions**" has the meaning given to such term in "Investment Objective and Strategy of the Offshore Fund - Investment Restrictions of the Offshore Fund";

"**Investment Advisor**" means MM Asset, acting in its capacity as investment advisor to the Master Fund in respect of the MMCAP Master Segregated Portfolio;

"**Fund**" means MMCAP Canadian Fund, an open-end investment trust established under the laws of the Province of Ontario on January 4, 2016 pursuant to the Declaration of Trust;

"**Loss**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

"**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;

"**Master Fund**" means MMCAP International Inc. SPC, an exempted company incorporated under the laws of the Cayman Islands and registered as a segregated portfolio company;

"**Memorandum**" mean the Memorandum of the Offshore Fund as the same may be amended from time to time;

"**merger arbitrage**" has the meaning given to such term in "Investment Objective and Strategy of the Offshore Fund - Investment Strategy";

"**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";

"**MM Asset**" means MM Asset Management Inc., a company incorporated under the laws of the Province of Ontario;

"**MMCAP Master Segregated Portfolio**" means the segregated portfolio established and maintained by the Master Fund in connection with the Reference Shares and within which all of the assets and liabilities attributable to the Reference Shares are segregated from the assets and liabilities attributable to other segregated portfolios of the Master Fund and the general assets of the Master Fund;

"**Net Asset Value**" 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;

"**NI 81-106**" means National Instrument 81-106 *Investment Fund Continuous Disclosure* 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 amended and restated confidential offering memorandum of the Fund dated March 31, 2021, as the same may be further amended or amended and restated from time to time;

"**Offshore Administration Services Agreement**" has the meaning given to such term in "Management and Administration of the Offshore Fund - The Offshore Administrator";

"**Offshore Administrator**" means SGGG Fund Services (Cayman) Inc., a company incorporated under the laws of the Cayman Islands, retained to provide certain administrative services for the Offshore Fund, the Master Fund and the segregated portfolios of the Master Fund;

"**Offshore Determination Date**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

"**Offshore Excess Amount**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

"**Offshore Fund**" means MMCAP Fund Inc., an open-ended investment company incorporated as an exempted company under the *Companies Law* (as amended) of the Cayman Islands on January 7, 2004;

"**Offshore Fund Shares**" has the meaning given to such term in "Investment Strategies of the Fund";

"**Offshore IA Agreement**" means the agreement dated July 31, 2019 among the Master Fund and the Investment Advisor whereby the Investment Advisor will provide investment advisory services to the Master Fund;

"**Offshore Previous Determination Date**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

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

"**Ordinary Shares**" mean voting, non-participating shares of the Offshore Fund with a nominal or par value of U.S.$0.001 each;

"**pairs trading**" has the meaning given to such term in "Investment Objective and Strategy of the Offshore Fund - Investment Strategy";

"**Participating Shares**" mean non-voting participating redeemable shares of the Offshore Fund, issuable in classes and in series, with a nominal or par value of U.S.$0.001 each in the case of the Class A-US$, Class B-US$ and Class D-US$ Participating Shares, and C$0.001 in the case of the Class A-C$ and Class D-C$ Participating Shares, and includes the Class A-US$ Participating Shares, the Class A-C$ Participating Shares, the Class B-US$ Participating Shares, the Class D-US$ Participating Shares and the Class D-C$ Participating Shares;

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

"**Percentage Return**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

"**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";

"**Portfolio Advisor**" means MM Asset, acting in its capacity as portfolio advisor to the Fund;

"**Portfolio Management Agreement**" means the portfolio management agreement dated as of January 4, 2016 between the Portfolio Advisor and the Manager, as it may be amended or amended and restated from time to time, whereby the Portfolio Advisor will provide investment advisory services to the Fund;

"**Previous Determination Date**" has the meaning given to such term in "Fees and Expenses Relating to the Fund - Performance Fees";

"**Prime Brokers**" mean, collectively, RBC Dominion Securities Inc., CIBC World Markets Inc., TD Securities Inc., Scotia Capital Inc., Macquarie Futures USA LLC, Macquarie Bank Limited and BMO Nesbitt Burns Inc., which have been appointed to provide custodial services, margin lending, reporting and trade execution on behalf of the Fund and the Master 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 5.0% short-term trading redemption charge relating to a redemption of Units within the first twelve (12) months of purchase;

"**Reference Shares**" has the meaning given to such term in "Investment Strategies of the Fund";

"**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 dealers;

"**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 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;

"**special warrant arbitrage**" has the meaning given to such term in "Investment Objective and Strategy of the Offshore Fund - Investment Strategy";

"**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 any month on which the Toronto Stock Exchange is open for business and December 31 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

MMCAP Canadian Fund (the "**Fund**") is an open-end investment fund established as a trust under the laws of the Province of Ontario pursuant to the declaration of trust dated as of January 4, 2016, 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. If the Trustee becomes a non-resident of Canada, it shall be automatically removed and replaced by the Manager. The Trustee may resign upon 90 days' written notice to the Unitholders and 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, if such removal has been approved by an extraordinary resolution of the Unitholders. The Trustee shall be deemed to have resigned in certain circumstances including upon the dissolution, insolvency or bankruptcy of the Trustee or; if the Trustee ceases to be resident in Canada for the purposes of the Tax Act. If the Trustee resigns, a successor trustee shall be appointed by the Manager to fill such vacancy and the replacement trustee, other than an affiliate or successor to the Trustee, the Portfolio Advisor or a registered trust company, shall be elected by majority vote at a special meeting of the Unitholders called to approve such appointment. If, after the resignation or removal of the Trustee, no successor has been appointed within ninety (90) days, the Unitholders may elect a successor trustee by majority vote at a meeting of Unitholders called for such purpose. In each case, if, upon the expiry of a further thirty (30) days, neither the Manager nor the Unitholders of the Trust have appointed a successor Trustee, the Fund shall terminate.

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 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 breaches 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 and its affiliates and each of their respective officers, directors, employees or 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 is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund and to exercise the care, diligence and skill of a reasonably prudent person 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 eesolution and appoint a replacement manager of the Fund.

The Manager shall be deemed to have resigned its rights, powers, duties and responsibilities under the Declaration of Trust 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 for the purposes of the Tax Act. The Manager may resign as manager of the Fund at any time on 60 days' written notice to the Trustee and the Unitholders. 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, the Fund will be terminated. If the Manager resigns or is removed, a replacement manager shall forthwith be appointed by the Trustee or the resigning Manager and, unless the replacement manager is an affiliate of the resigning Manager, the Portfolio Advisor or an affiliate of the Portfolio Advisor, such appointment must be approved by a majority of the votes cast by Unitholders at a meeting called for such purpose.

The Manager and its directors, officers, partners, employees and agents shall not be liable to the Fund for any loss or damage relating to any matter regarding the Fund, except 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.

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:

Name and Municipality of Residence	**Position with the Manager**	**Principal Occupation**
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

THE PORTFOLIO ADVISOR

The Portfolio Advisor has been retained to provide investment advisory services to the Fund pursuant to the Portfolio Management Agreement and is responsible for acquiring the securities comprising the portfolio of the Fund and maintaining the portfolio in accordance with the investment objectives of the Fund. The Portfolio Advisor's responsibilities include investment management services, investment analysis, selection of dealers or

brokers and the negotiation of commissions, recommendations and investment decision making. The Portfolio Advisor is located in Toronto, Ontario.

The Portfolio Advisor may resign upon 90 days' written notice to the Manager. The Portfolio Advisor shall be deemed to have resigned in certain circumstances including upon the dissolution, insolvency or bankruptcy of the Portfolio Advisor, or if the Portfolio Advisor ceases to hold such licenses and registrations under the applicable law as are necessary to perform its duties. If the Portfolio Advisor resigns or is deemed to resign, a replacement portfolio advisor shall be appointed by the Manager and, unless the replacement portfolio manager is an affiliate of the Portfolio Advisor, such appointment must be approved by a majority of the votes cast by Unitholders at a meeting called for such purpose. In the event that the Portfolio Advisor resigns and no replacement portfolio advisor is appointed within ninety (90) days, the Fund will automatically terminate on the date which is sixty (60) days following the end of such ninety (90) day period.

The services of the Portfolio Advisor are not exclusive to the Fund, and nothing in the Portfolio Management Agreement prevents the Portfolio Advisor or any affiliate thereof, from providing similar services to other investment funds and other clients or from engaging in other activities so long as its services under the Portfolio Management Agreement are not impaired. Under the Portfolio Management Agreement, the Portfolio Advisor is solely responsible for all investment decisions of the Fund. The Portfolio Advisor also acts as Investment Advisor to the Master Fund.

The Portfolio Advisor was established under the laws of the Province of Ontario. The Advisor is registered as a portfolio manager under the Ontario Act and under the securities laws of British Columbia, as an investment fund manager under the Ontario Act and under the securities laws of Quebec, and an exempt market dealer under the Ontario Act and the securities laws of British Columbia, Alberta, Manitoba, Quebec and Nova Scotia.

Officers, Directors and Key Investment Personnel of the Portfolio Advisor

The name and position with the Portfolio Advisor of its directors and officers and those of its employees who have primary responsibility for providing investment advice to the Fund are set out below:

Name and Municipality of Residence	**Position with the Portfolio Advisor**	**Principal Occupation**
Hillel Meltz Ramat Beit Shamesh Alef, Israel	Director and Chief Executive Officer	Executive of the Portfolio Advisor
Matthew MacIsaac Vancouver, British Columbia	Director	Executive of the Portfolio Advisor
Hugh MacLean Durham, Ontario	Chief Compliance Officer	Executive of the Portfolio Advisor
Ulla Vestergaard Quinte West, Ontario	Chief Financial Officer	Executive of the Portfolio Advisor

Hillel Meltz

Mr. Meltz is one of the founders of the Manager and its predecessor. Prior to founding the Manager, Mr. Meltz spent over three years at another Canadian hedge fund. Mr. Meltz received a Bachelor of Commerce degree from the University of Toronto and is a CFA Charter Holder. Mr. Meltz is an officer and a director of the Portfolio Advisor. He is also, indirectly, a shareholder of the Investment Advisor. As Mr. Meltz is not resident in Canada there is a risk that legal rights may not be enforceable in Ontario in the event of any legal action. The agent for service in Canada for Mr. Meltz is McMillan LLP, Brookfield Place, 181 Bay St Suite 4400, Toronto, ON M5J 2T3.

Matthew MacIsaac

Mr. MacIsaac is one of the founders of the Manager and its predecessor. Prior to founding the Manager, Mr. MacIsaac spent over two years at another Canadian hedge fund. Mr. MacIsaac received a Bachelor of Commerce degree from the University of British Columbia and is a CFA Charter Holder. Mr. MacIsaac is an officer and a director of the Portfolio Advisor. He is also, indirectly, a shareholder of the Portfolio Advisor.

The Portfolio Management Agreement

Under the terms of the Portfolio Management Agreement, the Portfolio Advisor is responsible for providing or arranging for the provision of all necessary investment advisory services in respect of the Fund and for ensuring that the trading and investment activities of the Fund are in compliance with the Fund's investment objectives, strategy and restrictions. In connection with its services in respect of the Fund, the Portfolio Advisor identifies and makes all day-to-day investment decisions relating to the acquisition and disposition of investments, places trade orders and considers, from time to time, the appropriateness of the investment strategy and makes recommendations with respect to any modifications to such strategy. Manager will be responsible for paying any amounts owing to the Portfolio Advisor in its capacity as portfolio advisor of the Fund from the Management Fee.

The Portfolio Advisor is required to exercise its powers and discharge its duties in good faith and in the best interests of the Fund. The Portfolio Management Agreement provides that, so long as the Portfolio Advisor has met its standard of care, it will not be liable for any loss sustained by the Fund. The Portfolio Advisor will, however, be liable for any losses stemming from wilful misconduct, lack of good faith, theft, fraud, wrongful appropriation of funds or gross negligence or failure to comply with the standard of care set out in the Portfolio Management Agreement.

The Portfolio Advisor and each of its directors, officers, shareholders, employees, agents and affiliates will be indemnified by the Fund for all liabilities and expenses, including, without limitation, all legal expenses which are incurred by any of them in connection with or in relation to the fulfillment of the duties and responsibilities of the Portfolio Advisor pursuant to the Portfolio Management Agreement, except to the extent the Portfolio Advisor's actions constituted wilful misconduct, lack of good faith, theft, fraud, wrongful appropriation of funds, gross negligence or failure to fulfill the duties or standard of care, diligence and skill set out in the Portfolio Management Agreement.

If the Portfolio Management Agreement is terminated or the Portfolio Advisor resigns, the Manager shall appoint a successor portfolio advisor to carry out the portfolio management activities in respect of the Fund. Any successor portfolio advisor may be a third party portfolio manager or it may be an affiliate or associate of the Manager or the Portfolio Advisor, provided that unless the replacement portfolio advisor is an affiliate or associate of the Portfolio Advisor, such appointment must be approved by a majority of the votes cast by Unitholders at a meeting called for such purpose.

INVESTMENT OBJECTIVE OF THE FUND

The investment objective of the Fund is to provide Unitholders with long-term capital appreciation through: (i) exposure to the returns of MMCAP Fund Inc. (the "**Offshore Fund**"), which in turn provides exposure to the returns of MMCAP International Inc. SPC (the "**Master Fund**"); and (ii) directly investing in, or selling short, equity and equity derivative securities in a manner that is generally consistent with the investment objectives, strategies and restrictions of the Master Fund.

There is no guarantee or other form of principal protection for any amounts invested by a Unitholder. Due to variations in fees and expenses, the return of the Fund will be different than the return of the Reference Shares.

INVESTMENT STRATEGIES OF THE FUND

To achieve its objective, the Fund may invest the net subscription proceeds from the sale of Units in non-voting redeemable Class D-C$ and Class D-US$ participating shares (the "**Offshore Fund Shares**") of the Offshore Fund. The Offshore Fund will, in turn, invest substantially all of the funds received from the issuance of Offshore Fund

Shares in a class of non-voting redeemable participating shares of the Master Fund (the "**Reference Shares**"). The segregated portfolio of the Master Fund in which the Offshore Fund invests is the MMCAP Master Segregated Portfolio. The Offshore Fund Administrator will act as the administrator of the Offshore Fund and will (among other things) administer the issuance and redemption of the Offshore Fund Shares.

To the extent the Fund invests in the Offshore Fund Shares, the return to the holders of Class A Units, Class F Units and Class I Units will be referable to the Class D-C$ Offshore Fund Shares, and the return to the holders of Class USA Units, Class USF Units and Class USI Units will be referable to the Class D-US$ Offshore Fund Shares. Other than with respect to currency denomination, the rights and attributes of the Class D-C$ and Class D-US$ Offshore Fund Shares are identical.

The return to holders of each Class of Units will be dependent upon the return of the Offshore Fund Shares, which in turn is dependent on the return of the Reference Shares. However, the Unitholders will not have any ownership interest in the Offshore Fund Shares or the Reference Shares. There is no guarantee or other form of principal protection for any amounts invested by a Unitholder. Due to variations in fees and expenses, the return of the Fund will be different than the return of the Offshore Fund and the Master 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 money for investment purposes. The Fund, to the extent it conducts its investment strategy directly, may borrow funds from brokerage firms and banks and purchase investments on margin. The Fund may also utilize a form of leverage by using options, swaps and other derivative instruments.

The exposure of the Fund to the returns of the Reference Shares issued by the Master Fund will also have the indirect effect of exposing the Fund to the use of leverage. The investment strategies utilized in respect of the Reference Shares may employ leverage when deemed appropriate by the Investment Advisor, including to enhance returns and to meet redemptions that would otherwise result in the premature liquidation of investments. The investment program utilized in relation to the Reference Shares 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 or the Master Fund borrows funds, the rates at which it can borrow may affect its operating results.

See "Risk Factors - Leverage" and "Investment Objective and Strategy of the Offshore Fund".

Currency Hedging

Class A Units, Class F Units and Class I Units are denominated in Canadian dollars, and Class USA Units, Class USF Units and Class USI Units are denominated in U.S. dollars. The functional currency of the Master Fund is Canadian dollars. The exposure of the Canadian dollar-denominated and U.S. dollar-denominated Classes of Units to the Reference Shares 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 to the Reference Shares will be substantially, but not fully, hedged.

The underlying investments held in the portfolio of the Fund and the Master Fund, as applicable, 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 the Canadian dollar or U.S. dollar (as the case may be) 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 and the Master Fund, as applicable, 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 or the net asset value of the Reference Shares, as applicable, to which such hedging relates. There may be circumstances in which the Fund or the Master Fund, as applicable, 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 either the Fund or the Master Fund will hedge the foreign currency exposure of their respective underlying investments or that it will be possible to remove all currency risk exposure.

INVESTMENT RESTRICTIONS OF THE FUND

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

(a) **Purchasing Securities**. Other than the Offshore Fund Shares, the Fund will typically purchase securities through normal market facilities. Purchases of securities under other circumstances will only be permitted where the purchase price for such securities approximates the prevailing market price or is negotiated or established on an arm's length basis.

(b) "**Mutual Fund Trust**" **Status**. The Fund will not make or hold any investment, undertake any activity or otherwise do (or fail to do) anything that would result in the Fund failing to qualify as a "mutual fund trust" within the meaning of the Tax Act.

THE OFFSHORE FUND

The Offshore Fund is an open-ended investment company incorporated as an exempted company under the *Companies Law* (as amended) of the Cayman Islands on January 7, 2004. The constitution of the Offshore Fund is defined in its Memorandum and Articles of Association. The Articles of Association of the Offshore Fund provide that the Board of Directors (the "**Directors**") of the Offshore Fund may appoint an administrator and investment manager of the Offshore Fund and may entrust to and confer upon the administrator and the investment manager, as applicable, any of the duties, powers, authorities and discretions exercisable by them as Directors (other than the power to make calls and to forfeit shares). Its registered office is at Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands.

The Offshore Fund has been incorporated with unrestricted objects. The Directors of the Offshore Fund have adopted as the investment policy of the Offshore Fund as described in this Offering Memorandum. See "Investment Objective and Strategy of the Offshore Fund".

The Offshore Fund is managed by its Directors that have appointed SGGG Fund Services (Cayman) Inc. (the "**Offshore Administrator**") to provide certain administrative services and valuation services to the Offshore Fund. The following contracts which are material, have been entered into otherwise than in the ordinary course of business:

(a) the Offshore Administrative Services Agreement between the Offshore Fund and the Offshore Administrator whereby the Offshore Administrator will provide certain administrative services to the Offshore Fund.

Substantially all of the capital of the Offshore Fund is invested in the Master Fund. The Offshore Fund is authorized to invest outside of the Master Fund, although it does not anticipate doing so unless a particular investment, if made by the Master Fund, would have unfavourable tax consequences for the Offshore Fund.

Directors of the Offshore Fund

The Directors of the Offshore Fund are Ronan Guilfoyle, Charles Thomas and Matthew MacIsaac, whose biographies appear below:

Ronan Guilfoyle is a co-founder of Calderwood. He currently serves as an independent director on the boards of investment funds and related structures, advising on fund governance and regulatory compliance. He is an active participant among various industry associations and a frequent speaker at forums within the hedge fund industry. Mr. Guilfoyle has been serving as a director of investment funds for more than 12 years. During this time, he has worked with many of the largest and most prominent investment managers in the industry. Prior to co-founding

Calderwood Mr. Guilfoyle served as Managing Director of DMS Governance where he was one of the partners who directed the strategic development of the firm. He was responsible for managing operations, recruiting of staff and oversight of product development. Prior to this Mr. Guilfoyle was employed as a Group Manager at Admiral Administration Ltd., an independent mutual fund administration firm based in the Cayman Islands. Mr. Guilfoyle began his career with Ernst & Young, Ireland where he was responsible for supervising audit teams on large global audits. He is a Chartered Accountant and holds a Bachelor of Science degree in Accounting from University College Cork, Ireland. Mr. Guilfoyle is a Registered Professional Director with the Cayman Islands Monetary Authority and is a member of the Cayman Islands Directors Association. He is also a member of the Cayman Islands Society of Professional Accountants. He serves as Deputy Chairman of the Executive Committee of AIMA Cayman, and as member of the Committee of Hearts for Hedge Funds Care Cayman.

Charles Thomas serves as an independent director at Calderwood, where he accepts appointments on the boards of investment funds and related structures, advising on corporate governance and regulatory compliance. Prior to joining Calderwood, Mr. Thomas was a Senior Vice President at the Maples Group in the Cayman Islands where he was a member of the senior management team within the fund's fiduciary division. He served as an independent director on a wide range of alternative investment funds, including fund of funds, hedge funds, private equity funds and segregated portfolio companies. Mr. Thomas joined the Maples Group in 2010. Prior to that Mr. Thomas was an Assistant Vice President at Butterfield Fulcrum Group (Cayman) Limited, where he managed the fund of funds group responsible for a team administering over US$15bn in assets under administration. Mr. Thomas joined Butterfield having moved to the Cayman Islands from England in 2005. Whilst in England Mr. Thomas worked for Merchant Investors Assurance Company in senior fund accounting positions since 2001. Mr. Thomas graduated from the University of the West of England in Bristol, England with a Bachelor of Arts (Honours) degree in Finance. Mr. Thomas is a chartered accountant and is a fellow of the Association of Chartered Certified Accountants. He is an Accredited Director of the Institute of Chartered Secretaries and Administrators of Canada. He is also a Registered Professional Director with the Cayman Islands Monetary Authority and a member of the Cayman Islands Directors Association.

Matthew MacIsaac is one of the founders of the Investment Advisor. Prior to founding the the Investment Advisor, Mr. MacIsaac spent over two years at another Canadian hedge fund. Mr. MacIsaac received a Bachelor of Commerce degree from the University of British Columbia and is a CFA Charter Holder. Mr. MacIsaac is an officer and a director of the the Investment Advisor. He is also, indirectly, a shareholder of the the Investment Advisor.

Share Capital and Rights

The authorized share capital of the Offshore Fund is U.S.$25,001 divided into 25,000,000 redeemable, non-voting participating shares of par value U.S.$0.001 each and 1,000 voting, non-participating ordinary shares of par value US$0.001 each and C$25,000 divided into 25,000,000 redeemable, non-voting, participating shares of par value C$0.001 each. All 1,000 of the Ordinary Shares in the capital of the Offshore Fund have been issued for cash at par and are held by Queensgate Bank and Trust Company Ltd., an exempted company incorporated under the laws of the Cayman Islands and licensed to carry out trust business by the Cayman Islands Monetary Authority. The authorized share capital of the Offshore Fund may be increased from time to time by an ordinary resolution of the holders of voting shares.

The holders of the Ordinary Shares have the right to receive notice of, attend at and vote at general meetings of the Offshore Fund. The holder of each such Ordinary Share shall, on a poll, have the right to one vote for each such share registered in his or her name. Holders of Participating Shares do not have the right to receive notice of, attend or vote at general meetings of the Offshore Fund.

The Offshore Fund is empowered under the laws of the Cayman Islands to issue and redeem its Class A-US$, Class A-C$, Class B-US$, Class C, Class D-US$ and Class D-C$ Participating Shares and such other classes of Participating Shares that the Offshore Fund may issue from time to time. The Offshore Fund may offer additional classes of Participating Shares in the future. Such additional classes of Participating Shares may differ in terms of functional currency, hedging of currency risk, types of investment strategies utilized, management and performance fees, permitted subscription and redemption dates and notice periods, minimum and maximum aggregate subscription amounts, investor eligibility requirements and in other respects.

Resale Restrictions

The Articles of Association of the Offshore Fund provide that the Participating Shares may not be sold, assigned, transferred, conveyed or disposed of without the prior written consent of the Directors of the Offshore Fund, which consent may be given or withheld in its discretion. Any attempt to sell or transfer Participating Shares without prior approval by the Directors may subject such Participating Shares to a compulsory redemption. There is no independent market for the purchase or sale of Participating Shares, and none is expected to develop.

Dividend Policy

The Directors have the ability from time to time to declare dividends in respect of the Participating Shares in their discretion from time to time and to pay interim dividends. Dividends when declared and paid will be debited to the Offshore Fund. The dividend policy for the Offshore Fund will be communicated to the shareholders holding Participating Shares from time to time. Shareholders will be given the opportunity of reinvesting dividend payments.

Rights on Winding Up

The Offshore Fund has perpetual succession and no fixed period is intended for its operation. Under Cayman Islands law the liquidation of the Offshore Fund may be commenced at any time by the Directors (or by the holders of at least a majority of the paid up capital of the shares which then carry the right to vote) convening an extraordinary general meeting at which a special resolution shall be passed, if the holders of a 66 ⅔% majority of the Ordinary Shares present in person or by proxy and so entitled, vote in favour of it.

Upon a liquidation of the Offshore Fund, the assets of the Offshore Fund available for distribution to shareholders and will be applied in repayment as follows:

1. First, in the payment to the shareholders holding Participating Shares of a sum equal to the nominal amount of the Participating Shares held by such shareholders respectively.

2. Secondly, in the payment to the holders of the Ordinary Shares of sums up to the nominal amount paid up thereon.

3. Thirdly, in the payment to the shareholders holding Participating Shares of any balance then remaining, such payment being made in proportion to the net asset value per Participating Share of the relevant class of Participating Shares held.

On the conclusion of the winding up, the liquidator will call a general meeting of the Offshore Fund in accordance with the *Companies Law* (as amended) of the Cayman Islands for the purpose of presenting the liquidation accounts, and thereafter will file a notice to that effect with the Registrar of Companies in the Cayman Islands.

Variation of Rights

The rights attached to any separate class or series of shares may, subject to the laws of the Cayman Islands and unless otherwise provided by the terms of issue of the shares of that class, only be materially adversely varied or abrogated either while the Offshore Fund is operating or in contemplation of a winding up of the Offshore Fund with the consent in writing of the holders of not less than three-fourths (¾) of the issued shares of the relevant class or series or with the sanction of a resolution passed at a separate meeting of the holders of the shares of the class or series by a majority of two-thirds (⅔) of the votes cast at that meeting. For these purposes, the Directors may treat all the classes or any two or more classes as forming one if they consider that all such classes would be affected in the same way by the proposals under consideration but in any other case shall treat them as separate classes. The rights attached to the Participating Shares of any class or series with preferred or other rights shall not unless expressly provided otherwise by their terms of issue, be deemed materially adversely varied or abrogated by the creation, allotment or issue of further Participating Shares ranking pari passu with or subsequent to them, the redemption or repurchase of any Participating Shares, by the passing of any Directors' resolution to change or vary any investment objective, investment technique and strategy and/or investment policy in relation to a class or series of Participating Shares or any modification of the fees payable to any service provider to the Offshore Fund.

Meetings of Shareholders

As an exempted company under Cayman Islands law, the Offshore Fund is not required to hold an annual general shareholders meeting. Such a meeting may, however, be convened at the discretion of the Directors. Only Queensgate Bank and Trust Company Ltd., as holder of the Ordinary Shares, has the right to attend at any general meetings of the shareholders.

THE MASTER FUND

The Master Fund was incorporated as an exempted, segregated portfolio company under the *Companies Law* (as amended) of the Cayman Islands on January 7, 2004. The constitution of the Master Fund is defined in its Memorandum and Articles of Association. The Articles of Association of the Master Fund provide that the directors of the Master Fund may appoint an administrator and investment manager to act for and on behalf of the segregated portfolios of the Master Fund and may entrust to and confer upon the administrator and the investment manager, as applicable, any of the duties, powers, authorities and discretions exercisable by them as directors of the Master Fund (other than the power to make calls and to forfeit shares). Its registered office is at Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands.

In accordance with the *Companies Law* (as amended), a segregated portfolio company may create one or more segregated portfolios in order to segregate the assets and liabilities of the company held within or on behalf of a portfolio from the assets and liabilities of the company held within or on behalf of any other segregated portfolio of the company and the assets and liabilities of the company which are not held within or on behalf of any segregated portfolio of the company. A segregated portfolio company is a single legal entity and any segregated portfolio of or within a segregated portfolio company shall not constitute a legal entity separate from the company.

The Master Fund is managed by its directors and the directors of the Master Fund have appointed: (i) the Offshore Administrator to provide administrative services to the segregated portfolios of the Master Fund; and (ii) the Investment Advisor to provide investment advisory services to the segregated portfolios of the Master Fund. The directors of the Master Fund are also responsible for appointing and reviewing the performance of the prime brokers in respect of the Master Fund activities.

The directors of the Master Fund are Ronan Guilfoyle, Charles Thomas and Matthew MacIsaac. Messrs. Ronan Guilfoyle and Charles Thomas serve as non-executive directors of the Master Fund. See “The Offshore Fund - Directors of the Offshore Fund”. Matthew MacIsaac is a director and officer of the Investment Advisor. See “The Portfolio Advisor - Officers, Directors and Key Investment Personnel of the Portfolio Advisor”.

Every director of the Master Fund shall be indemnified by the Master Fund against any loss, claim, damage, charge, liability, expense, judgment and amounts paid in settlement, by reason of any actions carried out in the discharge of his duties, provided such actions did not involved gross negligence, wilful default, fraud or dishonesty.

The Master Fund has been incorporated with unrestricted objects. The directors of the Master Fund have adopted as the investment policy of the Master Fund as described in this Offering Memorandum. See “Investment Objective and Strategy of the Offshore Fund”.

Substantially all of the capital of the Offshore Fund is invested in the Master Fund. The segregated portfolio of the Master Fund in which the Offshore Fund invests is the MMCAP Master Segregated Portfolio.

INVESTMENT OBJECTIVE AND STRATEGY OF THE OFFSHORE FUND

Investment Objective

The investment objective of the Offshore Fund, which invests in the Master Fund, is to provide holders of the Reference Shares with long-term capital appreciation by investing primarily in the Master Fund in order to gain exposure to securities of business entities located anywhere in the world across diversified industry sectors including industrial/industrial technology, consumer/retail, healthcare, diversified services and “special situations”. The Offshore Fund has broad and flexible investment authority. Capital growth will be targeted primarily through the

selection and strategic trading of both long and short positions in equity, debt and derivative securities. The Offshore Fund may use margin, leverage and hedging in pursuing its investment objective. **References in this Offering Memorandum to the investment objectives, strategies and restrictions of the Offshore Fund are intended to refer also to the investment objectives, strategy and restrictions of the Master Fund.**

There can be no assurance that the investment objectives will be achieved and investment results may vary substantially over time.

Investment Strategy

The Master Fund, in which the Offshore Fund invests, pursues a flexible and often aggressive investment style implementing both long and short strategies with debt and equity securities on a leveraged basis, as well as other investment strategies that are determined to be appropriate. In executing this strategy, a combination of techniques will generally be employed, including but not limited to the following:

(a) making long term investments in securities which are believed to be undervalued, especially those with improving fundamentals, strong balance sheets and solid business franchises;

(b) short selling of securities which are believed to be overvalued, especially those with deteriorating fundamentals, weak balance sheets and/or other factors which merit a determination of overvaluation;

(c) managing the relative weightings of long and short positions to reduce overall portfolio exposure to stock market volatility;

(d) participating and structuring arbitrage situations where the Master Fund, in which the Offshore Fund invests, can capture the price spread between: (i) the current market price of a security and the value of the security upon completion of a take-over or merger that has been announced ("**merger arbitrage**"); (ii) the price of convertible securities and the value of the underlying securities to lock in a conversion profit or to conserve and protect the coupon on such securities ("**convertible arbitrage**"); and (iii) the price of special warrant securities and the value of the underlying securities to take advantage of a price spread between such securities ("**special warrant arbitrage**");

(e) identifying restructuring or spin-off opportunities in companies that may be involved in multiple business lines in order to take advantage of differences in the market value of the securities of the original issuer versus those of the spun-off entities; and

(f) engaging in "**pairs trading**" which involves taking a short position in securities of a particular issuer while taking a long position in securities of another issuer in the same or similar industry in an attempt to take advantage of relative valuation differences between the two issuers. Such a "pairs trade" may be made when it is believed that the fundamentals of the issuer in which the Master Fund holds a long position will become increasingly attractive as compared to those of an issuer in which the Master Fund holds a short position.

Consistent with the broad and flexible investment authority of the Offshore Fund, investments may at any time include long or short positions in publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, swaps, options (purchased or written), futures contracts, commodities and other derivative instruments and other securities or financial instruments including those of investment companies. In accordance with the policies of the Investment Advisor any gains or losses arising from securities transactions that do not settle within the customary settlement periods, including costs associated with forced repurchases of securities, will be for the account of the Master Fund and indirectly the Fund. The Master Fund, in which the Offshore Fund invests, may invest in cash or cash equivalents if the Investment Advisor believes there are not sufficient good values in other investments. The Master Fund, in which the Offshore Fund invests, may also purchase, hold, sell or otherwise deal in commodities, commodity contracts, commodity futures, financial futures or options and may invest in forward currency exchange contracts or currency futures as a hedge against currency fluctuations.

Investment Restrictions of the Offshore Fund

The activities of the Master Fund and therefore, the Offshore Fund are subject to certain investment restrictions (the "**Investment Restrictions**"). The Investment Restrictions of the Master Fund and therefore, the Offshore Fund, may be changed, if required, to comply with applicable laws. In addition, the Master Fund and the Offshore Fund reserve the right to amend the Investment Restrictions but no such change may be made unless thirty (30) days' prior written notice of the proposed change is given to each shareholder holding the Reference Shares.

For the purpose of the Investment Restrictions listed below, all percentage limitations apply only immediately after a transaction, and any subsequent change in any applicable percentage resulting from changing values will not require disposition of any securities. These Investment Restrictions govern the activities of the Master Fund (and hence, indirectly the activities of the Offshore Fund) and relate to the investment of its assets, the incurrence of debt, and provide as follows:

(a) **Sole Undertaking** - The Master Fund will not engage in any undertaking other than the investment of the Offshore Fund's assets, in accordance with the Master Fund's investment objectives and, subject to the Investment Restrictions, such activities as are necessary or ancillary with respect thereto; and

(b) **Purchasing Securities** - The Master Fund will not purchase securities other than through normal market facilities unless the purchase price thereof approximates or is less than the prevailing market price or is negotiated or established on an arm's length basis by the Investment Advisor.

MANAGEMENT AND ADMINISTRATION OF THE OFFSHORE FUND

Directors

Meetings and other activities of the board of directors of the Offshore Fund and the Master Fund will be undertaken exclusively outside Canada. At no time will a majority of the board of directors of the Offshore Fund or the Master Fund consist of persons resident in Canada for purposes of the Tax Act.

The Directors are responsible for the overall management of the Offshore Fund. However, they serve in a non-executive capacity and have delegated the day-to-day operation of the Offshore Fund to service providers including the Offshore Administrator. Directors will not be liable to the Offshore Fund for any acts or omissions in the performance of their duties, provided that they act honestly and in good faith in the interests of the Offshore Fund in the absence of wilful neglect or default and the Articles of Association of the Offshore Fund contain provisions for the indemnification of the Directors by the Offshore Fund, against liabilities to third parties arising in connection with the performance of their services.

Directors of the Offshore Fund and the Master Fund are entitled to reimbursement of expenses for attending board of directors' meetings. Directors of the Offshore Fund and the Master Fund who are not officers, employees or affiliates of the Investment Advisor and who are not corporate directors are entitled to receive a fee for each board of directors' meeting attended in person (which fees are not expected to exceed U.S.$2,000 per annum in the aggregate per fund).

The Investment Advisor

The Master Fund has engaged MM Asset to act as the investment advisor in respect of the MMCAP Master Segregated Portfolio of the Master Fund (in its capacity as the "**Investment Advisor**") pursuant to the Investment Advisory Agreement dated as of July 31, 2019 (as may be amended from time to time).

Offshore IA Agreement

Under the terms of the Investment Advisory Agreement, the Investment Advisor is required to exercise the powers and discharge the duties of its office honestly, in good faith and in a manner believed to be in the best interests of the Master Fund and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent investment manager of an investment fund, with objectives similar to those of the funds would exercise in the circumstances. The Investment Advisory Agreement provides that if the Investment Advisor has fulfilled its

standard of care obligation, the Investment Advisor shall not be liable for any error in judgment or for any loss sustained by reason of any action taken or omitted to be taken, including but not limited to the adoption or implementation of any investment program or the purchase, sale or retention of any portfolio investment by it on behalf of Master Fund. The Investment Advisor will incur liability in cases of wilful default, fraud, bad faith, negligence or disregard of its duties or standard of care, diligence and skill. In addition, the Investment Advisor and each of its principals, shareholders, officers, directors, agents and employees will be indemnified and saved harmless by the Master Fund, actions, proceedings, claims, costs, demands and expenses (including legal costs on a solicitor and his own client basis, judgements and amounts paid in settlement, provided that the Master Fund has approved such settlement), brought, commenced or prosecuted against the Investment Advisor for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Investment Advisor's duties as investment adviser under the Investment Advisory Agreement, including all reasonable legal, professional and other expenses properly incurred in connection therewith, unless such claim arises as a result of the negligence, wilful default, fraud or bad faith by the Investment Advisor.

The Investment Advisory Agreement has an initial term of two years and will thereafter continue in force unless and until terminated by the Master Fund or the Investment Advisor by giving the other party not less than 90 days' written notice, except that such Agreement may be terminated forthwith by either party if (i) the other party commits any breach of its obligations under such Agreement, which breach is not remedied within ten days or (ii) the other party goes into liquidation or makes or proposes any arrangement or composition with its creditors or a receiver is appointed or (iii) on the redemption of all of the shares of the Master Fund.

The Fund will invest in a zero management fee class of Participating Shares of the Offshore Fund. The Offshore Fund does not pay any management fees in respect of the Reference Shares.

The Offshore Administrator

SGGG Fund Services (Cayman) Inc., a company located in Grand Cayman, Cayman Islands, (the "**Offshore Administrator**") has been retained by each of the Offshore Fund and the Master Fund pursuant to an administration services agreement (the "**Offshore Administration Services Agreement**") to provide certain administrative services for the Offshore Fund, the Master Fund and the segregated portfolios of the Master Fund. The Offshore Administrator is a company incorporated under the law of the Cayman Islands.

Pursuant to the Offshore Administration Services Agreement, the Offshore Administrator is responsible, under the ultimate supervision and control of the Directors, for certain matters pertaining to the administration of the Offshore Fund, including processing subscription or redemption requests, performing the requisite anti-money laundering procedures, communicating with investors, providing periodic reports, remitting subscription proceeds, remitting redemption proceeds, processing payment of the expenses of the Fund and the Master Fund, and other day-to-day administrative tasks. The Offshore Administrator is also responsible for providing FATCA/CRS compliance services.

The Offshore Administrator is currently responsible for determining the net asset value of the Offshore Fund and the net asset values per Participating Share on each Valuation Date. The Offshore Administrator is currently responsible for determining the net asset value of the segregated portfolios of the Master Fund on each Valuation Date.

In providing administration services, the Offshore Administrator will rely on information provided by the directors, the Investment Advisor (in respect of the Master Fund) and other service providers, and will not be liable for any loss suffered by reason of any error resulting from any inaccuracy in the information provided.

The Administration Agreement is governed by the laws of the Cayman Islands and is subject to termination by the Offshore Administrator or the Offshore Fund and the Master Fund upon 90 days' written notice or, under certain circumstances, shorter notice. Under the provisions of the Offshore Administration Services Agreement, the Offshore Fund and the Master Fund have agreed to hold harmless and indemnify the Offshore Administrator against all actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the investments) and against all costs, demands and expenses (including legal and professional expenses) arising therefrom which may be brought against, suffered or incurred by the Offshore Administrator by reason of the performance of the Offshore Administrator's duties under the terms of the Offshore Administration Services Agreement save where any such actions, proceedings, claims, costs, demands or expenses arise as a result of the

Offshore Administrator's wilful misfeasance, fraud or, misconduct, bad faith, gross negligence, or the reckless disregard of its duties.

The Offshore Administrator will be paid a fee as agreed from time to time with the Offshore Fund and the Master Fund. The Offshore Administrator is also entitled to other fees for specific services that may be provided as well as reimbursement for actual out-of-pocket expenses incurred on behalf of the Offshore Fund and the Master Fund.

The Offshore Administrator is a Cayman Islands company which is licensed as a Mutual Fund Administrator in the Cayman Islands. The registered office of the Offshore Administrator is at Regatta Office Park, Windward Three, 4th Floor, West Bay Road, PO Box 10312, Grand Cayman KY1-1003, Cayman Islands.

The Offshore Administrator may act as an administrator for other mutual funds established in the Cayman Islands or elsewhere or as an investment advisor to other mutual funds in the future, any of which may be competing with the Offshore Fund and the Master Fund in the same markets.

Conflicts of Interest

The Investment Advisor may in the future manage the trading for other investment funds or accounts in addition to those of the Master Fund. In the event that the Investment Advisor elects to undertake such activities and other business activities in the future, it and/or its principals may be subject to conflicting demands in respect of allocating management time, services and other functions. The Investment Advisor and their 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 board of directors of the Offshore Fund and the Master Fund may be comprised in part or entirely of the same individuals.

DETAILS OF THE OFFERING

An unlimited number of Class A Units, Class F Units, Class I Units, Class USA Units, Class USF Units and Class USI Units (the "**Units**") issued in series are offered pursuant to exemptions from the prospectus requirements of applicable securities legislation (the "**Offering**").

The minimum initial investment in Units (other than Class I Units and Class USI Units for which the minimum is $100,000 and US$100,000, as applicable) 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 (US$25,000 for Class USA Units and Class USF 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 $10,000, 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 six Classes of Units currently offered by the Fund pursuant to this Offering Memorandum: Class A Units, Class F Units, Class I Units, Class USA Units, Class USF Units and Class USI 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, currency denomination and service fees, as set out herein. Class A Units and Class USA 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 I Units and Class USI Units are intended primarily for institutional or ultra-high net worth investors. Class A Units, Class F Units and Class I Units are denominated in Canadian dollars, and Class USA Units, Class USF Units and Class USI 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 fees payable to a third party administrator, accounting, audit and legal costs, insurance premiums, fees associated with the Fund's bank accounts, custodial, prime broker and safekeeping fees, research and trading, quotes, financial software terminals, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, all Unitholder communication expenses and servicing costs, distribution expenses, promotional expenses, the cost of maintaining the Fund's existence, regulatory fees and expenses, the cost of consulting, 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 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.

The fees and expenses relating to the Offshore Fund's operations, including but not limited to director and administration fees, regulatory, accounting, record keeping, legal fees and expenses are attributable to the Offshore Fund Shares.

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: (i) 1/12 of 2.5% of the aggregate Class Net Asset Value of the Class A Units and Class USA Units of the Fund (including an amount equal to a 1.0% annual service fee payable by the Manager to brokers, dealers and advisors); (ii) 1/12 of 1.5% of the aggregate Class Net Asset Value of the Class F Units and Class USF Units of the Fund; and (iii) 1/12 of 2.0% of the aggregate Class Net Asset Value of the Class I Units and Class USI Units of the Fund, plus applicable taxes. No service fees are payable in respect of Class F Units, Class I Units, Class USF Units and Class USI Units of the Fund. 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. For the purposes of calculating the Management Fee, the Manager shall make an adjustment to take into account any accrued Class C Allocation charged to the Offshore Fund Shares in which the Fund invests.

The Fund will invest in a zero-management fee class of Participating Shares of the Offshore Fund. The Master Fund does not pay any management fees in respect of the Reference Shares.

Manager will be responsible for paying any amounts owing to the Portfolio Advisor in its capacity as portfolio advisor of the Fund from the Management Fee.

Performance Fees

Performance Fees payable by the Fund

The Fund, to the extent it conducts its investment strategy directly, will pay to the Manager a performance fee which shall be calculated and accrue monthly and be paid annually (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 Units. No Performance Fee is payable by the Fund to the Manager in respect of any portion of the Net Asset Value of the Fund that are invested in the Offshore Fund Shares.

To the extent the Fund conducts its investment strategy directly, in calculating the Performance Fee in respect of each Series of each Class of Units, the Administrator shall determine the positive difference (the "**Excess Amount**"), if any, between the Net Asset Value per Unit of that series calculated on the last Business Day of the applicable fiscal year (the "**Determination Date**") and the Net Asset Value per Unit of that series calculated on (i) the last Business Day of the immediately preceding fiscal year, if that series of that class was issued and outstanding during the previous fiscal year, or (ii) the date of the initial offering of that series of that class, if that series of that class was initially offered during the current fiscal year (the "**Previous Determination Date**"); and (b) the percentage increase in the Net Asset Value per Unit of that series between the Determination Date and the Previous Determination Date (the "**Percentage Return**"), if any, by dividing the Excess Amount by the Net Asset Value per Unit of that series on the Previous Determination Date. The Performance Fee for a fiscal year of the Fund shall be an amount equal to 20% of the Excess Amount multiplied by the number of Units of that series outstanding on the Determination Date, subject to a loss carryforward described below.

If with respect to a Determination Date there is a negative difference (a "**Loss**") between the Net Asset Value per Unit of any series of any class calculated on that Determination Date and the Net Asset Value per Unit of that series of that class calculated on the Previous Determination Date, there will be no Performance Fee payable in respect of that series of that class until the amount of the Loss has been recouped.

Special Allocation to Class C Participating Shares of the Offshore Fund

The Offshore Fund will deduct from the net assets of the Offshore Fund attributable to the Offshore Fund Shares, and allocate to the net assets of the Offshore Fund attributable to the Class C Participating Shares, a special allocation which shall be calculated and accrue monthly and be allocated annually as described below (the "**Class C Allocation**"). The Class C Allocation is deducted from the Offshore Fund Shares on a series-by-series and class-by-class basis.

In calculating the Class C Allocation for each series of each class of the Offshore Fund Shares, the Offshore Administrator shall determine the positive difference (the "**Offshore Excess Amount**"), if any, between the net asset value per Offshore Fund Share of that series calculated on the last Business Day of the applicable fiscal year (the "**Offshore Determination Date**") and the net asset value per Offshore Fund Share of that series calculated on (i) the last Business Day of the immediately preceding fiscal year, if that series of that class was issued and outstanding during the previous fiscal year, or (ii) the date of the initial offering of that series of that class, if that series of that class was initially offered during the current fiscal year (the "**Offshore Previous Determination Date**"). The Class C Allocation for a fiscal year of the Offshore Fund shall be an amount equal to 20% of the Offshore Excess Amount multiplied by the number of Offshore Fund Shares of that series outstanding on the Offshore Determination Date, subject to a loss carryforward as described below.

If with respect to a Offshore Determination Date there is a loss between the net asset value per Offshore Fund Share of any series of any class calculated on that Offshore Determination Date and the net asset value per Offshore Fund Share of that series of that class calculated on the Offshore Previous Determination Date, there will be no Class C Allocation payable in respect of that series of that class until the amount of the loss has been recouped.

The Class C Allocation is calculated and accrued monthly so that such accruals are reflected in the net asset value per Offshore Fund Share of each series of each class. Such calculations are made based upon the year-to-date increase in the net asset value per Offshore Fund Share, taking into account any loss carryforward.

If Offshore Fund Shares are redeemed during a fiscal year of the Offshore Fund, the redemption date shall be deemed to be a Offshore Determination Date for purposes of computing the Class C Allocation chargeable against such series of such class of Offshore Fund Shares. In such circumstances, any Class C Allocation chargeable in respect of the redeemed shares shall be determined based upon the year-to-date increase in the net asset value per Offshore Fund Share of that series of that class and shall be allocated to the Class C Participating Shares on the redemption date from the redemption proceeds otherwise payable to the shareholder.

At least 90% of the Class C Allocation accrued for a particular fiscal year of the Offshore Fund shall be allocated to the Class C Participating Shares on or about the first Business Day of the immediately following fiscal year, but at the discretion of the Directors, the balance of such allocation may be allocated to the Class C Participating Shares within ten (10) days after completion of the Offshore Fund's year-end audit.

For the purposes of calculating the Class C Allocation, the net asset value of the Offshore Fund Shares of any series of any class on a Offshore Determination Date shall be the net asset value of the Offshore Fund Shares of that series on such date as determined by the Offshore Administrator.

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. The Net Asset Value and the Class Net Asset Value, as at the relevant Valuation Date, will be calculated by the Administrator on or about the 15th day following the relevant Valuation Date. 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 31st 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 NI 81-106 or any exemptions therefrom and otherwise 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 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 on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash received (or declared to holders of record on or before the date of valuation and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager has determined that any of the foregoing is not worth the full amount, in which event the value thereof shall be deemed to be such value as the Manager determines to be the fair value;

(b) short-term investments including notes and money market instruments shall be valued at cost plus accrued interest (for this purpose, interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of such an investment at the time of its acquisition);

(c) the value of any security which is listed or traded upon a stock exchange shall be determined by taking the last sale price, 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 Manager such value does not reflect the value thereof and in which case the latest offer price or bid price should be used), as at the date of valuation all as reported by any means in common use;

(d) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the prevailing rate of exchange, as determined by the Administrator, on the date of valuation;

(e) the value of a forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the forward contract on the date of valuation unless daily limits are in effect, in which case fair market value may be based on the current value of the underlying interest;

(f) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis;

(g) the value of any security or property to which, in the opinion of the Manager, the above valuation 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 value thereof determined in good faith in such manner as the Manager from time to time adopts; and

(h) the value of any security or other asset for which no published market exists, including securities of private issuers, will be determined by the Manager in accordance with the following:

a. such securities or other assets will normally be carried at cost unless:

i. there is an arm's length transaction which in the Manager's reasonable opinion establishes a different value, or

ii. a material change in the value of an issuer occurs, including as a result of a write-down of its assets on its audited balance sheet or the preparation of a valuation of the issuer or of a substantial portion of its assets by a qualified independent person, in which event the value will be increased or decreased, as appropriate, to the resulting fair value; and

b. if there is an arm's length bona fide enforceable offer to purchase all or a substantial portion of an issuer's outstanding securities or its assets, the Fund's securities will be valued based upon the proposed transaction price.

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.

Net Asset Value of the Offshore Fund Shares and Reference Shares

The Net Asset Value will generally be equal to the net asset value of the Offshore Fund Shares purchased by the Fund. The net asset value of the applicable Offshore Fund Shares, in turn, will generally be equal to the net asset value of the Reference Shares purchased by the Offshore Fund relating to such Offshore Fund Shares. The net asset values may differ, for example, as a result of the expenses of each respective fund or cash that is held by the Fund or the Offshore Fund.

The net asset value of the Offshore Fund and the net asset value per Participating Share shall be calculated, in Canadian dollars or U.S. dollars, as applicable, by the Offshore Administrator as at close of business on the relevant offshore valuation date or at such other times as the Directors or Offshore Administrator may determine.

The net asset value of the Offshore Fund is equivalent to all the assets less all the liabilities of the Offshore Fund as at the offshore valuation date as determined under U.S. generally accepted accounting principles except where otherwise noted.

The net asset value per Participating Share of any class or series is determined by dividing the value of the assets of the Offshore Fund attributable to the Participating Shares of the relevant class or series less all liabilities attributable to the Participating Shares of such class or series by the number of such Participating Shares as at the relevant offshore valuation date, the result being round up or down to the nearest cent.

Participating Shares within the same series, if applicable, will have the same Net Asset Value per Participating Share.

The assets of the Offshore Fund shall be deemed to include:

(a) all securities owned or contracted to be acquired and all unrealized gains (or losses) on such securities;

(b) all non-voting, redeemable, participating shares of the Master Fund owned by the Offshore Fund;

(c) all cash on hand, on loan or on deposit including accrued interest thereon;

(d) all bills and demand notes and amounts receivable (including proceeds of securities sold but not delivered);

(e) all interest on any interest-bearing securities owned by the Offshore Fund, except to the extent that the same is included or reflected in the principal amount of such securities; and

(f) all other assets of every kind and nature, including, without limitation, prepaid expenses.

The liabilities of the Offshore Fund shall be deemed to include:

(a) all loans, bills and accounts payable;

(b) accrued management fees, performance fees, additional performance fees (if applicable) and the Class C Allocation;

(c) all accrued and payable administrative expenses (including all fees payable to any service provider and any agent), and any allowance for estimated annual audit fees, Directors' fees, legal fees and other fees;

(d) the Offshore Fund's indirect pro-rata share of all accrued and payable fees and expenses of the Master Fund;

(e) all known liabilities, present and future, including, without limitation, all matured contractual obligations for payments of money or property;

(f) an appropriate provision for taxes due and future taxes to be assessed; and

(g) all other liabilities of the Offshore Fund of whatsoever kind and nature for which reserves are determined to be required by the Directors.

In the event that any amount is not payable until some future time after the offshore valuation date, the Offshore Administrator shall make such allowance as is considered appropriate to reflect the true current value thereof.

In the event that the Offshore Administrator determines that the valuation of any securities, investments or other property does not fairly represent market value, the Offshore Administrator may value such securities, investments or other property as it reasonably determines and will set forth the basis of such valuation in writing in the Offshore Fund's records.

All valuations are binding on all persons and in no event shall the Offshore Administrator or the Directors incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of manifest error or bad faith.

Prospective investors should be aware that situations involving uncertainties as to the valuation of positions could have an adverse effect on the Offshore Fund's net assets if certain judgments regarding appropriate valuations should prove incorrect. The above valuation principles apply equally to the Master Fund.

The Directors may suspend the determination of the net asset value of the Offshore Fund and the Participating Shares, the redemption of Participating Shares including the right to receive redemption proceeds and/or the issuance of additional Participating Shares, upon the occurrence of any of the following circumstances (and in each case for the whole or any part of a period): (a) when any stock exchange on which securities held by the Offshore Fund and/or the Master Fund are quoted is closed except for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended; (b) during the existence of any state of affairs as a result of which in the opinion of the Directors, the disposal of investments held by the Offshore Fund and/or the Master Fund would not be reasonably practicable or might seriously prejudice the non redeeming shareholders of the Offshore Fund; (c) during any breakdown in the means of communication normally employed in determining the price or value of any securities held by the Offshore Fund and/or the Master Fund or of current prices in any stock market on which securities held by the Offshore Fund and/or the Master Fund are quoted, or when for any other reason the prices or values of any securities held by the Offshore Fund and/or the Master Fund cannot reasonably be promptly and accurately ascertained; (d) when the transfer of funds involved in the realization or acquisition of any securities held by the Offshore Fund and/or the Master Fund cannot, in the opinion of the Directors, be effected at normal rates of exchange; (e) where the Directors determine in good faith, after consultation with the Offshore Administrator, that there exist any circumstances that render the calculation of the net asset value, acceptance of subscriptions for Participating Shares, redemptions, re-purchases or payment of the redemption price, impracticable or undesirable.

The Offshore Fund may withhold payment to any person whose Participating Shares have been tendered for redemption until after any suspension has been lifted. If a redemption request is not withdrawn by a shareholder following declaration of a suspension, the redemption will be completed as of the offshore valuation date next following the month in which such suspension is ended, unless the Directors determine otherwise, on the basis of the net asset value per Participating Share as at the last offshore valuation date.

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, the Offshore Fund or the Master 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 a period in which the calculation of the value of or redemption of the Offshore Fund Shares or Reference Shares has been suspended, or (iii) with the approval of the relevant securities regulatory authorities or as otherwise required or permitted under applicable securities laws.

PURCHASE OF UNITS

Units are offered on a continuous basis at the applicable Class and Series Net Asset Value per Unit as of each Valuation Date. Fractional Units will be issued up to a maximum of four decimal places. Each Class of Units of the Fund is offered and sold pursuant to exemptions from available prospectus and requirements in the Offering Jurisdictions. Prospective investors that are Canadian residents must invest the minimum initial subscription amount of:

(a) $25,000 for Class A Units and Class F Units (US$25,000 for Class USA Units and Class USF Units), for subscribers that qualify as “accredited investors” (as such term is defined in NI 45-106);

(b) $150,000 for Class A Units, Class F Units, Class USA Units and Class USF Units, for subscribers, other than individuals or subscribers resident in Alberta, that are not purchasing as “accredited investors”; or

(c) $100,000 for subscribers purchasing Class I Units (US$100,000 for Class USI Units) for subscribers that qualify as "accredited investors" (as such term is defined in NI 45-106).

A Unitholder may make an additional investment in Units of not less than $10,000, 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 5:00 p.m. (EST) at least two business days before the relevant Valuation Date (provided that the Manager reserves the right, but shall not be obligated, to accept subscriptions that are received prior to 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.

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

Upon receipt by the Administrator of a written redemption request, the Fund will redeem all or any part of the Units of a Class or Series held by a Unitholder at the Class or Series Net Asset Value per Unit determined by the Administrator as of the next Valuation Date following receipt of the redemption request. All redemption requests received after 4:00 p.m. (EST) on the date which is 45 days prior to a Valuation Date (or such later date as the Manager may accept in its sole discretion) will be processed at the Class or Series Net Asset Value per Unit calculated as of the Valuation Date in the following month. Redemption requests will be processed in the order in which they are received. Redemption requests are irrevocable except with the consent of the Manager (in its

absolute discretion), unless they are not honoured on the designated Valuation Date, in which case they may be withdrawn within 15 days following such Valuation Date.

The redemption proceeds (net of any Redemption Charge, as hereinafter defined) will be paid to the Unitholder on or about the 15th Business Day of the month 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 5% short-term trading redemption charge (a "**Redemption Charge**"), based on the Class or Series Net Asset Value of the redeemed Units, to any Unitholder who redeems Units within the first twelve (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. 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 (denominated in the same currency) 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.

DEALER COMPENSATION

A sales commission of up to 2% of the purchase price may be deducted from a purchase order for Class A Units or Class USA 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 Class A Units or Class USA Units, the Manager will pay to Registered Dealers a service fee based on the aggregate market value of their clients' investment in Class A Units or Class USA Units of the Fund, at an annualized rate of 1.0%. Service fees are calculated and paid on a quarterly basis in arrears approximately 15 days after the determination of the Class or Series Net Asset Value of the Class A Units or Class USA Units. A

Registered Dealer is entitled to such fees in respect of Class A Units or Class USA Units for so long as its clients hold such Units.

There is no sales commission or service fee payable in respect of an investor's investment in Class F Units, Class I Units, Class USF Units and Class USI Units of the Fund.

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 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 management fees, sales commissions and service fees. 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. The Manager may, at any time, sub-divide or consolidate any Units. 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 and Series by Series 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 Class and 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, subdivided or consolidated at the discretion of the Manager upon the Manager giving notice to each unit holder.

The provisions or rights attaching to Units of the Fund 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 intends to cause the Fund to distribute to Unitholders sufficient income and capital gains (net of applicable losses) in each taxation year so that it generally will not pay any Canadian federal income tax under Part I of the Tax Act. 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, 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. All distributions payable in respect of a Class of Units will be made on a *pro rata* basis to Unitholders of that Class. 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, an annual statement 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.

The Fund will deliver to Unitholders financial statements of the Fund in accordance with the provisions of NI 81-106. The Fund is relying on the exemption pursuant to section 2.11 of NI 81-106, from filing its financial statements with the Canadian securities regulatory authorities.

Pursuant to NI 81-106, Unitholders will be sent audited annual financial statements within 90 days of the Fund's year-end and unaudited semi-annual financial statements within 60 days after June 30th in accordance with their instructions. Under NI 81-106, 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, if convened upon the request of Unitholders, shall be cancelled, but 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 by under the Declaration of Trust or by applicable law, must be given by not less than a majority 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 to the terms applicable to Classes or Series of Units under the Declaration of Trust that would materially adversely affect the interest of the Unitholders of the Fund as a whole and/or of a Class or Series of the Fund without the 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, as

the case may be. The notice to be provided to Unitholders must be given in writing 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: (i) with the consent of the holders of 66 2/3% of the votes cast at a meeting of Unitholders, and (ii) provided that Unitholders affected by such change having been given not less than 60 days' written notice of the proposed change and the opportunity to redeem all of such Unitholder's Units prior to the effective date of the change, for any of the following purposes:

(a) changes to the amendment 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 provide Unitholders with long-term capital appreciation through: (i) exposure to the returns, of the Offshore Fund, which in turn provides exposure to the returns of the Master Fund; and (ii) directly investing in, or selling short, equity and equity derivative securities in a manner that is generally consistent with the investment objectives, strategies and restrictions of the Master Fund;

(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.

A change in the Trustee of the Fund requires the approval by a majority of votes cast at a special meeting of the Unitholders, other than to an affiliate or successor to the current Trustee, the Portfolio Advisor or a registered trust company.

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 March 31, 2021, 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 who 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 or 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 assumes that, at all times, the Offshore Fund and the Master Fund will not be, and will not be deemed to be, a "controlled foreign affiliate" of the Fund within the meaning of the Tax Act and that any Offshore Fund Shares held by the Fund will be capital property of the Fund for the purposes of the Tax Act. This summary also assumes that neither the Offshore Fund nor the Master Fund carries on business in Canada for the purposes of the Tax Act or is otherwise subject to tax in Canada. The Offshore Fund and the Master Fund will be "foreign affiliates" of the Fund within the meaning of the Tax Act. As a result, the Fund will be required to file an annual information return and provide detailed information relating to these corporations and the Fund's holdings in them.

This summary is also based on the assumption that the Fund will at no time be a "SIFT trust" as defined in the rules in the Tax Act relating to SIFT trusts. 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.

This summary assumes that the Fund at no time will (i) be a "financial institution" of the purposes of certain mark-to-market rules in the Tax Act; or (ii) earn any "designated income" for the purposes of Part XII.2 of the Tax Act. This summary also assumes that Units of the Fund will not be a "tax shelter investment" for the purposes of the Tax Act and the Fund will comply with its investment restrictions at all times.

This summary is based on the facts set out in this Offering Memorandum, the current provisions of the Tax Act as at March 31, 2021, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to March 31, 2021 (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 assumption that the Fund will qualify, and will continue to qualify at all times, as a "mutual fund trust" within the meaning of the Tax Act.

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 be redeemable on demand, and (iv) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units.

The Fund Manager intends to ensure that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust at all times and that the Fund has elected to be deemed to be a mutual fund trust from the date it was established.

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.

The Offshore Fund and the Master Fund will be "foreign affiliates" of the Fund within the meaning of the Tax Act. As a result, the Fund will be required to file an annual information return and provide detailed information relating to these corporations and the Fund's holdings in them.

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 may be liable for alternative minimum tax under the Tax Act in the event that, generally, its expenses exceed its income other than capital gains.

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 (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 Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the disposition of Offshore Fund Shares in connection with the redemption of Units and Fund distributions.

A disposition (including a redemption) or deemed disposition of an Offshore Fund Share will generally give rise to a capital gain (or a capital loss) for purposes of the Tax Act to the extent that the Fund's proceeds of disposition exceed (or are less than) the total of the Fund's adjusted cost base of the Offshore Fund Shares and reasonable costs of disposition.

The Fund's portfolio may include securities that 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.

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 Tax Act contains rules which may require a taxpayer, including the Fund, to include in income in each taxation year an amount in respect of the holding of an "offshore investment fund property". The offshore investment fund property rules may apply to the Fund in respect of the acquisition and holding of the Offshore Fund Shares if, but only if: (a) the value of such Offshore Fund Shares may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in (i) shares of the capital stock of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing ("**Investment Assets**"); and (b) it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Fund acquiring, holding or having an interest in the Offshore Fund Shares was to derive a benefit from portfolio investments in any Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Fund.

If applicable, these rules would generally require the Fund to include in its income for each taxation year in which the Fund owns Offshore Fund Shares the amount, if any, by which (i) an imputed return from the taxation year computed on a monthly basis and calculated as the product obtained when the Fund's "designated cost" (within the meaning of the Tax Act) of such shares at the end of a month, is multiplied by 1/12th of the sum of the applicable prescribed rate plus two percent, exceeds (ii) the Fund's income for the year (other than a capital gain) in respect of such shares determined without reference to these rules. The prescribed rate for this purpose is a quarterly rate based on the average equivalent yield of Government of Canada 90-day treasury bills sold during the first month of the immediately preceding quarter. Any amount required to be included in computing the Fund's income in respect of an offshore investment fund property would be added to the adjusted cost base to the Fund of the Offshore Fund Shares.

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, including the enhanced gross-up and tax credit applicable to eligible dividends.

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 Unitholders, 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, will likely 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 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 ("**DPSP**"), a registered education savings plan ("**RESP**"), or a registered disability savings plan ("**RDSP**") (each, a "**Registered 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 Registered Plan.

Notwithstanding that the Units may be qualified investments for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF (each, a "**Prescribed Plan**"), the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF, or the subscriber of an RESP (each, a "**Controlling Individual**") will be subject to a penalty tax if the Units held in the Prescribed Plan are a "prohibited investment" (as defined in the Tax Act). A Unit will generally be a "prohibited investment" for a Prescribed Plan if the Controlling Individual (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 Controlling Individual 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 a Prescribed Plan.

Prospective investors who intend to hold their Units in a Prescribed Plan should consult with their own tax advisors regarding the "prohibited investment" rules based on their own particular circumstances.

International Tax Reporting

On December 15, 2016, Part XIX of the Tax Act was enacted, which came into force on July 1, 2017, and which implemented the Organisation for Economic Co-operation and Development Common Reporting Standard. 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 the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. 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 Registered Plans.

U.S. Foreign Account Tax Compliance Act

In March 2010, the U.S. enacted the Foreign Account Tax Compliance Act ("**FATCA**"), which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the "**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 FATCA ("**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 the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavour 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", will be provided, along with certain financial information (for example, account balances), by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service (the "**IRS**"). 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. Any such FATCA Tax in respect of the Fund would reduce the Fund's distributable cash flow and net asset value.

ELIGIBILITY FOR INVESTMENT

Provided that the Fund qualifies and continues to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act, the Units will be "qualified investments" under the Tax Act for a trust governed by a Registered Plan.

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.**

Certain Risk Factors Applicable to the Fund

Reliance on Portfolio Advisor

All investment and trading decisions for the Fund and the Master Fund will be made by MM Asset and its judgment and ability will determine the success of the Fund and the Master Fund. No assurance can be given that the investment strategies of the Fund and the Master Fund will prove successful under any or all market conditions.

Limited ability to liquidate investment

There is no formal market for the Units and none is expected to develop in respect of any class of Units of the Fund. Units will be transferable only under certain limited circumstances and with the prior consent of the Manager. Accordingly, it is possible that investors may not be able to resell their Units. This offering of Units is not qualified by way of prospectus or other document which qualifies the issuance thereof and, consequently, the resale of Units is subject to restrictions under applicable securities legislation. Unitholders are advised to seek legal advice prior to any resale of the Units.

Limited Redemption Rights

An investment in Units provides limited liquidity since redemptions are permitted only on a monthly basis. In addition, if a Unitholder redeems Units within twelve (12) months of the date of purchase of such Units, a redemption fee may be charged. Accordingly, Units should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

Possible effect of redemptions

Substantial redemptions of Units could require the Fund to redeem a substantial portion of its investment in the Offshore Fund Shares. This, in turn, could require the Master Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions of Reference Shares held by the Offshore Fund 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.

Taxation of the Fund

If the Fund does not qualify, or ceases to qualify, as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Certain Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Unitholders.

Taxation of the Offshore Fund

The Offshore Fund intends to conduct its affairs such that it will not be, or be deemed to be, resident in, or engaged in a trade or business in, any country other than the Cayman Islands for taxation purposes. If the Offshore Fund were, or were deemed to be, resident in, or if any of its activities were, or were deemed, to constitute a trade or business in, a country other than the Cayman Islands, then that country's taxes may apply, and may adversely affect the return to Unitholders by reducing amounts payable to the Fund pursuant to its investment in the Offshore Fund.

Foreign Tax Reporting

Unitholders of the Fund are required to provide identity and residency information to the Fund, which may be provided by the Fund to U.S. tax authorities, in order to avoid the FATCA Tax being imposed on certain U.S. source income and on sale proceeds received by the Fund. In certain circumstances, the Fund may be required to withhold a 30% tax from distributions it pays to Unitholders who have not provided the required information.

However, 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 FATCA Tax provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA (the "**Canadian IGA Legislation**") 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 the Canadian IGA Legislation. Accordingly, Unitholders are required to provide identity, residency and other information which (in the case of specified U.S. persons or specified U.S.-owned non-U.S. persons) will be provided to the CRA and from the CRA to the IRS. However, the Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or the Canadian IGA Legislation or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with the relevant US legislation. Any such tax would reduce the Fund's distributable cash flow and Net Asset Value.

In addition, in accordance with Part XIX of the Tax Act, the Manager or the Fund are required to identify and report to the CRA certain information relating to Unitholders who are resident in certain specified countries other than Canada.

Charges to the Fund and Master Fund

The Fund and the Master Fund will pay management fees, performance fees, legal, accounting, filing, research and other expenses regardless of whether the Fund and the Master Fund realize profits. In addition, the Master Fund will accrue and pay a performance fee to the Investment Advisor in respect of each fiscal year in which there is an Offshore Excess Amount greater than 40% between the net asset value per Participating Share calculated on the Offshore Determination Date and the net asset value per Participating Share of that series calculated on the Offshore Previous Determination Date.Leverage

The Fund may borrow money to pay redemptions and for cash management purposes, and may also borrow for investment purposes. Leverage may be utilized by the Master Fund as part of the investment program of the Reference Shares and the amount of leverage may be substantial. The Fund, to the extent it conducts its investment strategy directly, may directly or indirectly borrow funds from brokerage firms and banks. The Fund may also utilize a form of "leverage" by using options, swaps and other derivative instruments. 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 with respect to any investments in a market that moves adversely to such investments could result in a greater loss than if the investments were not levered.

In addition, if the Fund purchases securities on margin and the value of those securities falls, the Fund may be obligated to pay down the margin loans to avoid liquidation of the securities. If such loans are collateralized with portfolio securities that decrease in value, the Fund may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Fund, in their sole discretion, may change the leverage limits that they extend to the Fund.

Illiquidity

There can be no assurance that any of the Fund, the Offshore Fund or the Master Fund will be able to dispose of its investments in order to honour requests to redeem Units.

Past Performance

There can be no assurance that either the Fund or the Master Fund will achieve their respective investment objectives. Past investment performance of the Fund or the Master Fund or other funds managed by MM Asset should not be construed as an indication of the future results of an investment in the Fund or the Master Fund.

Suspension of Trading

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

Conflicts of interest

The Fund, the Offshore Fund, the Master Fund and the Manager may be subject to various conflicts of interest. See "Conflicts of Interest".

Not a mutual fund offered by prospectus

The Fund is not a mutual fund offered by prospectus. In addition, the Fund will not invest in a manner similar to the investments made by a mutual fund offered by prospectus. Investors should note that as the Fund is not a mutual fund offered by prospectus, the rules designed to protect investors who purchase securities of a mutual fund offered by prospectus will not apply to the Units.

Limited operating history

Although all persons involved in the management and administration of the Fund, including the service providers to the Fund, have significant experience in their respective fields of specialization, the Fund has a limited operating or performance history upon which prospective investors can evaluate the Fund's likely performance.

Class risk

Each Class of Units has its own fees and expenses which are tracked separately. If for any reason, the Fund is unable to pay the expenses of one Class of Units using that Class' proportionate share of the Fund's assets, the Fund will be required to pay those expenses out of the other Classes' proportionate share of the Fund's assets. This could effectively lower the investment returns of the other Class or Classes of Units even though the value of the investments of the Fund might have increased.

Unitholder liability

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

Potential Indemnification Obligations

Under certain circumstances, the Fund, the Offshore Fund or the Master Fund might be subject to significant indemnification obligations in respect of the Trustee, the Directors, the Administrator, the Investment Advisor, the Prime Brokers or certain parties related to them. The Fund , the Offshore Fund and the Master Fund do not carry insurance to cover such potential obligations and none of the foregoing parties are insured for losses for which the Fund, the Offshore Fund or the Master Fund has agreed to indemnify them. Any indemnification paid by the Fund,

the Offshore Fund or the Master Fund would reduce the Offshore Fund's or the Master Fund's respective Net Asset Value and, by extension, the value of the Participating Shares.

Certain Risk Factors Applicable to the Investment Strategy of the Fund

The following is a summary of some of the risk factors associated with the investment strategy employed by the Fund and the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares, but does not purport to be a complete summary. A more detailed list of risk factors specific to the investment strategies utilized by the Fund and the Master Fund may be obtained upon request by contacting the Manager.

No Assurance of Achieving Investment Objective

There is no guarantee that the Master Fund and therefore the Fund will meet its investment objective or that an investment in any class of Participating Shares of the Offshore Fund will earn a positive return. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Lack of Liquidity of Investments

The Fund and the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares, may invest in illiquid assets. These include securities, such as special warrants or other privately placed securities, and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to accurately value any such investments. If a substantial number of investors were to redeem from the Fund and the Fund did not have a sufficient number of liquid securities, the Fund might have to meet such redemptions through distributions of illiquid securities.

Reliance on Investment Advisor

The Master Fund and therefore, the Fund relies on the ability of the Investment Advisor to actively manage the assets of the Master Fund. The Investment Advisor has the responsibility to make the actual trading decisions upon which the success of the Master Fund and therefore, the Fund significantly depends. No assurance can be given that the trading approaches utilized by the Investment Advisor will be successful. There can be no assurance that a satisfactory replacement for the Investment Advisor will be available, if needed. Termination of the Offshore IA Agreement may expose investors to the risks involved in whatever new investment management and advisory arrangements the Directors are able to negotiate. In addition, the liquidation of positions held for the Master Fund as a result of the termination of the Offshore IA Agreement may cause substantial losses to the Master Fund and therefore, the Fund.

Reliance of Investment Advisor on Key Personnel

The Investment Advisor and therefore, the Master Fund, depends, to a great extent, on the services of a very limited number of individuals in the administration of the Master Fund's trading activities. The loss of the services of any such person by the Investment Advisor for any reason could impair the ability of the Investment Advisor to perform its investment management and advisory activities on behalf of the Master Fund.

Non-U.S. Investments

A significant portion and, at times, the majority of the Master Fund's assets consists of non-U.S. investments, which may include non-U.S. or U.S. domestic equity securities denominated in foreign currencies and/or traded outside of the U.S. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or non-U.S. governments, U.S. and non-U.S. withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S. and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the U.S., while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these non-U.S. markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is slower, less systematic and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in countries other than the U.S.

A portion of the Master Fund's portfolio may be invested in so-called emerging markets or less developed countries (such countries, "**EMC**" countries). EMC investing is generally characterized as having higher levels of risk than investing in fully developed markets. EMC investing involves certain considerations not usually associated with investing in securities of developed countries or of companies located in developed countries, including political and economic considerations such as: greater risks of expropriation, nationalization, and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies affecting investment and issues as to the orderly clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries. There is also generally less regulation of the securities markets in EMCs than there is in more developed countries. Placing securities with a custodian in EMCs may also present considerable risks. In recent periods, EMC investors have experienced substantial losses, due in part to debt defaults, political turbulence and economic instability, which factors may be expected to continue.

Currency Risks

Investments of the Master Fund that are denominated in a non-Canadian currency are subject to the risk that the value of a particular currency will change in relation to that of Canadian currency. The Investment Advisor may attempt to hedge currency risks by shorting stocks denominated in the particular currency, shifting cash into Canadian dollar assets, or investing in currencies, forward currency exchange contracts, futures or any combination thereof, but there can be no assurance that such strategies will be implemented, and if implemented, will be effective. In addition, it is anticipated that the currency exposure of the Class D-US$ Participating Shares will be substantially, but not fully, hedged, but there can be no assurance that such strategy, if implemented, will be effective, and there can be no assurance that the costs and risks of such strategy will be borne only by the Class D-US$ Participating Shares.

Use of Leverage by the Master Fund

The Master Fund expects to use leverage in its investment program when deemed appropriate and subject to applicable regulations. At times, the amount of such leverage may be substantial. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Master Fund purchases securities on margin and the value of those securities falls, the Master Fund may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Master Fund are collateralized with portfolio securities that decrease in value, the Master Fund may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Master Fund, in their sole discretion, may change the leverage limits that they extend to the Master Fund.

Investment and Trading Risks in General

All securities investments present a risk of loss of capital. However, it is believed that the investment strategies of the Master Fund moderate this risk through the careful selection of controlled investment techniques. The Master Fund's investment strategies may, however, utilize such investment techniques and instruments such as futures and option transactions, margin transactions and short sales which practices can, in certain circumstances, increase any losses. To the extent that any counterparty with or through whom the Master Fund engages in trading and maintains accounts does not segregate the Master Fund's assets, the Master Fund will be subject to a risk of loss in the event of the insolvency of such person or company. This risk is passed onto the Offshore Fund by virtue of its investment in

the Master Fund. Even where the Master Fund's assets are segregated, there is no guarantee that, in the event of such an insolvency, the Master Fund and therefore, indirectly the Offshore Fund will be able to recover all of its assets.

The profitability of a significant portion of the Master Fund's investment program depends upon correctly assessing the future course of price movements of specific securities and other investments. There can be no assurance that these price movements will be accurately predicted.

Merger and Other Arbitrage

The Fund and the Master Fund may invest in securities of companies that may be the subject of an acquisition. When it is determined that it is probable that a transaction will be consummated, the Master Fund may purchase securities at prices often only slightly below the anticipated value to be paid or exchanged for such securities in the merger, exchange offer or cash tender offer (and substantially above the price at which such securities traded immediately prior to the announcement of the merger, exchange offer or cash tender offer). If the proposed merger, exchange offer or cash tender offer appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security to be tendered or exchanged will usually decline sharply, resulting in a loss to the Master Fund and therefore, the Fund. In addition, where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force the Master Fund to cover its short position in the market at higher price than its short sale, with a resulting loss.

Concentration of Investments

From time to time a significant portion of the Fund's and the Master Fund's capital may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Fund's capital will not be afforded the protection otherwise available through greater diversification of its investments.

Distressed Securities

The Fund and the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares, intends to invest in instruments of companies that are in financial difficulty, and may be in, or emerging from, bankruptcy proceedings or other legally-mandated forms of liquidation proceedings. Such proceedings may be governed by U.S. or non-U.S. bankruptcy regimes. The length and complexity of bankruptcy and other insolvency proceedings may make it difficult for each of the Fund or the Master Fund to realize upon its investments when it desires. Distressed investments may result in significant returns, but also involve a substantial degree of risk. Each of the Fund and the Master Fund may lose a substantial portion or all of its investment in a distressed entity or may be required to accept as a return on its investment cash or securities with a value less than its investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims and similar provisions of the laws of non-U.S. jurisdictions. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed investments, litigation sometimes arises. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Lower-Rated or Unrated Convertible Securities

The Fund and the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares, may invest in convertible securities, including bonds, debentures, corporate notes and preferred stock that are convertible to common stock. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities, which provide a stable stream of income with generally higher yields than those of equity securities of the same or similar issues. Lower-rated or unrated convertible securities are subject to greater loss of principal and interest than higher-rated convertible securities. They are also generally subject to greater

market risk than higher-rated convertible securities. The capacity of issuers of lower-rated or unrated securities to pay interest and repay principal is more susceptible to real or perceived adverse economic conditions than investment grade securities, although the market values of lower-rated or unrated convertible securities tend to react less to fluctuations in interest rate levels than do higher-rated convertible securities. The market for lower-rated or unrated convertible securities may be thinner, and less active than for higher-rated securities, which can adversely affect the prices at which such convertible securities can be sold. However, each of the Fund and the Master Fund will generally seek to invest in investment grade securities.

Illiquid Securities and Private Securities

There is no assurance that an adequate market will exist for the securities held by the Fund and the Master Fund, including securities of private issuers. The Fund and the Master Fund cannot predict whether the securities held by it will trade at a discount to, a premium to, or at their fair value, if applicable. If the market for a specific security is particularly illiquid, the Fund and the Master Fund may be unable to dispose of such securities or may be unable to dispose of such securities at an acceptable price. In addition, if the Manager is unable, or determines that it is inappropriate, to dispose of some or all of the securities held by the Fund prior to the date of the termination of the Fund, Unitholders may, subject to applicable laws, receive distributions of portfolio securities in specie for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration.

Securities of private issuers will typically be companies that are small in size, and are therefore subject to greater risk based upon economic changes. There is generally little or no publicly available information about such businesses, and the Investment Advisor must rely on the diligence of its employees and consultants to obtain the information necessary for its decision to invest in them. There can be no assurance that such diligence efforts will uncover all material information about these privately held businesses. Investments in small companies may be riskier, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. As a result, company valuations and share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term. Smaller companies may have more difficulty retaining qualified management or financing their business plans. They may not be able to raise debt or equity capital. Even when equity capital is available, investors are subjected to dilution risks. Smaller companies may have difficulty managing growth or be unable to implement their business strategy.

The valuation of the securities of private companies is not based upon a liquid market, and valuations of these securities may be substantially higher or lower than the valuation of the securities when and if they are traded in the public market. There can be no assurance that a public market will develop for any of the securities of private issuers or that the Fund or the Master Fund will otherwise be able to realize a return of capital on the sale of such investments.

Counterparty and Custodial Risk

To the extent the Fund or the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares, invests in swaps, "synthetic" or derivatives instruments, certain types of option or other customized financial instruments, or, in certain circumstances, non-U.S. and non-Canadian securities, the Fund and the Master Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

The institutions, including brokerage firms and banks, with which the Fund or the Master Fund (directly or indirectly) do business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund or the Master Fund. Brokers may trade with an exchange as a principal on behalf of the Fund or the Master Fund, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such brokers could, therefore, have title to all of the assets of the Fund or the Master Fund (for example, the transactions which the broker has entered into on behalf of the Fund or the Master Fund as principal as well as the margin payments which the Fund or the Master Fund provides). In the event of such a broker's

insolvency, the transactions which the broker has entered into as principal could default and the Fund's or the Master Fund's assets could become part of the insolvent broker's assets, to the detriment of the Fund or the Master Fund. In this regard, assets may be held in "street name" such that a default by the broker may cause the Fund's or the Master Fund's rights to be limited to that of an unsecured creditor.

Under CFTC regulations, commodity brokers are required to maintain customers' assets in a segregated account. If a commodity broker used by the Fund or the Master Fund fails to do so, the Fund or the Master Fund (and therefore indirectly the Fund) may be subject to a risk of loss of the Funds on deposit with the commodity broker in the event of the commodity broker's bankruptcy. In addition, under certain circumstances, such as the inability of another customer of the commodity broker or the commodity broker itself to satisfy substantial deficiencies in such other customer's account, the Fund or the Master Fund may be subject to a risk of loss of the Funds on deposit with its commodity broker(s). In the case of any such bankruptcy or customer loss, the Fund or the Master Fund might recover, even in respect of property specifically traceable to it, only a *pro rata* share of all property available for distribution to all the commodity broker's customers.

Trading in Derivatives

The prices of derivative instruments can be highly volatile. The Fund directly, and through its exposure to the Master Fund, is subject to the risk of the failure of the counterparties with whom such trades are carried out. Should the securities pledged to brokers to secure the Fund's or the Master Fund's margin accounts decline in value, the Fund or the Master Fund could be subject to a "margin call" and be required to deposit additional funds with the broker or another counterparty or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's or the Master Fund's assets, the Fund or the Master Fund might not be able to liquidate assets quickly enough to pay off its margin debt. This risk is passed onto the Fund by virtue of its exposure to the Master Fund.

Risk of Short Sales

As one of its investment strategies, the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares, may engage in short selling securities. A short sale of a security may expose the Fund directly, and through its exposure to the Master Fund, to losses if the price of the security sold short increases because the Fund or the Master Fund may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is unlimited. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. In accordance with the policies of the Investment Advisor any gains or losses arising from securities transactions that involve the borrowing of the security that do not settle within the customary settlement periods, including costs associated with forced repurchases of securities, will be for the account of the Master Fund and indirectly the Fund. There is no assurance that the lender of the security will not require the security to be repaid before the Fund or the Master Fund wishes to do so, thereby requiring the Fund or the Master Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy. In addition, there is no assurance that the security sold short can be repurchased due to supply and demand constraints in the marketplace.

Options

The Fund and the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares, may purchase put or call options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Commodity Trading

Commodity markets are highly volatile. Profitability of the Master Fund, and therefore the Fund, will depend on the ability of the Investment Advisor to analyze the commodity and futures markets which are influenced by, among other things, changing supply and demand relationships, world political and economic events and changes in interest rates. The Investment Advisor cannot control any of the foregoing factors and no assurances can be given that its advice will result in profitable trades or that the Master Fund, and therefore the Fund, will not incur substantial losses.

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 Master Fund, and therefore the Fund, to losses.

Changes in Laws

There can be no assurance that income tax or securities laws, or the interpretation or application thereof, will not be changed in a manner that adversely affects the Fund, the Offshore Fund or the Master Fund or their securityholders. In recent periods the Canadian Securities Administrators, the SEC and the U.S. Congress have devoted increased attention to the issue of whether hedge funds and other private investment vehicles should be subject to increased or different modes of regulation. Changes to applicable law and/or future additional regulation could adversely affect the operations of the Fund, the Offshore Fund or the Master Fund.

Performance Fee

The Investment Advisor may receive a performance fee from the Offshore Fund. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. Because performance-based compensation is calculated on a basis that includes both realized and unrealized appreciation of the Offshore Fund's assets, such performance-based compensation may be greater than if such compensation were based solely on realized gains. In addition, since performance fees are charged on a series-by-series basis, a performance fee may be paid in respect of one series of Participating Shares held by an investor, and not with respect to another series of Participating Shares held by the same investor. Consequently, even when an investor suffers a decline in the aggregate value of its investment in all series of Participating Shares, the investor may bear the burden of performance fees in respect of some series of Participating Shares held by such investor.

Classes Are Not Separate Legal Entities

Although the returns of the Units of the Fund are referable solely to Class D-C$ and Class D-US$ Participating Shares, the Offshore Fund may issue further classes of Participating Shares. The Offshore Fund is, however, a single legal entity and creditors of the Offshore Fund may enforce claims against all assets of the Offshore Fund. In the event that the assets attributable to one class of Participating Shares were completely depleted by trading losses and a trading deficit remained, a creditor could enforce a claim against the assets of the other classes of Participating Shares.

Non-Recognition of Segregated Portfolios

The Master Fund is organized as a segregated portfolio company, and the segregated portfolio of the Master Fund in which the Offshore Fund invests is the MMCAP Master Segregated Portfolio. Under the *Companies Law* (as amended) of the Cayman Islands, the assets and liabilities of the Master Fund held within or on behalf of a segregated portfolio will be segregated from the assets and liabilities of the Master Fund held within or on behalf of any other segregated portfolio. Separate books and records will be maintained for each segregated portfolio. One segregated portfolio may, therefore, perform substantially better or worse than another. Although generally the assets of one segregated portfolio are not available to satisfy the liabilities attributable to another segregated portfolio, segregated portfolios do not constitute legal entities separate from the Master Fund and the Master Fund

may operate or have its assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognize such segregation.

Conflicts of Interest

The Manager and the Investment Advisor, their affiliates and directors and officers may provide investment advisory and portfolio management services to other investment funds and conduct investment activities for their own accounts. None of the directors or officers of the Manager and the Investment Advisor will devote his full time to the business and affairs of the Fund or the Master Fund. In addition, the Offshore Administrator may consult with and rely on the advice of the Investment Advisor in determining the value of the assets and liabilities of the Master Fund for all purposes. Such determinations will in turn affect the amount of the performance fee paid to the Investment Advisor, which fee is calculated on a basis which includes unrealized appreciation of assets.

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

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

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 and the Investment Advisor. The Manager will earn management fees and performance fees from the Fund and the Investment Advisor will earn performance fees from the Master Fund, to which the Fund is indirectly exposed through its purchase of the Offshore Fund Shares. See "Fees and Expenses Relating to the Fund".

MM Asset 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 each then 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 require payment for all or any of their Units shall be suspended and the Manager shall make appropriate arrangements for converting the fund property into cash. 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 value of the Fund attributable to the Class 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 AND PRIME BROKERS

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 and semi-annual financial statements as required, keep Unitholder records and any other services that the Fund may request.

The Prime Brokers serve as the prime-brokers for, and receive fees from, the Master Fund. The Master Fund reserves the right, in its discretion, to change the prime-broker for the MMCAP Master Segregated Portfolio and/or to open other prime-brokerage accounts.

LEGAL COUNSEL

McMillan LLP 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. Deloitte Cayman Islands acts as the auditors of the Offshore Fund.

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 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 should be directed to the appropriate provincial or territorial authority as per the table below.

Alberta Securities Commission Suite 600, 250 – 5th Street SW Calgary, Alberta T2P 0R4 Telephone: 403-297-6454 Toll free in Canada: 1-877-355-0585 Facsimile: 403-297-2082 Attention: FOIP Coordinator	**British Columbia Securities Commission** P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Inquiries: 604-899-6854 Toll free in Canada: 1-800-373-6393 Facsimile: 604-899-6581 Email: FOI-privacy@bcsc.bc.ca Attention: FOI Inquiries	**The Manitoba Securities Commission** 500 – 400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: 204-945-2561 Toll free in Manitoba: 1-800-655-5244 Facsimile: 204-945-0330 Attention: Director
Financial and Consumer Services Commission (New Brunswick) 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: 506-658-3060 Toll free in Canada: 1-866-933-2222 Facsimile: 506-658-3059 Email: info@fcnb.ca	**Government of Newfoundland and Labrador** **Financial Services Regulation Division** P.O. Box 8700 Confederation Building 2nd Floor, West Block Prince Philip Drive St. John's, Newfoundland and Labrador A1B	**Government of the Northwest Territories** **Office of the Superintendent of Securities** P.O. Box 1320 Yellowknife, Northwest Territories X1A 2L9 Telephone: 867-767-9305 Facsimile: 867-873-0243 28

Attention: Chief Executive Officer and Privacy Officer	4J6 Attention: Director of Securities Telephone: 709-729-4189 Facsimile: 709-729-6187 Attention: Superintendent of Securities	Attention: Superintendent of Securities
Nova Scotia Securities Commission Suite 400, 5251 Duke Street Duke Tower P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: 902-424-7768 Facsimile: 902-424-4625 Attention: Executive Director	**Government of Nunavut** **Department of Justice** Legal Registries Division P.O. Box 1000, Station 570 1st Floor, Brown Building Iqaluit, Nunavut X0A 0H0 Telephone: 867-975-6590 Facsimile: 867-975-6594 Attention: Superintendent of Securities	**Ontario Securities Commission** 20 Queen Street West, 22nd Floor Toronto, Ontario M5H 3S8 Telephone: 416-593- 8314 Toll free in Canada: 1-877-785-1555 Facsimile: 416-593-8122 Email: exemptmarketfilings@osc.gov.on.ca Attention: Inquiries Officer
Prince Edward Island Securities Office 95 Rochford Street, 4th Floor Shaw Building P.O. Box 2000 Charlottetown, Prince Edward Island C1A 7N8 Telephone: 902-368-4569 Facsimile: 902-368-5283 Attention: Superintendent of Securities	**Autorité des marchés financiers** 800, rue du Square-Victoria, 22e étage C.P. 246, tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: 514-395-0337 or 1-877-525-0337 Facsimile: 514-864-6381 (For privacy requests only) Email: fonds_dinvestissement@lautorite.qc.ca Attention: Corporate Secretary	**Financial and Consumer Affairs Authority of Saskatchewan** Suite 601 - 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: 306-787-5842 Facsimile: 306-787-5899 Attention: Director
Office of the Superintendent of Securities **Government of Yukon** **Department of Community Services** 307 Black Street, 1st Floor P.O. Box 2703, C-6 Whitehorse, Yukon Y1A 2C6 Telephone: 867-667-5466 Facsimile: 867-393-6251 Email: securities@gov.yk.ca Attention: Superintendent of Securities		

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.

In addition, in accordance with Part XIX of the Tax Act, the Manager or the Fund are required to identify and report to the CRA certain information relating to Unitholders who are resident in certain specified countries other than Canada. 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.

PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING LEGISLATION

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

If, as a result of any information /or other matter which comes to the Manager's attention, any director, officer or employee of the 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

Cooling-off Period

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

Statutory Rights of Action for Damages or 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.

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

(b) 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 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.

(c) 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.