# CONFIDENTIAL OFFERING MEMORANDUM

*This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of the securities referred to herein. No securities commission or similar regulatory authority in Canada or in any other jurisdiction has passed on the merits of the securities offered hereunder and any representation to the contrary is an offence. This Offering Memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*This Offering Memorandum is submitted on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Units. Use for any other purposes is not authorized. No person has been authorized to give any information or to make any representations regarding the Fund or the distribution of the Units other than as contained in this Offering Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized by the Fund. This Offering Memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is submitted. Any decision to purchase Units must be based solely upon the information contained herein.*

**Continuous Offering** **September 5, 2024**

capital ASSET INCOME FUND

INCOME. CAPITAL PRESERVATION. PREDICTABILITY.

## CAPITAL ASSET INCOME FUND

## Class A Units, Class F Units and Class I Units

## PRICE: $100.00 per Unit

Capital Asset Income Fund (the "**Fund**") is an open-ended investment fund established as a trust under the laws of the Province of Ontario. The investment objective of the Fund is to focus on preserving capital by indirectly investing in a portfolio of residential mortgage loans that generate income through the purchase of common shares of Mortgage Company of Canada Inc. ("**MCOCI**"), a mortgage investment corporation existing under the laws of the Province of Ontario and limited partnership units of First Mortgage LP ("**FMLP**", and together with MCOCI, the "**Master Funds**"), a limited partnership formed under the laws of the Province of Ontario. The Fund intends to invest substantially all of its assets in MCOCI and FMLP. See **Schedule A – Fund Structure**.

The Fund hereby offers an unlimited number of beneficial interests in the Fund referred to as units (the "**Units**"), currently in three classes (Class A, Class F and Class I), at $100.00 per Unit. Units will be offered by the Fund to investors that qualify under certain prospectus exemptions under applicable securities laws in accordance with the conditions specified in this confidential offering memorandum (the "**Offering Memorandum**").

Spartan Fund Management Inc., a corporation incorporated under the laws of the Province of Ontario, is the trustee (in such capacity, the "**Trustee**") and the investment fund manager (in such capacity, the "**Manager**") of the Fund, and will also serve as the portfolio adviser of the Fund. Capital Asset Lending Inc. ("**CAL**"), a corporation incorporated under the laws of the Province of Ontario, provides mortgage origination, mortgage servicing and certain other administrative services to each of MCOCI and FMLP and is an industry consultant to the Manager.

The Manager will be paid fees for its services and/or will be reimbursed for expenses as set out in this Offering Memorandum. As a result of these relationships, the Fund may be a connected issuer and/or related issuer of the Manager for purposes of applicable Canadian securities laws. CAL is compensated in respect of its relationship with each of MCOCI and FMLP. The Manager will act as the dealer of record for the purchases of securities of the Master Funds by the Fund but will not receive any compensation in such capacity. **By investing in the Fund, each investor consents to the Fund investing all or substantially all its assets in MCOCI and FMLP. See Schedule E - Conflicts of Interest**.

There is currently no market through which the Units may be sold, and purchasers may not be able to resell Units purchased under this offering. Purchasers will be restricted from selling their Units to other investors for an indefinite period. However, Units may be redeemed in accordance with the terms of the declaration of trust of the Fund by following the procedures established by the Manager.

There is a minimum initial subscription of 100 Class A or Class F Units ($10,000) in respect of Units purchased through a third-party dealer, unless waived by the Manager in its discretion. There is a minimum initial subscription of 5000 Class F Units ($500,000) for Units purchased directly through the Manager, provided that such minimum can be waived by the Manager in its sole discretion. There is a minimum initial subscription of 100,000 Class I Units ($10,000,000) for Units purchased directly through the Manager, provided that such minimum can be waived by the Manager in its sole discretion.

Class A Units of the Fund are available to all investors and may carry a front-end sales commission at the time of purchase. Class F Units of the Fund are intended for 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 are intended primarily for institutional or ultra-high net worth investors.

Information regarding MCOCI can be found in the confidential offering memorandum of MCOCI (the "**MCOCI OM**"), certain relevant sections of which (the "**MCOCI OM Sections**") are attached hereto as "**Schedule G** – **MCOCI OM Sections**". The terms of the MCOCI OM Sections are **i**ncorporated by reference into this Offering Memorandum.

Information regarding FMLP can be found in the confidential offering memorandum of FMLP (the "**FMLP OM**"), certain relevant sections of which (the "**FMLP OM Sections**") are attached hereto as "**Schedule H**– **FMLP OM Sections**". The terms of the FMLP OM Sections are incorporated by reference into this Offering Memorandum.

**An investment in Units involves significant risk due to the nature of the Fund's, MCOCI's and FMLP's business.** Investors should consult their own professional advisers to assess the income tax, legal and other aspects of the investment. Please see "**Schedule D** - **Risk Factors**" and "**Schedule F** – **Legal Matters**". See also *"Risk Factors"* of the MCOCI OM Sections for a discussion of certain risk factors applicable to MCOCI and *"Risk Factors"* of the FMLP OM Sections for a discussion of certain risk factors applicable to FMLP.

**EACH PURCHASER OF UNITS IS ADVISED TO CONSULT WITH THEIR OWN LEGAL ADVISOR AS TO THE COMPLETE DETAILS OF THE EXEMPTIONS FROM THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS BEING RELIED UPON AND THE CONSEQUENCES OF PURCHASING UNITS PURSUANT TO SUCH EXEMPTIONS.**

**Except as otherwise noted, the information in this Offering Memorandum is given as of July 31, 2024.**

Registered dealers will act as placement agents for the Units. A potential investor solicited by a placement agent will be advised, and asked to acknowledge its understanding, of any such arrangement. See "*How to Subscribe*" and "*Conflicts of Interest*".

Certain disclosure in this Offering Memorandum may be construed as "forward-looking information" for the purpose of applicable securities legislation. All statements, other than statements of historical fact, that address activities, events or developments that the Fund and the Manager believe, expect or anticipate 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 Fund and the Manager based on information currently available to such persons. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Fund's actual results, performance or developments to be materially different from any future results, performance or developments expressed or implied by 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. Economic and market conditions may change, and such changes could materially impact the success of the Fund, MCOCI and FMLP.

Copies of the MCOCI OM and the FMLP OM are available upon request from the Manager. Each prospective investor should carefully review the MCOCI OM and the FMLP OM and the other material documents relating to MCOCI and FMLP described in the MCOCI OM and the FMLP OM with the prospective investor's legal, regulatory, financial, accounting, business, investment, and tax advisers before subscribing for Units of the Fund.

Any reference to MCOCI and FMLP and their respective terms in this Offering Memorandum is qualified in its entirety by the MCOCI OM and the FMLP OM, respectively. In the event of any conflict or inconsistency between such reference or terms described in this Offering Memorandum relating to any of MCOCI, FMLP, the MCOCI OM and the FMLP OM, respectively,

shall prevail. The Fund does not intend to update this Offering Memorandum to reflect supplements or amendments made to the MCOCI OM and the FMLP OM, respectively, following the date hereof and the information reflected in this Offering Memorandum may be superseded by subsequent supplements or amendments to the MCOCI OM and the FMLP OM, respectively.

If there is a misrepresentation in this Offering Memorandum, purchasers resident in the offering jurisdictions may, in certain circumstances, be provided with a remedy for rescission or damages. See "**Schedule F** – **Legal Matters**".

## TABLE OF CONTENTS



## ADDENDA

## THE FUND

***The Fund:***

Capital Asset Income Fund (the "**Fund**") is an open-ended investment fund established as a trust under the laws of the Province of Ontario. pursuant to a declaration of trust dated as of September 5, 2024 as it may be amended or supplemented from time to time (the "**Declaration of Trust**"). The principal office of the Fund and the head office of the Trustee (as defined below) are situated at 150 King Street West, Suite 200, Toronto, Ontario, Canada M5H 1J9. A copy of the Declaration of Trust is available from the Manager (as defined herein) upon request. The Fund will continue until it is dissolved.

An investment in the Fund is represented by beneficial interests in the form of units (the "**Units**"), which may be issued in an unlimited number of classes and series of Units. The Fund is currently offering three classes of Units (Class A Units, Class F Units and Class I Units). The Manager may in the future create additional classes and series of Units without approval from, or notice to, existing investors, provided, however, that no Unit of a new class and/or series shall have priority or preference over an existing class and/or series of Units.

The Fund, for the benefit of its holders of Units (each a "**Unitholder**", and collectively, the "**Unitholders**"), will engage in making investments in accordance with investment objectives and restrictions as determined by the Manager, all as disclosed in this Offering Memorandum. The activities of the Fund shall include all things necessary or advisable to give effect to the Fund's investment objectives.

***Investment Objectives and Strategies of the Fund:***

The investment objective of the Fund is to focus on preserving capital by indirectly investing in a portfolio of residential mortgage loans that generate income through the purchase of common shares of Mortgage Company of Canada Inc. ("**MCOCI**"), a mortgage investment corporation existing under the laws of the Province of Ontario and limited partnership units of First Mortgage LP ( "**FMLP**", and together with MCOCI, the "**Master Funds**"), a limited partnership formed under the laws of the Province of Ontario. The Fund intends to invest substantially all of its assets in MCOCI and FMLP. **By investing in the Fund, each investor consents to the Fund investing all or substantially all its assets in the Master Funds. See Schedule E - Conflicts of Interest.**

***Borrowing:***

The Fund will not borrow for investment purposes but will be exposed to indirect leverage through any leverage employed by MCOCI and FMLP (including, but not limited to, the relevant credit agreements (as described in each of the MCOCI OM and the FMLP OM)).

The Manager may, on behalf of the Fund, borrow any money to pay redemptions and for cash management purposes.

***Trustee, Manager and Adviser:***

Spartan Fund Management Inc., a corporation incorporated under the laws of the Province of Ontario, is the trustee (in such capacity, the "**Trustee**") and the investment fund manager (in such capacity, the "**Manager**") of the Fund, and will also serve as the portfolio adviser of the Fund. See **Schedule B – Management of the Fund and Schedule E** - **Conflicts of Interest**..

***Capital Asset Lending Inc.***

Capital Asset Lending Inc. ("**CAL**"), a corporation incorporated under the laws of the Province of Ontario, provides mortgage origination, mortgage servicing and certain other administrative services to each of MCOCI and FMLP and is an industry consultant to the Manager. CAL and the Manager have entered into a cooperation agreement (the "**Cooperation Agreement**") pursuant to which CAL and the Manager have agreed to cooperate on certain matters relating to the

Fund and CAL has agreed to act as an industry consultant to the Manager.

See **Schedule B – Management of the Fund and Schedule E - Conflicts of Interest**.

## MCOCI

**The following is a summary of certain important information describing MCOCI and its business. More detailed information regarding MCOCI can be found in the MCOCI OM Sections, which are attached hereto as Schedule G – MCOCI OM Sections. The terms of this summary are qualified in their entirety by the information as set out in the MCOCI OM Sections.**

***MCOCI:*** Mortgage Company of Canada Inc. ("**MCOCI**") is a mortgage investment corporation existing under the laws of the Province of Ontario. See Schedule A – Structure of the Fund.

***CAL:*** CAL provides mortgage origination, mortgage servicing and certain other administrative services to MCOCI as described in the MCOCI OM pursuant to an amended and restated mortgage purchase agreement dated February 16, 2021 as may be amended, restated, modified or supplemented (the "**MCOCI Mortgage Purchase Agreement**") and an administrative services agreement dated November 7, 2018 as may be amended, restated, modified or supplemented (the "**MCOCI Administration Agreement**").

See Schedule B – Management of the Fund and the section title "*Capital Asset Lending Inc.*" of the MCOCI OM for further details regarding CAL.

***MCOCI Objective:*** MCOCI's objective to focus on preserving capital by investing primarily in a portfolio of conventional first and second mortgages, with emphasis placed on creditworthy borrowers and conservative loan-to-value, and to pay monthly distributions to its shareholders. MCOCI lends in urban cities in Ontario with a primary focus on the Greater Toronto Area.

***MCOCI Strategy:*** MCOCI intends to achieve its objective by executing its corporate strategy, which is guided by the credit policy framework (the "**MCOCI Credit Policy**") established by MCOCI's board of directors (the "**MCOCI Board**")

To preserve investors' capital and mitigate risk, MCOCI employs a prudent approach to lending as set out in the MCOCI Credit Policy. The MCOCI Board and CAL have instituted policies and operational practices intended to reduce the inherent risks to an acceptable residual level that generates stable income and return of capital.

For additional details, see the section titled "*Business of the Corporation* of the MCOCI OM.

***MIC Qualification:*** MCOCI is, and intends to qualify at all times as, a "mortgage investment corporation" (a "**MIC**") as defined under the *Income Tax Act* (Canada) (the "**Tax Act**") effectively enabling it to operate as a "flow through" conduit of profit to its shareholders. See "*Canadian Federal Income Tax Considerations*" of the MCOCI OM.

***Leverage:*** MCOCI utilizes leverage from time to time through one or more credit facilities arranged by CAL with one or more arm's length commercial lenders within the limits prescribed by the rules governing MICs in the Tax Act. The Credit Agreement (as defined in the MCOCI OM) restricts MCOCI's borrowing such

that MCOCI's maximum leverage ratio (the Corporation's debt to tangible net worth (debt to equity) ratio) shall not exceed 1:1 at any time.

See "*Business of the Corporation – Business Overview – Borrowing Strategy*" of the MCOCI OM for additional details on MCOCI's use of leverage, including details on the Credit Agreement (as defined in the MCOCI OM).

## FMLP

**The following is a summary of certain important information describing FMLP and its business. More detailed information regarding FMLP can be found in the FMLP OM Sections, which are attached hereto as Schedule H – FMLP OM Sections. The terms of this summary are qualified in their entirety by the information as set out in the FMLP OM Sections.**

***FMLP:*** First Mortgage LP (the "**FMLP**") is a limited partnership formed under the laws of the Province of Ontario and is governed by an amended and restated limited partnership agreement dated as of February 11, 2021 (the "**Partnership Agreement**"). See Schedule A – Structure of the Fund. Copies of the Partnership Agreement are available upon request from the Manager.

First Mortgage GP Inc. (the "**General Partner**"), a corporation incorporated under the laws of the Province of Ontario, is the general partner of FMLP.

***CAL:*** CAL provides mortgage origination, mortgage servicing and certain other administrative services to FMLP as described in the FMLP OM pursuant to a first amended and restated mortgage purchase agreement dated June 7, 2024, as may be amended, restated, modified or supplemented (the "**FMLP Mortgage Purchase Agreement**") and an amended and restated administrative services agreement dated June 7, 2024 as may be amended, restated, modified or supplemented (the "**FMLP Administration Agreement**").

See Schedule B – Management of the Fund for further details regarding CAL and the section title "*CAL*" of the FMLP OM for further details regarding CAL.

***FMLP Objective:*** FMLP's objective is to focus on preserving capital by investing in a portfolio of residential first mortgage loans to only creditworthy borrowers with a minimum credit score of 680 or higher based on a credit report by Equifax Canada and a LTV not greater than 75% that generate income to allow FMLP to pay monthly distributions to its limited partners.

***FMLP Strategy:*** FMLP will seek to make investments in a portfolio of residential first mortgage loans with LTVs not greater than 75% to only creditworthy borrowers that generate income to allow FMLP to pay monthly distributions to its limited partners. FMLP intends to achieve these results by executing the investment strategy, which is subject to the investment guidelines, policies and restrictions that are set out in the Partnership Agreement (the "**Investment Guidelines**") and also guided by the credit policy framework established by the General Partner dated February 4, 2021 and updated on at least an annual basis (the "**Credit Policy**"):

For additional details, see the section titled "*Business of the Partnership – Partnership Strategy*" and "*Business of the Partnership – Credit Policy*" of the FMLP OM.

***Investment Guidelines:*** FMLP is subject to certain investment guidelines, policies and restrictions that are set out in the Partnership Agreement. For additional details, see the section titled "*Business of the Partnership – Investment Guidelines"* of the FMLP OM.

***Leverage:*** FMLP may employ leverage and otherwise incur indebtedness with respect to

its portfolio including entry (directly or indirectly) into one or more credit facilities, to facilitate investments. While FMLP is, permitted under the Partnership Agreement to employ leverage up to 300% of its total assets, the Credit Agreement (as defined in the FMLP OM) restricts FMLP's borrowing such that FMLP's maximum leverage ratio (FMLP's debt to tangible net worth (debt to equity) ratio) shall not exceed 2.2:1 at any time.

See "*Business of the Partnership – Business Overview – Borrowing Strategy*" of the FMLP OM for additional details on FMLP's use of leverage, including details on the Credit Agreement (as defined in the FMLP OM).

## THE OFFERING

***The Units and Closings:***

The Fund is currently offering three classes of Units (Class A Units, Class F Units and Class I Units) for sale pursuant to this Offering Memorandum (the "**Offering**").

The Units are being offered (the "**Offering**") to qualified purchasers in the Manager's sole discretion. Eligible purchasers are investors that qualify under certain prospectus exemptions under applicable securities laws including the "accredited investor" exemption under National Instrument 45-106 — *Prospectus Exemptions* and section 73.3 of the *Securities Act* (Ontario), as applicable. An investor in the Fund must be a resident of Canada, provided, however, that the Manager may waive this requirement in its sole discretion.

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

The Fund will issue the Units on a continuous basis with closings occurring monthly on the first business day of the month following the month in which the subscriptions are received or on such other dates from time to time as the Manager may determine. As used in this Offering Memorandum, "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.

This Offering may be suspended by the Manager at any time and from time to time. The Manager expects to suspend the Offering at any time that the Fund is unable to acquire additional common shares of MCOCI and/or limited partnership interests of FMLP. See "Use of Proceeds".

No certificates will be issued for the Units, unless otherwise determined by the Manager.

***Classes of Units:***

There are three Classes of Units currently offered by the Fund pursuant to this Offering Memorandum: Class A Units, Class F Units and Class I Units.

Each Class has the same investment objective, strategies, and restrictions but may differ in respect of one or more features, such as management fees, sales commissions, distribution reinvestment, and minimum investment, as set out in this Offering Memorandum.

Class A Units are designed for all investors. A trailing commission of up to 1.0% will be paid by the Manager from its own funds to the applicable dealer in respect of the Class A Units.

Class F Units may be purchased by all investors. Investors who are enrolled in fee-based programs through their broker, dealer or advisor and who are subject to an annual asset-based fee can purchase Units through such broker, dealer or advisor. Investors may also purchase Class F Units directly from the Manager, subject to a minimum subscription of 5000 Units ($500,000), provided that such minimum can be waived by the Manager in its sole discretion.

Class I Units are intended primarily for institutional or ultra-high net worth investors. Investors may purchase Class I Units directly from the Manager.

Class A Units, Class F Units and Class I Units are denominated in Canadian dollars.

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. No Unit of a Class and/or Series shall have priority or preference over another Unit of the same Class and/or Series or of another Class and/or Series.

***Minimum Individual Subscription:***

There is a minimum initial subscription of 100 Class A or Class F Units ($10,000) in respect of Units purchased through a third-party dealer, unless waived by the Manager in its discretion. There is a minimum initial subscription of 5,000 Class F Units ($500,000) for Units purchased directly through the Manager, provided that such minimum can be waived by the Manager in its sole discretion. There is a minimum initial subscription of 100,000 Units ($10,000,000), provided that such minimum can be waived by the Manager in its sole discretion.

Subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. No subscription for Units will be accepted from a subscriber unless the Manager is satisfied that the subscription is in compliance with the requirements of applicable securities legislation. Subscribers whose subscriptions have been accepted by the Manager will become Unitholders.

The above minimums are net of any commissions paid directly by an investor to his or her dealer. At the time of making each additional investment, unless a new Subscription Agreement is executed, each investor will be deemed to have repeated and confirmed to the Manager the covenants and representations contained in the Subscription Agreement delivered by the investor to the Manager at the time of the initial investment. See "Subscription Procedure" below.

***Eligibility for Investment by Tax Deferred Plans:***

Provided the Fund qualifies as a "mutual fund trust" for purposes of the Tax Act at all times, the Units will be "qualified investments", as defined in the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered disability savings plan ("**RDSP**"), a deferred profit sharing plan ("**DPSP**"), a registered education savings plan ("**RESP**") or a tax-free savings account ("**TFSA**") or a first home savings account ("**FHSA**"). **See Schedule C – Certain Canadian Federal Income Tax Considerations.**

***Subscription Procedure:***

An investor wishing to subscribe for Units will be required to deliver a duly completed and executed subscription agreement in the form provided by the Manager from time to time (the "**Subscription Agreement**"). Subscriptions for Units will be received subject to rejection or acceptance in whole or in part by the Manager in its absolute discretion, and the right is reserved to close the subscription books at any time without notice.

A completed Subscription Agreement must be received by the Manager before 5:00 p.m. (EST) at least two business days before the last day of the month (provided that the Manager reserves the right, but shall not be obligated, to

accept subscriptions that are received after such time).

All monies received by the Fund for subscriptions for Units together with related copies of the subscription agreements will be held by the Manager. In the event a subscription for Units is rejected, any subscription funds forwarded by the investor will be returned without interest or deduction.

Investors will be required to make certain representations in the Subscription Agreement, and the Fund and the Manager are entitled to rely on such representations to establish the availability of the exemptions from the prospectus requirements under applicable securities laws.

**Registered dealers will act as placement agents for the Units. A potential investor solicited by a placement agent will be advised, and asked to acknowledge its understanding, of any such arrangement.**

No sales commission will be payable in respect of Units purchased through the Manager in its capacity as exempt market dealer in connection with the distribution of the Units.

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

***Price per Unit:*** $100.00 per Unit.

***Use of Proceeds:*** The Manager expects to invest the net proceeds raised by the Fund in common shares of MCOCI and units of FMLP. The Manager will allocate as between MCOCI and FMLP in its discretion, in consultation with CAL, and subject to any ownership restrictions applicable to MCOCI and/or FMLP.

***Currency:*** All references to currency are to Canadian dollars.

***Redemptions for cash:*** Units may be redeemed by Unitholders at their Series Net Asset Value per Unit (as hereinafter defined) on the last business day of each month (each a "**Redemption Date**"), provided that the request is submitted no later than the first day of the month immediately preceding the month in which Redemption Date occurs. By way of example, a redemption request for a Redemption Date of July 31 must be submitted by June 1. Notwithstanding the foregoing, the Manager may allow for a shorter period in its absolute discretion.

The Fund may charge up to a 5% short-term trading redemption charge (a "**Redemption Charge**"), based on the Series Net Asset Value of the redeemed Units, to any Unitholder who redeems Units within the first twelve (12) months following the purchase of Units. The period since acquisition shall be determined on a "first in, first out" (FIFO) basis in determining if a Redemption Charge is payable. The amount of the Redemption Charge shall be in the discretion of the Manager, subject to the maximum set out above, and shall be retained by the Fund.

Units acquired pursuant to a Unit distribution are not subject to the Redemption Charge applicable to redemptions of Units held for less than 12 months. Redemption proceeds will be paid to the redeeming Unitholder not later than the 15$^{th}$ day following the applicable Redemption Date.

If as of any Redemption Date, the Manager has received requests to redeem Units representing 10% (the "**Redemption Limit**") or more of the Net Asset Value (as hereinafter defined) of the Fund, the Manager may, in its discretion, limit cash redemptions and redeem only a pro-rated amount of such redemption requests in cash up to the Redemption Limit and the balance by Redemption In Kind (as defined below). Any portion of a redemption request that is payable by Redemption In Kind as a result of the application of the Redemption Limit on redemption shall be paid by the Fund as a Redemption In Kind provided that a Unitholder expressly elects to receive the Redemption In Kind in its redemption request; otherwise the Fund will not deliver common shares of MCOCI or units of FMLP to satisfy the in-kind payment of proceeds of redemptions. The redemption request provides that Unitholders electing not to receive common shares of MCOCI or units of FMLP shall be deemed to withdraw the portion of the redemption request with respect to the amount of Units that will not be satisfied in cash, and such amount in the redemption request will be cancelled and will not continue or carry over to any subsequent Redemption Date. **Units of FMLP received as a result of a redemption of Units will not be a qualified investment for Registered Plans, and will generally give rise to significant adverse consequences to such Registered Plans or their planholders. As such, electing in a redemption request for Units owned by a Registered Plan that redemption proceeds could be satisfied with units of FMLP if there is a cash limitation could give rise to significant adverse consequences to such Registered Plan or the planholder under that Registered Plan.**

***Suspension of Redemptions for cash:***

The Manager (after consultation with CAL) may suspend or postpone, continue a suspension of or postponement of, the right of redemption of Units of the Fund, or alter or limit the right of Unitholders to require the Fund to redeem Units held by them for cash, in full or in part on a pro rata basis: (i) for any period during which in the opinion of the Manager conditions exist that render the sale of assets of the MCOCI and/or FMLP not reasonably practicable or the sale of such assets would be prejudicial to Unitholders, MCOCI or FMLP; (ii) any portion of the common shares of MCOCI and/or units of FMLP tendered by the Fund to the MCOCI or FMLP, as applicable, for redemption are not reasonably expected to be redeemed by MCOCI or FMLP, as applicable; or (iii) in the opinion of the Manager, the effect of such redemptions would result in a violation of law or violate or cause adverse consequences under any credit or other agreement governing any indebtedness or leverage incurred by the MCOCI and/or FMLP.

The suspension of redemptions for cash shall have no effect on a Unitholders ability to complete a Redemption In Kind.

***Redemptions In-Kind:***

In addition to the above redemptions for cash, a Unitholder may redeem its Units at the end of each calendar month, by giving notice to the Manager in such manner as is reasonably acceptable to the Manager not later than the 20$^{th}$ day of the month in which the relevant Redemption Date occurs, in exchange for that number of common shares of MCOCI and units of FMLP that are determined by the Manager to have an aggregate net asset value corresponding to the Series Net Asset Value of the Units subject to such redemption (a "**Redemption In Kind**").

**Units of FMLP received as a result of a redemption of Units will not be a qualified investment for Registered Plans, and will generally give rise to significant adverse consequences to such Registered Plans or their**

**planholders. As such, a Redemption In Kind by a Registered Plan will generally give rise to significant adverse consequences to such Registered Plan or the planholder under that Registered Plan.**

***Compulsory Redemptions:***

The Manager has the right to require a Unitholder to redeem some or all of the Units held by such Unitholder on a Valuation Date at the Series Net Asset Value per Unit thereof, by notice in writing to the Unitholder given at least 10 days before the date of redemption, which right may be exercised by the Manager in its absolute discretion.

***Transfer of Units:***

Resale of the Units will be subject to restrictions under applicable securities legislation, which may vary based on the relevant jurisdiction. Generally, the Units may be resold only pursuant to an exemption from the prospectus requirements of applicable securities legislation, pursuant to an exemption order granted by appropriate securities regulatory authorities or after the expiry of a hold period following the date on which the Fund becomes a reporting issuer under applicable securities legislation.

The Manager does not anticipate that the Fund will become a reporting issuer. Accordingly, Unitholders are advised to seek legal advice with respect to such restrictions. The Manager has the right, in its sole and absolute discretion, to reject any transfer of Units, in whole or in part, for any reason.

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

The Manager will, after the close of business on the last business day in each calendar month and on December 31 of each year (each a "**Valuation Date**"), calculate the net asset value (the "**Net Asset Value**") of the Fund by subtracting the aggregate amount of the Fund's liabilities (determined by the Manager in accordance with normal business practices) from the aggregate of the Fund's assets. "**Class Net Assets**" means in respect of a particular Class, those assets of the Fund that are attributable to that Class at the relevant time less those liabilities of the Fund that are attributable to that Class at that time. The series net asset value (the "**Series Net Asset Value**") of a particular series of Units shall be determined in accordance with the provisions of the Declaration of Trust.

The Manager expects to amortize Start-up Expenses on a five-year straight-line basis (subject to pro-ration for short taxation years). "**Start-up Expenses**" means the initial expenses related to the private placement of the Units pursuant to this offering memorandum (the "**Offering**"), including the costs of creating and organizing the Fund, the costs of printing and preparing any offering documents, legal, audit, tax advisory and accounting expenses of the Fund, banking, travel, distribution, courier, sales and marketing expenses, fund administration set-up fees and other reasonable expenses incurred by the Trustee, the Manager and other agents of the Trustee and the Manager and other incidental expenses in establishing the Fund.

The Manager expects to manage the affairs of the Fund to maintain a Net Asset Value per Unit of approximately $100.00.

See "*Business of the Corporation – Portfolio Valuation*" of the MCOCI OM for details on how the assets of MCOCI are valued. See "*Computation of the Net Asset Value of the Partnership*" of the FMLP OM for details on how the assets of FMLP are valued.

## FEES ARRANGEMENTS AFFECTING THE FUND

***Management Fees Payable by the Fund:***

The Fund shall pay the Manager an annual management fee (the "**Management Fee**") as follows:

- where the Net Asset Value of the Fund is less than or equal to $250,000,000,
  - 1.25% of the Class Net Assets attributable to the Class A Units; and
  - 0.25% of the Class Net Assets attributable to the Class F Units; and
- where the Net Asset Value of the Fund is more than $250,000,000, the Management Fee shall continue to be paid as above for the first $250,000,000 in Net Asset Value of the Fund, and in respect of any Net Asset Value of the Fund above $250,000,000,
  - 1.20% of the Class Net Assets attributable to the Class A Units; and
  - 0.20% of the Class Net Assets attributable to the Class F Units;

in each case, plus applicable taxes.

Management Fees attributable to the Class I Units will be negotiated between each investor in Class I Units and the Manager.

Notwithstanding the foregoing, the Manager shall be entitled to a minimum Management Fee equal to $100,000 per year. The Management Fee is calculated and paid monthly in arrears.

To the extent additional classes of Units are created, such Units may have a lower or higher Management Fee and any calculations of the Management Fee may be done on a Class by Class (or Series by Series) basis.

CAL does not receive any management or other fees in respect of its role with the Fund or as an industry consultant to the Manager. CAL earns fees in respect of the administration of MCOCI and FMLP and receives a Purchase Price (as defined below) in respect of mortgages sold on a fully serviced basis to each of MCOCI and FMLP, respectively, that includes a premium as described below, and as further set out in the MCOCI OM and FMLP OM, respectively.

***MCOCI and FMLP Fees, Expenses and Economics:***

By investing in MCOCI and FMLP, the Fund indirectly will be subject to the administrative fees and all operating and other expenses payable, as well as the economics of the mortgage purchases set out below under "Mortgage Purchases", in respect of the Fund's investments common shares of MCOCI and limited partnership units of FMLP, in each case, as described below and as further set out in the MCOCI OM and FMLP OM, respectively.

***Mortgage Purchases:***

Under each of the MCOCI Mortgage Purchase Agreement and the FMLP Mortgage Purchase Agreement (together, the "**Mortgage Purchase Agreements**"), MCOCI and FMLP, respectively, purchases each mortgage from CAL on a fully serviced basis at a purchase price agreed to by CAL, on the one hand, and MCOCI and FMLP, as applicable, on the other hand (the "**Purchase Price**"). The Purchase Price for each fully serviced mortgage is generally equal to the face-value of the principal amount of the mortgage plus a premium equal to a maximum of 0.5%.

In addition to payments described above, the Mortgage Purchase Agreements provide that CAL retains all accrued overnight float interest, amounts relating to the processing of renewals or other service fees, late payment charges,

prepayment fees, commitment fees, letter of credit fees, advance fees, extension fees, termination fees, discharge fees, charges for returned cheques or dishonoured payments or dishonoured transfer instructions and similar charges, in each case payable by the related mortgagor in respect of mortgages sold to MCOCI and FMLP, as applicable, pursuant to the applicable Mortgage Purchase Agreement.

CAL also receives lender fees from the related mortgagors in respect of mortgages sold to MCOCI and FMLP pursuant to the applicable Mortgage Purchase Agreement. CAL typically retains up to 75% of such lender fees, with the remaining lender fees accruing to the benefit of MCOCI and FMLP, respectively. See "*Capital Asset Lending Inc. – Payments Under the Mortgage Purchase Agreement*" of the MCOCI OM and "*CAL – Payments Under the Mortgage Purchase Agreement*" of the FMLP OM.

***Administrative Fees:*** In consideration of the services provided by CAL under the MCOCI Administration Agreement and the FMLP Administration Agreement as described above, each of MCOCI and FMLP pay to CAL an administrative fee up to $10,000 per annum, plus applicable taxes (each, an "**Administrative Fee**"). Each Administrative Fee is paid semi-annually.

See "*Capital Asset Lending Inc. – Administrative Fee*" of the MCOCI OM and "*CAL – Administrative Fee*" of the FMLP OM.

***Payment of Expenses:*** The Fund is responsible for the payment of all fees and expenses incurred relating to the administration and operation of the Fund (collectively, "**Ongoing Expenses**") including, but not limited to: 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 that 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. In addition, the Fund will be responsible for the payment of all fees and expenses relating to the Fund's portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, banking fees, interest expenses, and taxes of all kinds to which the Fund is subject.

Each class of Units is responsible for the expenses specifically relating to that class and a proportionate share of expenses that are common to all classes of Units. The Manager will allocate expenses to each class of Units in its sole discretion as it deems fair and reasonable in the circumstances.

As the Fund will invest directly in MCOCI and FMLP, Unitholders will indirectly bear the fees and expenses of MCOCI and FMLP, such as the Administrative Fees, and other expenses payable by each of MCOCI and FMLP, as well as the economics of the mortgage purchases set out above under "Mortgage Purchases", in each case, proportional to the Fund's investment in MCOCI and FMLP. None of the Fund, MCOCI or FMLP bear any of the internal expenses of CAL or the Manager (such as salaries, bonuses or office rent).

## OTHER IMPORTANT INFORMATION

***Distributions:***

The Fund intends to make monthly distributions to Unitholders from the current cash received by the Fund in respect of Fund investments net of Start-up Expenses, Ongoing Expenses, Management Fees and appropriate reserves for current or anticipated liabilities. Notwithstanding the foregoing, the Fund will not make distributions if the Manager determines, in its discretion, that it would not be appropriate to do so. Distributions will be payable by the Fund out of the assets of the Fund in cash or by the issuance of additional Units by the Fund of equivalent value, at the sole discretion of the Manager

The Manager expects that all such distributions to Unitholders (less any amounts required by law to be deducted therefrom) will be made in cash unless a Unitholder elects in its Subscription Agreement that all (but not less than all) of such distributions are to be automatically reinvested for the account of such Unitholder in additional Units at the applicable Net Asset Value per Unit.

***Fiscal Year End:***

The fiscal year end of the Fund is December 31.

***Term:***

The Fund does not have a fixed term. The Manager may, at any time, in its discretion, terminate the Fund by giving notice to the Trustee and each Unitholder of the Fund and fixing the date of termination not earlier than ninety (90) days following the mailing or other delivery of notice.

***Financial and Other Reporting:***

The Manager will (a) deliver or make available to each Unitholder, as applicable, such financial statements (including interim unaudited financial statements) and other reports as are from time to time required by applicable law and (b) make available, deliver, or cause to be delivered, to each person who was a Unitholder during a Fiscal Year, or on the date of termination of the Fund, within the time specified under the Tax Act all information, in suitable form, relating to the Fund necessary for such person to prepare such person's Canadian federal and provincial income tax returns.

The Manager will make copies of MCOCI's and FMLP's reports and financial statements available to Unitholders upon request.

***Income Tax Considerations:***

A prospective investor should consider carefully all of the potential tax consequences of an investment in the Fund and should consult with their tax advisor before subscribing for Units.

Further information is contained in Schedule C – Certain Canadian Federal Income Tax Considerations.

***Release of Confidential Information:***

Under applicable securities and anti-money laundering legislation, the Manager is required to collect and may be required to release personal and confidential information about Unitholders and, if applicable, about the beneficial owners of non-individual/corporate Unitholders, to regulatory or law enforcement authorities.

***Risk Factors:***

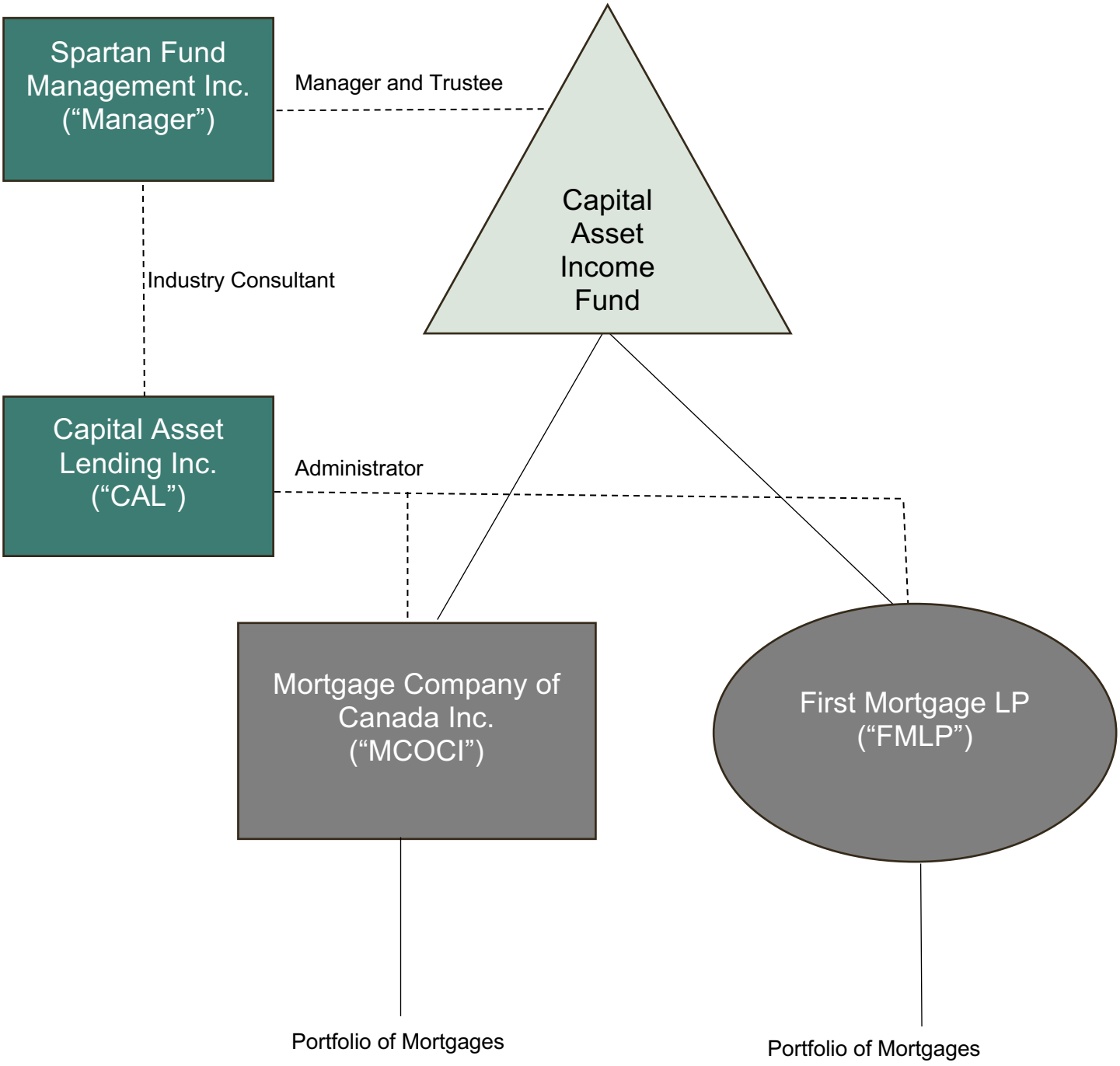
An investment in the Fund is suitable only for investors who fully understand and are capable of bearing the risks of such investment.

Investors should consider a number of factors in assessing the risks associated with investing in Units. **See Schedule** D **– Risk Factors** for a description of the

| | |
|---|---|
| | principal risks associated with investing in Units. See "*Risk Factors"* of the MCOCI OM for a discussion of certain risk factors applicable to MCOCI and "*Risk Factors"* of the FMLP OM for a discussion of certain risk factors applicable to FMLP. |
| ***Legal Matters:*** | **Schedule F** – **Legal Matters** describes investor rights and other legal matters applicable to an investment in the Fund. |
| ***Administrator*** | SGGG Fund Services Inc. (the "**Administrator**")<br>121 King Street West, Suite 300<br>Toronto, Ontario,<br>M5H 3T9 |
| ***Custody of the Fund's Assets*** | The Fund's only asset other than common shares of MCOCI and limited partnership units of FMLP is expected to be cash. The Fund's cash will be held in a custody account with Royal Bank of Canada (or a qualified affiliate thereof) or such other qualified institution. |
| ***Legal Counsel:*** | McMillan LLP |
| ***Auditor:*** | Ernst & Young LLP |

**SCHEDULE A**
**FUND STRUCTURE**

**Organizational Structure of the Fund**



## SCHEDULE B
## MANAGEMENT OF THE FUND

### The Trustee

Pursuant to the Declaration of Trust, the Trustee acts as the trustee of the Fund. The principal office of the Trustee is located at 150 King Street West, Suite 200, Toronto ON M5H 1J9 CAN.

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 shall 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. 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 in its capacity as trustee but is entitled to be reimbursed for all expenses which are properly incurred by the Trustee in connection with the performance of its duties as trustee.

The Trustee has the right to resign as trustee of the Fund by giving notice in writing to the Unitholders and CAL not less than 180 days prior to the date on which such resignation is to take effect. Such resignation shall take effect on the date specified in such notice, unless at or prior to such date a successor trustee is appointed, in which case such resignation shall take effect immediately upon the appointment of such successor trustee.

The Trustee may be removed on sixty (60) days' written notice in the event the Trustee is in material breach or material default of the provisions of the Declaration of Trust, and, if capable of being cured, such breach or default has not been cured within twenty (20) business days' from written notice to the Trustee of such breach or default, if such removal has been approved by extraordinary resolution of the Unitholders.

In the event that the Trustee is removed, a replacement trustee to assume the responsibilities of the Trustee hereunder shall be elected by a majority of the votes cast by Unitholders at the meeting at which the Trustee's removal was approved. In the event that the Trustee resigns or is deemed to resign, a replacement trustee to assume the responsibilities of the Trustee hereunder shall be nominated by the Manager and shall be elected by a majority of votes cast at a special meeting of the Unitholders called by the Manager for this purpose; provided that, the Trustee may be replaced by the Manager with: (i) an affiliate of the Manager, (ii) CAL (provided it is duly qualified to act in such capacity), (iii) an affiliate of CAL (provided it is duly qualified to act in such capacity), or (iv) or a registered trust company nominated by the Manager, without requiring such replacement trustee to be elected or otherwise approved or consented to by Unitholders.

### The Manager

As manager of the Fund, the Manager has full authority and responsibility under the terms of the Declaration of Trust to direct the undertakings, operations, and affairs of the Fund, including, without limitation to provide the Fund all necessary management, administrative, and operational services as set forth in the Declaration of Trust. The Manager may delegate any of its powers and duties from time to time to third parties and/or affiliated entities. The rights and duties of the Manager are set out in the Declaration of Trust. The Manager has delegated certain administrative functions to the Administrator, including fund accounting, valuation and recordkeeping services. The Manager is also responsible for the

distribution, offering and sale of Units of the Fund. Units of the Fund will also be available for purchase from other registered dealers.

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. 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 CAL, the Trustee and the Fund, the Fund shall give notice thereof to the Unitholders and the Unitholders may remove the Manager by an extraordinary resolution and appoint a replacement manager of the Fund.

The Manager 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 180 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 in accordance with the Declaration of Trust, the Fund will be terminated. In the event that the Manager is removed, a replacement manager to assume the responsibilities of the Manager shall be elected by ordinary resolution. In the event that the Manager resigns or is deemed to resign, a replacement manager to assume the responsibilities of the Manager shall be nominated by the Trustee or the Manager and shall be elected by a majority of votes cast at a special meeting of the Unitholders called by the Trustee or the Manager for this purpose; provided that, the Manager may be replaced by the Trustee or the Manager with: (i) an Affiliate of the Manager, (ii) CAL, or (iii) an Affiliate of CAL, without requiring such replacement manager to be elected or otherwise approved or consented to by Unitholders.

Pursuant to the Cooperation Agreement, CAL may upon sixty (60) days' prior written notice to the Manager request that the Manager resign as Trustee, Manager and portfolio manager of the Fund (a "**Change in Manager**") and in such event the Manager has agreed to (a) provide its resignation as Trustee, Manager and portfolio manager in accordance with the terms of the Declaration of Trust; (b) if requested by CAL, in accordance with the terms of the Declaration of Trust appoint CAL or one of its affiliates as the replacement trustee, portfolio manager and/or investment fund manager of the Fund provided that such CAL entity is duly qualified to act in such capacity and is registered in the categories of portfolio manager and investment fund manager, as applicable; (c) if requested by CAL, appoint a duly qualified, third party professional trustee as the replacement trustee of the Fund; and (iv) if requested by CAL, convene a special meeting of Unitholders or in lieu of such a meeting, conduct a consent solicitation, if the Units are sufficiently closely held to give a consent solicitation a reasonable prospect of success on timeline acceptable to CAL acting reasonably, to obtain majority Unitholder approval or consent for a Change in Manager.

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 is a corporation existing 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. The principal office of the Trustee is located at 150 King Street West, Suite 200, Toronto ON M5H 1J9 CAN.

The following table sets out the specified information about the directors and senior officers of the Manager.

| **Name and Municipality of Residence** | **Position(s) with the Manager and Principal Occupation** |
|---|---|
| Gary Ostoich<br>Toronto, Ontario | Director, President and Chief Compliance Officer |
| Brent Channell<br>Oakville, Ontario | Director and Managing Director |
| John Ackerl<br>Millgrove, Ontario | Chief Investment Officer |

**Capital Asset Lending Inc. – Industry Consultant to the Manager**

Capital Asset Lending Inc, ("**CAL**") is a corporation existing under the laws of the Province of Ontario. CAL's officers and other key personnel have been in the business of originating, underwriting, and servicing mortgages in the mortgage market segments in Ontario since 1999. CAL has established a strong foundation of lending experience and expertise in the residential segment of the mortgage industry and this comprehensive knowledge and experience proved to be successful in establishing a model that effectively suits and meets the needs of both investors and borrowers. CAL also provides mortgage origination, mortgage servicing and certain other administrative services to MCOCI and FMLP. Each of MCOCI's and FMLP's mortgage portfolio is composed mainly of residential first mortgages to purchasers of single-family residential properties or borrowers looking to refinance their existing single-family residential property, though each of MCOCI and FMLP have different investment strategies as set out in the MCOCI OM and FMLP OM, respectively.

CAL will act as a consultant to the Manager and share its expertise regarding the residential mortgage market in Canada with the Manager.

CAL is licensed in Ontario as a "mortgage administrator" by the Financial Services Regulatory Authority of Ontario (License No. 11887) and as a "mortgage brokerage" by the Financial Services Regulatory Authority of Ontario (License No. 12558).

The principal place of business of CAL is 675 Cochrane Drive, Suite 110N, Markham, ON L3R 0B8. The following table sets out the specified information about the directors and senior officers of CAL. Details on the principal occupations of such directors and officers over the past five years and their experience relevant to MCOCI's and FMLP's business is found further below.

| **Name and Municipality of Residence** | **Position(s) with CAL and Principal Occupation** |
|---|---|
| Raj Babber | Founder, Chief Executive Officer, Director, and majority (indirect) shareholder |
| Faheem Tejani | President |
| Greg Goutis | Chief Financial Officer |
| Sanjay Kaith | Chief Operating Officer |

| | |
|---|---|
| Nilesh Patel | Chief Technology Officer |
| Raji Uppal | Chief Credit Officer |

*Raj Babber* – Mr. Babber is the Chief Executive Officer and a director of CAL, MCOCI and the General Partner. He has over 20 years of experience in mortgage brokering, accounting, finance and lending in the residential mortgage sector. Mr. Babber is the majority shareholder of CAL and is also the founder of Canada Lend, a mortgage brokering company serving the Greater Toronto Area. Mr. Babber was formerly on the board of directors of Humber River Hospital Foundation. Mr. Babber is the majority (indirect) shareholder of CAL and the General Partner.

*Faheem Tejani* – Mr. Tejani is the President of CAL, MCOCI and the General Partner. He is also a director of CAL and the General Partner. He is a seasoned financial executive with over 25 years of capital markets and financial industry experience. Before joining CAL, Mr. Tejani held the position of Managing Director, Equity Capital Markets for BMO Capital Markets. Before joining BMO Capital Markets, Mr. Tejani worked for one of the largest global accounting firms. Mr. Tejani was formerly on the board of directors of Pretium Resources Inc. (Pretivm) and is currently on the board of directors of Ero Copper Corp., a TSX and NYSE listed company. He is a Chartered Professional Accountant, Chartered Accountant and holds a Bachelor of Arts (Honours) from Western University. Mr. Tejani is a minority (indirect) shareholder of CAL and the General Partner.

*Greg Goutis* – Mr. Goutis is the Chief Financial Officer of CAL, MCOCI, and the General Partner. Mr. Goutis is also a director of Mortgage Company of Canada Inc.. Mr. Goutis has 25 years of experience in the construction and real estate industries. Prior to joining Mortgage Company of Canada Inc., he held the position of Vice President, Operations and Chief Financial Officer for a seniors housing company. Mr. Goutis is a Chartered Professional Accountant, Certified Management Accountant and holds a Bachelor of Arts from Western University.

*Sanjay Kaith* – Mr. Kaith is the Chief Operating Officer of CAL, MCOCI, and the General Partner. Mr. Kaith has 20 years of experience in mortgage brokering, finance and lending in the residential mortgage sector. Mr. Kaith was instrumental in developing CAL's operating platforms, and underwriting policies and procedures which have guided CAL, MCOCI and FMLP to date. Mr. Kaith is a minority (indirect) shareholder of CAL.

*Nilesh Patel* – Mr. Patel is the Chief Technology Officer of CAL, MCOCI, and the General Partner. Mr. Patel has over 25 years of experience in helping enterprises with acceleration and adoption of emerging IT technologies. Prior to joining CAL, Mr. Patel formerly held a position of Advisory Solution Consultant with Dell Technologies. He is currently a member on the Emerging Leaders Council for the Mackenzie Health Foundation.

*Raji Uppal* – Ms. Uppal is the Chief Credit Officer of CAL, MCOCI, and the General Partner. Prior to becoming Chief Credit Officer, Ms. Uppal held the position of Credit Risk Manager, where she played an essential role in CAL's success. Prior to joining CAL, Ms. Uppal worked as part of the management team in retail corporate environments. Ms. Uppal holds a Bachelor of Arts from the University of Ontario Institute of Technology, as well as a Risk Management Certificate and Enterprise Risk Management Certificate from the University of Toronto.

For more information on CAL, see "*Capital Asset Lending Inc.*" of the MCOCI OM and "*CAL*" of the FMLP OM.

## SCHEDULE C
## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of certain of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to the acquisition, holding and disposition of Units by a Unitholder who is an individual (other than a trust), who acquires Units pursuant to this offering and who, for purposes of the Tax Act and at all relevant times, (i) is or is deemed to be resident in Canada for purposes of the Tax Act and any applicable tax treaty, (ii) deals at arm's length with the Fund and is not affiliated with the Fund, (iii) is the original purchaser and beneficial owner of the Units, and (iv) acquires and holds such Units as capital property (a "**Holder**").

Generally, Units will be considered to be capital property to a Holder, provided the Holder does not hold such Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. A Holder whose Units might not otherwise be considered to be capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and every other "Canadian security", as defined in the Tax Act, owned by such Holder in the taxation year in which the election is made and all subsequent taxation years, deemed to be capital property. Holders should consult their own tax advisors to determine whether making an election under subsection 39(4) of the Tax Act is permitted or advisable based on their own particular circumstances.

This summary is not applicable to a Holder that has entered, or will enter, into a "derivative forward agreement" (as defined in the Tax Act) with respect to any Units. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Units. This summary also assumes that units of the Fund will not be a "tax shelter investment" for the purposes of the Tax Act and that the Fund will comply with its investment restrictions at all times.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") made publicly available in writing prior to the date hereof. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in CRA's administrative policies and assessing practices, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. There can be no assurances that CRA will not change its administrative policies or assessing practices.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a Holder's particular status and circumstances, including the province or territory in which the Holder resides or carries on business. This summary is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder. Prospective Unitholders should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units in their particular circumstances.**

**Status of the Fund and MCOCI**

*Qualification as a "Mutual Fund Trust"*

This summary assumes that the Fund will, at all relevant times, qualify as a "mutual fund trust" for the purposes of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established. The Fund intends to ensure that it will meet the requirements necessary for it to qualify as a mutual fund trust for the purposes of the Tax Act at all times, and to file the necessary election pursuant to subsection 132(6.1) of the Tax Act so that the Fund will qualify as a mutual fund trust throughout its first taxation year. If the Fund were not to qualify as a mutual fund trust at any particular time, the tax considerations for the Fund and Holders would, in some respects, be materially and adversely different from those described herein.

*SIFT Rules*

This summary assumes that the Fund will not be a "SIFT trust" (as defined in the Tax Act) based on the assumption that "investments" (as defined in section 122.1 of the Tax Act) in the Fund will at no time be listed or traded on a stock exchange or other "public market" (as defined in the Tax Act). If the Fund were to be a SIFT trust, the income tax considerations discussed below would, in some respects, be materially and adversely different.

*Classification of MCOCI as a MIC*

This summary is based upon the assumption that MCOCI will qualify as a "mortgage investment corporation" (as defined in the Tax Act, hereafter referred to as a "**MIC**") at all relevant times. MCOCI intends to meet all of the requirements under the Tax Act to qualify as a MIC throughout its current taxation year and for all of its future taxation years. If MCOCI were to not qualify as a MIC at any time, the income tax considerations would be, in certain respects, materially different from those described below.

**Taxation of the Fund**

The Fund's taxation year will end on December 31 of each year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on any income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount. The Fund intends to deduct, in computing its income in each taxation year, such amount in each year as will be sufficient to ensure that the Fund will generally not be liable for income tax under Part I of the Tax Act. The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its capital gains by an amount determined under the Tax Act based on the redemption of Units during the year. Based on the foregoing, the Fund is generally not expected to be liable for income tax under Part I of the Tax Act.

The Fund will be required to include in its income for each taxation year the net income of FMLP (including net taxable capital gains) that is allocated to the Fund in respect of its interest in FMLP in a taxation year. The Fund will also be required to include in the computation of its income, all dividends received by the Fund on the common shares of MCOCI that it holds. If MCOCI qualifies as a MIC, any amounts received by the Fund from MCOCI as or on account of a taxable dividend, other than a capital gains dividend, will generally be deemed to have been received by the Fund as interest payable on a bond issued by a corporation. The gross up and dividend tax credit applicable to taxable dividends received by individuals from a taxable Canadian corporation will not apply to dividends paid by MCOCI. Separately, the Fund will be required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Any amount paid by MCOCI to the Fund on a return of capital will generally be deemed to be a dividend paid by MCOCI and received by the Fund. This deemed dividend will be treated in the same manner as other dividends received by the Fund from MCOCI. A return of capital on the shares will generally not affect the adjusted cost base of the Fund's shares in MCOCI.

The amount of a dividend reinvested in additional shares will be the cost of such shares and will be averaged with the cost of other shares owned by the Fund in determining the adjusted cost base of the Fund's shares.

On a redemption or acquisition of shares of MCOCI by it, the Fund generally will be deemed to have received, and MCOCI will be deemed to have paid, a dividend in an amount equal to the amount by which the redemption MCOCI exceeds the paid-up capital of the redeemed shares. This deemed dividend will be treated in the same manner as other dividends received by the Fund from MCOCI, and its treatment will depend on whether MCOCI elects that the entire dividend be a capital gains dividend (to the extent MCOCI has realized sufficient capital gains, net of any applicable capital losses, in the year). The balance of the redemption price will constitute proceeds of disposition of the shares for purposes of the capital gains rules, as described below.

In general, the Fund will realize a capital gain (or capital loss) upon the actual or deemed disposition of a capital property to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such property, or if the Fund is allocated net taxable capital gains from FMLP or receives a capital gains dividend from MCOCI.

In computing its income or loss for purposes of the Tax Act, the Fund may generally deduct reasonable administrative costs, interest and other expenses of a current nature that it incurs for the purpose of earning income. Generally, the Fund may also deduct, on a five-year straight-line basis (subject to pro-ration for short taxation years), reasonable expenses incurred by it in the course of issuing Units.

The Fund will be entitled in each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "**capital gains refund**"). In certain circumstances, the Fund's capital gains refund in a particular taxation year may not completely offset its tax liability for that taxation year arising from its net realized taxable capital gains.

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund may be subject to loss restriction rules contained in the Tax Act, unless the Fund qualifies as an "investment fund" as defined in the Tax Act, which, among other things, requires that certain investment diversification restrictions are met, and that Unitholders hold only fixed (and not discretionary) interests in the Fund. If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's net income and net realized capital gains at such time to Unitholders so that the Fund is not liable for income tax on such amounts), and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted. Generally, the Fund will have a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the Tax Act.

The Fund may be subject to the "suspended loss" rules contained in the Tax Act, which would generally apply where the Fund disposes of property and subsequently reacquires the property or acquires an identical property within the time period that begins 30 days before the disposition and ends 30 days following the disposition, and the Fund continues to own the reacquired or newly-acquired property following that period. Where the "suspended loss" rules apply, any losses arising from the initial disposition of property would be denied, but may be realized at a future point in time in accordance with the rules in the Tax Act.

When the Fund realizes income or capital gains as a result of a transfer or disposition of its property occurring in connection with an exchange or redemption of Units by a Unitholder, the Fund may be permitted to designate and treat all or a portion of the amount paid to the Unitholder on the redemption or exchange as a distribution to the Unitholder out of such income or capital gains rather than being treated as proceeds of disposition of the Units. However, the Tax Act contains special anti-avoidance rules that may: (a) deny the Fund a deduction for any income of the Fund designated to a Unitholder on a redemption of Units, where the Unitholder's proceeds of disposition are reduced by the designation, and (b) deny the Fund a deduction for a portion of a capital gain of the Fund designated to a Unitholder on a redemption of Units. Any income or taxable capital gains that may otherwise have been designated to redeeming Unitholders may be made payable to the remaining non-redeeming Unitholders to ensure the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of the Fund may be greater than they would have been in the absence of the special anti-avoidance rule.

If the Fund is not a "mutual fund trust" under the Tax Act throughout a taxation year, in addition to the above, the Fund (i) may become liable for alternative minimum tax under the Tax Act in such year, (ii) may be subject to a special tax under Part XII.2 of the Tax Act in such year, (iii) will not be able to claim a capital gains refund, and (iv) may be subject to rules applicable to financial institutions (as defined in the Tax Act).

**Taxation of Holders**

*Fund Distributions*

A Holder will generally be required to include in computing income for a particular taxation year that portion of the Fund's net income for a taxation year ending on or before the taxation year-end of the Holder, including net realized taxable capital gains, that the Fund pays or makes payable to the Holder in the taxation year of the Fund, whether the Holder receives such portion in cash, additional Units or otherwise. Distributions that are made through the issuance of additional Units may give rise to a taxable income inclusion for the Holder even though no cash has been distributed to such Holder.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund as is paid or becomes payable to a Holder will generally effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act.

The non-taxable portion of the Fund's net realized capital gains that are paid or payable to a Holder in a taxation year will not be included in computing the Holder's income for the year and, where the taxable portion has been designated to the Holder, will not reduce the adjusted cost base of Units held by the Holder. Any other amount in excess of the net income and net taxable capital gains of the Fund that is paid or payable, or deemed to be paid or payable, by the Fund to a Holder in that year will generally not be included in the Holder's income for the taxation year. However, where such an amount is paid or payable to a Holder (other than as proceeds of disposition or deemed disposition of Units or any part thereof), the Holder will generally be required to reduce the adjusted cost base of the Holder's Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the absolute value of such negative amount will be deemed to be a capital gain realized by the Holder and the adjusted cost base of the Unit to the Holder will immediately thereafter be increased to nil. See the discussion under "Taxation of Capital Gains and Capital Losses" below.

*Disposition of Units*

In general, a disposition or deemed disposition of a Unit will give rise to a capital gain (or a capital loss) equal to the amount by which the Holder's proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit to the Holder and any reasonable costs of disposition. The Holder's proceeds of disposition will not include an amount payable by the Fund that the Holder is otherwise required to include in income, including any capital gain realized by the Fund in

connection with a redemption which the Fund has allocated to the redeeming Holder. See the discussion under "Taxation of Capital Gains and Capital Losses" below.

Where Units are redeemed and the redemption price for the Units is satisfied by way of a distribution in specie to the Unitholder of the Fund's property, the proceeds of disposition to the Unitholder will generally be equal to the fair market value of the property so distributed. The cost of the property distributed in specie by the Fund to a Unitholder upon the redemption of Units will generally be equal to the fair market value of that property at the time of the distribution.

The adjusted cost base of a Unit to a Holder will include all amounts paid by the Holder for the Unit, subject to certain adjustments. The cost to a Holder of additional Units received in lieu of a cash distribution of income (including net capital gains) will generally be equal to the amount of the distribution. For the purpose of determining the adjusted cost base to a Holder, when a Unit is acquired as capital property, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the identical Units owned by the Holder as capital property immediately before the acquisition.

The consolidation of Units of the Fund will not result in a disposition of Units by Holders. The aggregate adjusted cost base to a Holder of all of the Holder's Units will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

Based on the current published administrative positions of the CRA, a redesignation of Units of one Class into Units of another Class denominated in the same currency should not result in a disposition of the Units for the purposes of the Tax Act. Unitholders should consult with their own tax advisors in this regard.

A Holder's share of distributions paid by the Fund will be based on the number of Units held by the Holder on the record date of the distribution regardless of how long the Holder has owned his or her Units. Where a Holder buys Units, the Net Asset Value of the Units, and therefore the price paid for the Unit, may reflect income and gains that have accrued in the Fund which have not yet been realized or distributed. When such income and gains are distributed by the Fund, the Holder will be required to include the Holder's share of the distribution in the Holder's income even though some of the distribution the Holder received may reflect the purchase price paid by the Holder for the Units. This effect could be particularly significant if the Holder purchases Units just before a record date for distribution by the Fund.

In certain circumstances, loss restriction rules will limit or eliminate the amount of a capital loss that a Unitholder may deduct. For example, a capital loss that a Unitholder realizes on a redemption of Units will be deemed to be nil if, during the period that begins 30 days before and ends 30 days after the day of that redemption, the Unitholder acquired identical Units (including through the reinvestment of distributions) and the Unitholder continues to own these identical Units at the end of that period. In such a case, the amount of the denied capital loss will generally be added to the adjusted cost base of the Unitholder's Units. This rule will also apply where the identical Units are acquired and held by a person affiliated with the Unitholder (as defined in the Tax Act).

*Taxation of Capital Gains and Capital Losses*

Under current legislation, a Holder must include in income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by the Holder on a disposition or deemed disposition of a Unit in the year, and the amount of any net taxable capital gains designated by the Fund to the Holder in the year. The Holder generally must deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized by the Holder in a taxation year against the Holder's taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains realized by the Holder in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted against net taxable capital gains in any subsequent taxation year, subject to the detailed provisions of the Tax Act.

Certain Tax Proposals first announced as part of the 2024 federal budget (the "**2024 Proposed Amendments**"), if enacted, will generally increase the capital gains inclusion rate, for capital gains realized on or after June 25, 2024, from one-half to two-thirds on the portion of capital gains (and certain benefits associated with employee stock options) realized in the year that exceed $250,000 for individuals. The $250,000 annual threshold will effectively apply to capital gains realized by an individual, either directly or indirectly via a partnership or trust, net of any (i) current- year capital losses; (ii) capital losses of other years applied to reduce current-year capital gains; and (iii) capital gains for which an exemption is claimed. Provided the Fund complies with certain reporting requirements in prescribed form, net capital gains of the Fund that are included in the Unitholder's income for the year (and for which appropriate designations are made) should generally be eligible for the lower 50% capital gains inclusion rate to the Unitholder up to the applicable $250,000 annual threshold. The 2024 Proposed Amendments also provide for corresponding adjustments to the inclusion rate of capital losses and carried forward capital losses, as well as for transitional rules, including rules for tax years that begin before and end on or after June 25, 2024, and other consequential amendments. Holders should consult their own tax advisors to determine the impact of the 2024 Proposed Amendments to them having regard to their own circumstances.

*Alternative Minimum Tax*

Amounts designated by the Fund to a Holder as taxable capital gains and taxable capital gains realized on the disposition of Units, may increase the Holder's liability for alternative minimum tax.

Recent amendments to the Tax Act have resulted in significant changes to the alternative minimum tax. The Tax Act requires that individuals (including certain trusts) compute a minimum tax determined by reference to the amount by which the taxpayer's "adjusted taxable income" for the year exceeds on his or her basic exemption which, in the case of an individual, is amount related to the start of the fourth federal tax bracket ($173,205 in respect of 2024). In computing his or her adjusted taxable income, a taxpayer must include, among other things, all taxable dividends (without application of the gross-up), and 100% of net capital gains. 50% of various deductions are not deductible in calculating a taxpayer's "adjusted taxable income" and certain tax credits and loss carryforwards are limited for purposes of the alternative minimum tax. A federal tax rate is applied at a rate of 20.5% to the amount subject to the minimum tax, from which the individual's "basic minimum tax credit for the year" is deducted. Generally, if the minimum tax so calculated exceeds the tax otherwise payable under the Tax Act, the minimum tax will be payable.

Whether and to what extent the tax liability of a Holder will be increased as a result of the application of the minimum tax rules will depend on the amount of his or her income, the sources from which it is derived, and the nature and amounts of any deductions he or she claims. Any additional tax payable by an individual for the year resulting from the application of the minimum tax will be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the minimum tax, be his or her tax otherwise payable for any such year. Holders should obtain independent advice from a tax advisor on the proposed changes to the federal alternative minimum tax and the consequences to the provincial minimum tax counterparts having regard to their own circumstances.

**Eligibility for Investment**

Based on the current provisions of the Tax Act and the regulations thereunder, the Units would, if issued on the date hereof, be "qualified investments" under the Tax Act for Registered Plans, provided that the Fund qualifies at all times as a "mutual fund trust" (as defined in the Tax Act).

Notwithstanding the foregoing, if the Units are a "prohibited investment" for a TFSA, FHSA, RRSP, RESP, RDSP or RRIF, the holder of such TFSA, FHSA or RDSP, the annuitant of such RRSP or RRIF or the subscriber of such RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act if Units are held in a trust governed by such Registered Plan. The Units should not be a prohibited investment for a TFSA, FHSA, RRSP, RESP, RDSP or RRIF provided the holder, subscriber or annuitant thereof, as the case may be, (i) deals at arm's length with the Fund for purposes of the Tax Act,

and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Fund. In addition, the Units will not be a "prohibited investment" for a TFSA, FHSA, RRSP, RESP, RDSP or RRIF if such Units are "excluded property" as defined in the Tax Act for trusts governed by such TFSA, FHSA, RRSP, RESP, RDSP or RRIF.

Prospective purchasers who intend to hold Units in a trust governed by a Registered Plan are advised to consult their personal tax advisors in advance of making an investment in Units.

**International Information Reporting**

FATCA (defined below) and Part XVIII of the Tax Act contain due diligence and reporting obligations in respect of "US reportable accounts" invested in funds such as the Fund. Unitholders may be requested to provide information to the Fund or registered dealers through which Units are distributed to identify US persons holding Units as well as "controlling persons" of Unitholders who are US persons. If a Unitholder or its controlling person is a US person (including, for example, a US citizen or green cardholder who is resident in Canada) or if a Unitholder does not provide the requested information, Part XVIII will generally require information about the Unitholder's investments to be reported to the CRA. Part XVIII does however set out specific accounts that are exempt from being reported, including Units that are held within certain registered plans. The CRA will automatically provide the requisite information directly to the U.S. Internal Revenue Service.

In addition, reporting obligations have been enacted under Part XIX of the Tax Act to implement the Organisation for Economic Cooperation and Development Common Reporting Standard (the "**CRS Rules**"). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries other than the U.S. ("**Reportable Jurisdictions**") or by certain entities any of whose "controlling persons" are residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of Unitholders (and, if applicable, of the controlling persons of such Unitholders) who are residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in the Fund to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

## SCHEDULE D
## RISK FACTORS

Investment in Units involves certain risk, including risks associated with the Fund's investment objective and investment strategies. The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Prospective investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining whether to invest in Units.

Additionally, prospective investors should consider the risks associated with the Fund's investment in common shares of MCOCI as set out under "Risk Factors" of the MCOCI OM and limited partnership units of FMLP as set out under "*Risk Factors"* of the FMLP OM.

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

*Marketability and Transferability of Units*. There is no market for the Units and their resale, transfer and redemption are subject to restrictions imposed by the Declaration of Trust, including prior consent by the Manager (which consent may be withheld in the Manager's sole and absolute discretion), and applicable securities legislation. Consequently, holders of Units may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan. The Fund may be restricted in the number of common shares of MCOCI and/or limited partnership units of FMLP that it can redeem.

*Overall Investment Risk; Not a Complete Investment Program*. An investment in the Fund may be deemed to be speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objective and investment strategies to be utilized by the Fund as outlined herein to familiarize themselves with the risks associated with an investment in the Fund (and indirectly in MCOCI and FMLP). The Net Asset Value of Units will vary directly with the value and return of the investment portfolio of the Fund, all or substantially all of which will consist of common shares of MCOCI and/or limited partnership units of FMLP. There can be no assurance that the Fund (and MCOCI or FMLP) will not incur losses. There is also no assurance that any of the Fund, MCOCI, or FMLP will be able to achieve its investment objective. There is no guarantee that the Fund, MCOCI or FMLP will earn a return.

*No Operating History for the Fund*. Although persons involved in the management and administration of the Fund have had experience in their respective fields of specialization, the Fund itself has no operating or performance history. Investors should be aware that the past performance by those involved in the management and administration of the Fund should not be considered as an indication of future results of the Fund.

*Not a Trust Company*. The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

*Dilution*. The number of Units the Fund is authorized to issue is unlimited and the Manager has the sole discretion to issue additional Units. In addition to alternate financing sources, the Fund may conduct future offerings of Units in order to raise the funds required which could result in a dilution of the interests of the Unitholders. Any issuance of Units may have a dilutive effect on existing Unitholders.

Additional Units are generally expected to be issued at $100.00 per Unit, and while the Manager expects to maintain a constant Net Asset Value per Unit equal to $100.00, the issuance price may nonetheless be more or less than the actual Net Asset Value of the Units. Where the Net Asset Value of the Units is more than the issue price of additional Units, such issuances may have a dilutive effect on existing Unitholders.

Where the Net Asset Value of the Units is less than the issue price of additional Units, such issuances may have a dilutive effect on subscribing Unitholders.

*Tax Matters*. If the Fund has taxable income for Canadian federal income tax purposes for a taxation year, such income will be distributed to Unitholders in accordance with the provisions of the Declaration of Trust and reinvested in additional Units. Unitholders will be required to include all such distributions in computing their income for tax purposes, even if that cash may not have been distributed to such Unitholders.

If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Fund could be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all interest in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of the Fund if the Fund meets certain investment requirements and qualifies as an "investment fund" under the "loss restriction event" rules.

*Tax Reporting*. The Fund is obligated to send to Unitholders information required by law for income tax purposes within 90 days of its year end, however the completion of the audit of the Fund's annual financial statements may take more than 90 days. The Manager will use commercially reasonable efforts to estimate the tax allocations to Unitholders for reporting purposes, however there can be no assurance that such estimates will be consistent with the amounts determined following the audit. If the difference is material, the Manager may have to re-issue the tax information slips and Unitholders may have to file amended tax returns as a result.

*Limitations on Non-Resident Ownership.* The Fund does not expect that any Units outstanding will be held by or beneficially owned, for the benefit of, non-residents. The limitation on ownership of the Units by non-residents may have an adverse impact on the liquidity of the Units.

*Taxation of the Fund.* The Fund intends to qualify as a mutual fund trust for purposes of the Tax Act. If the Fund were not to so qualify, the Fund (i) would not be eligible for capital gains refunds under the Tax Act when Units are redeemed, (ii) may be deemed to dispose of all of its assets on the twenty-first anniversary of its creation if it does not qualify as a "unit trust" (as defined in the Tax Act), (iii) may be liable for alternative minimum tax, (iv) may be subject to the "mark-to-market" rules in the Tax Act and (v) may be subject to tax under Part XII.2 of the Tax Act. This may reduce the amount of income of the Fund available for distribution to Unitholders or the after-tax returns of Unitholders in a taxation year. Unitholders that are "controlling individuals" (as defined for the purposes of the Tax Act) of Registered Plans may also be subject to onerous penalty taxes if the Fund does not qualify as a "mutual fund trust" at all material times.

The Tax Act contains certain rules that subject publicly-traded or listed trusts to income taxation in a manner similar to corporations and tax certain distributions from such trusts as taxable dividends from a taxable Canadian corporation, where such trusts hold one or more "non-portfolio properties" (as defined in the Tax Act) (the "**SIFT Rules**"). Provided the Units of (and any other "investments" (as defined in the Tax Act) in) the Fund are not listed or traded on any stock exchange or other public market, the Fund should not be subject to the SIFT Rules. No assurance can be given that the SIFT Rules will not apply to the Fund (or a subsidiary of the Fund) in future. If the SIFT Rules were to apply to the Fund (or a subsidiary thereof), it may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to Unitholders.

*Qualified Investment.* There can be no assurance that the Units will be, or will continue to be, qualified investments for a trust governed by a Registered Plan. In particular, if the Fund does not qualify as a "mutual fund trust" at all relevant times, the Units may not be, or may cease to be, as the case may be, qualified investments for Registered Plans. Where a Registered Plan acquires or holds a Unit in circumstances where the Unit is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary, subscriber or holder (collectively, the "annuitant"), as the case may be, under the Registered Plan.

*Tax Consequences Generally.* There can be no assurance that any potential Canadian tax consequence described in this Offering Memorandum will necessarily apply. Further, it is the responsibility of any person interested in purchasing Units to inform himself/herself as to any tax consequences from such investment which are relevant to his/her particular circumstances. An investor should therefore seek his/her own separate tax advice in relation to the acquisition, holding and disposition of Units. None of the Manager, the Fund or any of their counsel or other advisors, are responsible for any tax liability (or any related penalties, interest or other additions to tax) applicable to an investor in the Fund or for the effect of taxes (or any related penalties, interest or other additions to tax) on the investment returns of the Fund.

*Changes to Canadian Tax Laws.* There can be no assurance that tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the Fund or the administrative policies and assessing practices of the CRA or other relevant non-Canadian tax authority will not change in a manner that adversely affects the Fund or Unitholders. Any such change could increase the amount of tax payable by the Fund, or otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

*Challenges by the CRA.* There may be disagreements with the CRA in connection with certain positions taken by the Fund with respect to its classification or status for income tax purposes, the nature of the income earned by the Fund, the deductions, determinations or computations made by the Fund or other filing positions. A successful challenge of any such position taken by the Fund may adversely affect the Fund and/or the Unitholders.

*Taxation of Distributions.* A Unitholder's share of distributions paid by the Fund will be based on the number of Units held on the record date of the distribution regardless of how long the Unitholder has owned his or her Units. Where a Unitholder buys Units, the Net Asset Value of the Units, and therefore the price paid for the Units, may reflect income and gains that have accrued in the Fund which have not yet been realized or distributed. When such income and gains are distributed by the Fund, the Unitholder will be required to include his/her share of the distribution in his/her income even though some of the distribution the Unitholder received may reflect the purchase price paid by the investor for the Units. This effect could be particularly significant if Units are purchased just before a record date for distribution by the Fund.

*Reliance on the Manager, CAL and Track Record*. The success of the Fund will be primarily dependent upon the efforts of the Manager, CAL and their respective principals. Investors should be aware that the past performance of the Fund, FMLP, MCOCI, the Manager or CAL should not be considered as an indication of future results.

*Dependence of the Manager on Key Personnel*. The Manager will depend, to a great extent, on the services of a limited number of individuals in the administration of the Fund's activities. The loss of one or more of such individuals for any reason could impair the ability of the Manager to perform its administrative activities on behalf of the Fund.

*Liability of Unitholders*. The Declaration of Trust provides that no Unitholder shall be held to have any personal liability as such and no resort shall be had to any Unitholder's private property for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Fund, the Manager or the Trustee or any obligation which a Unitholder would otherwise have to indemnify the Trustee for any personal liability incurred by the Trustee as such, but rather, only the Fund's property and assets is intended to be liable and subject to levy or execution for such satisfaction. 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 property and assets of the Fund. The Manager intends to conduct the operations of the Fund in such manner to minimize such risk. If a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available property and assets of the Fund.

*Not a Public Investment Fund*. The Fund is not subject to the restrictions placed on public investment funds under applicable securities laws to ensure diversification and liquidity of the Fund's portfolio.

*Valuation of the Fund's Investments*. Other than a limited amount of cash that may be retained by the Fund from time to time, the Fund's investments will consist solely of common shares of MCOCI and limited partnership units of FMLP. Accordingly, the valuation of the Fund's investments will be entirely dependent upon the valuation of MCOCI, FMLP and their investments.

Valuation of the Fund's investments, and the investments of MCOCI and FMLP, may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Fund could be adversely affected. Independent pricing information may not be available regarding certain of the Fund's, MCOCI's and FMLP's investments. Valuation determinations in respect of the Fund will be made in good faith in accordance with the Declaration of Trust.

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

*Potential Indemnification Obligations*. Under certain circumstances, the Fund might be subject to significant indemnification obligations in favour of the Manager, other service providers to the Fund or certain persons related to them in accordance with the respective agreement between the Fund and each such service provider. The Fund will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the Fund's Net Asset Value.

*Possible Effect of Redemptions*. Substantial redemptions of Units could require the Fund, MCOCI and/or FMLP to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

*Charges to the Fund*. The Fund is obligated to pay administration fees, commissions and legal, accounting, filing and other expenses regardless of whether the Fund realizes profits. Because of the "fund on fund" structure, investors should consider the fees and expenses being charged at both the Fund and MCOCI and FMLP levels, as disclosed in this Offering Memorandum, the MCOCI OM and the FMLP OM. Investors in the Fund will bear their direct and indirect share of expenses of the Fund and of MCOCI and FMLP.

*Lack of Independent Experts Representing Unitholders*. Each of the Fund and the Manager have consulted with legal counsel regarding the formation and terms of the Fund and the offering of Units. The Unitholders have not, however, been provided with independent representation. Each prospective investor should consult his or her own legal, tax and financial advisers regarding the desirability of purchasing Units and the suitability of investing in the Fund.

**Risks Associated with the Fund's Investment in MCOCI**

The Fund will make a significant investment in common shares of MCOCI. Prospective investors should consider the risks associated with the Fund's investment in common shares of MCOCI as set out under "*Risk Factors"* of the MCOCI OM. Additionally, the following additional risk factor(s), associated with an investment in MCOCI, will impact the Fund as a holder of limited partnership units and will indirectly impact investors in the Fund.

*Marketability and Transferability of Common Shares*. There is no market for the common shares of MCOCI and their resale, transfer and redemption are subject to restrictions imposed by the share terms governing the common shares of MCOCI and applicable law.

**Risks Associated with the Fund's Investment in FMLP**

The Fund will make a significant investment in limited partnership units of FMLP. Prospective investors should consider the risks associated with the Fund's investment in limited partnership units of FMLP as set out under "*Risk Factors"* of the FMLP OM. Additionally, the following additional risk factor(s), associated with an investment in FMLP, will impact the Fund as a holder of limited partnership units and will indirectly impact investors in the Fund.

*Marketability and Transferability of Limited Partnership Units*. There is no market for the limited partnership units of FMLP and their resale, transfer and redemption are subject to restrictions imposed by the Partnership Agreement and applicable law.

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

## SCHEDULE E
## CONFLICTS OF INTEREST

**By signing the Subscription Agreement, each investor consents to the Fund investing all or substantially all its assets in MCOCI and FMLP.**

**Conflicts relating to MCOCI and CAL's role as administrator of MCOCI are described under *"Conflicts of Interest" of* the MCOCI OM. Conflicts relating to FMLP and CAL's role as administrator of FMLP are described under *"Conflicts of Interest" of* the FMLP OM.**

### General

Conflicts of interest may exist, and others may arise, between Unitholders and the Fund, on the one hand, and the directors and officers of the Trustee, the Manager and their associates and affiliates, on the other hand.

There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favourable to Unitholders and the Fund. Persons considering a purchase of Units must rely on the judgment and good faith of the directors, officers and employees of the Trustee and the Manager, as applicable, in resolving such conflicts of interest as may arise.

### The Manager

*Conflicts of Interest*

Securities legislation in Canada requires the Manager to make certain disclosures regarding conflicts of interest. This statement is to inform you of the nature and extent of conflicts of interest that might be expected to arise between the Manager and the Fund.

Under applicable Canadian securities laws, the Manager is required to address and manage existing, as well as reasonably foreseeable, material conflicts in the best interests of clients, including the Fund. The Manager will avoid situations that would result in a serious conflict of interest that would be too high a risk for clients or market integrity and that cannot be addressed in the best interests of the client. In other circumstances involving a material conflict of interest, the Manager will take steps to address the conflict of interest in the best interests of the client.

A conflict of interest can include any circumstance where: (a) the interests of different parties, such as the interests of the Manager and those of a client, such as the Fund, are inconsistent or divergent; (b) the Manager or one of its representatives may be influenced to put their interests ahead of a client's interests; or (c) monetary or non-monetary benefits or disadvantages accruing to the Manager or its representatives that might compromise the trust that a reasonable client has in the Manager or any of its representatives.

The Manager determines the level of risk for each conflict. Whether a conflict is "material" or not depends on the circumstances. In determining whether a conflict is material, the Manager typically considers whether the conflict may be reasonably expected to affect the decisions of clients in the circumstances and/or the recommendations or decisions of the Manager or its representatives in the circumstances.

Certain situations in which the Manager could be in a conflict of interest, and the way in which the Manager intends to respond to such conflicts, are described below under "Statement of Policies".

The conflicts of interest described in the MCOCI OM with respect to FMLP and the FMLP OM with respect to FMLP and an investment therein apply generally to an investment in the Fund and the Units.

Prior to subscribing for Units, a prospective investor should carefully review the MCOCI OM and the FMLP OM.

*Statement of Policies*

As a portfolio manager, the Manager may occasionally face conflicts between its own interests and those of its clients, or between the interests of one client and the interests of another. The Manager has adopted certain policies to minimize the occurrence of such conflicts or to deal fairly where those conflicts cannot be avoided. In no case will the Manager put its own interests ahead of those of its clients.

Proprietary Products and Connected Issuers

The Manager's business model includes managing proprietary funds, such as the Fund. Proprietary funds, such as the Fund, are connected / related to the Manager because the Manager established the funds and acts as their portfolio manager and investment fund manager. The Manager has determined that this is a material conflict of interest and takes the following steps to mitigate the actual and potential conflicts of interest associated with this business model, including distributing proprietary funds primarily through third party dealers and conducting an analysis of similar funds available to a similar client base. In addition, each proprietary fund of the Manager has a specific mandate and strategy. The Manager works to have each proprietary fund distinct and separate such that the mandate of one fund is clearly distinguishable from the other funds.

Fair Allocation of Investment Opportunities

The Manager may, from time to time, act as portfolio manager to segregated managed accounts in addition to certain pooled investment funds. To ensure fairness in the allocation of opportunities among its clients, and as between its segregated accounts and the funds, the Manager will ensure:

- where orders are entered simultaneously for execution at the same price, fills are allocated on a pro rata basis and when transactions are executed at different prices for a group of clients, fills are allocated on an average price basis;

- in the case of a new securities issue, where the allotment received is insufficient to meet the full requirements of all accounts on whose behalf orders have been placed, allocation is made on a pro rata basis. However, if such prorating should result in an inappropriately small position for a client and or particular fund, the allotment would be reallocated to another account. Depending on the number of new issues, over a period of time, every effort will be made to ensure that these prorating and reallocation policies result in fair and equal treatment of all clients, including the Funds; and

- trading commissions are allocated on a pro rata basis, in accordance with the foregoing trade allocation policies.

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

Soft Dollar Arrangements

The Manager may receive goods or services from a broker or a dealer in consideration of directing transaction business for the account of the Fund to such broker or dealer provided that: (i) the goods or services are of demonstrable benefit to the Fund; and (ii) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary full service brokerage rates.

Goods and services may include research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, clearing and custodian services and investment related publications. The goods and services which the Manager receives will not include any goods and services prohibited from time to time by any code or guidelines issued by any relevant regulatory authority.

The Fund may be deemed to be paying for these services with "soft" dollars. Although the Manager believes that the Fund will demonstrably benefit from the services obtained with "soft" dollars generated by trades, the Fund does not benefit from all of these "soft" dollar services. The Manager and other accounts managed by the Manager or its affiliates also derive substantial direct or indirect benefits from these services, particularly to the extent that the Manager uses "soft" dollars to pay for expenses the Manager would otherwise be required to pay itself.

Soft dollar arrangements occur when brokers have agreed to provide other services (relating to research and trade execution) at no cost to the Manager in exchange for brokerage business from the Manager's managed accounts and investment funds. Although the brokers involved in soft dollar arrangements do not necessarily charge the lowest brokerage commissions, the Manager will nonetheless enter into such arrangements when it is of the view that such brokers provide best execution and/or the value of the research and other services exceeds any incremental commission costs.

The Manager intends to enter into soft dollar arrangements in accordance with industry standards when it is of the view that such arrangements are for the benefit of its subscribers.

Personal Trading

Staff of the Manager are allowed to operate personal trading accounts at other registered firms. The Manager has adopted a personal trading policy that applies to all officers, directors and other staff with access to information regarding the portfolios. These policies are designed to reasonably prevent staff from trading in advance of orders for the Fund, or trading on the basis of their knowledge of the Fund's trading activities.

Referral Arrangements

The Manager currently does not have, nor does it propose to enter into any referral arrangements whereby it pays a fee for the referral of a client to the Manager or to one of the funds it manages.

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) 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.

In trading under discretionary authority or advising with respect to investments in the Funds, the Manager will act in accordance with its client's objectives and constraints set out in the subscription agreement and the investment objectives and constraints contained in the applicable offering documents of the Fund. In all investment decisions, the Manager will deal fairly, honestly and in good faith with each of its clients. Canadian securities legislation requires the Manager, prior to trading with or advising their clients, to purchase securities, to inform them of any relevant relationships and connections they may have with the issuer of securities.

A “related issuer” is a person or company that influences or is influenced by, through ownership or direction and control over voting securities, another person or company. The Manager is an independent firm, owned entirely by senior members of the firm and is not influenced by any other person or company.

A person or company is a “connected issuer” to another person or company if, due to its relationships with such person, a prospective purchaser of securities of the person or company might question the other person or company’s independence from the first person or company. Clients of the Manager, in its capacity as an exempt market dealer, invest in the funds for which the Manager serves as manager.

The Fund may be considered a connected and/or related issuer the Manager. The Manager acts as the investment fund manager and portfolio manager of the Fund and earns fees for managing the Fund. The Manager acts as an exempt market dealer in connection with the marketing and sale of units of the Fund. However, no commissions are paid to the Manager in connection with the sale of such Units. See “Fees and Expenses Relating to the Fund” and “Dealer Compensation”.

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

Outside Activities

The Manager’s registered individuals may become involved in other activities outside of their employment with the Manager (e.g., sitting on boards of directors or providing volunteer services for a charity). These outside activities could: (i) impact the amount of time a registered individual spends on its employment or registration obligations to the Manager; and (ii) create a conflicting interest as to how a registered individual discharges its obligations to the Manager or its clients. The Manager has policies and procedures designed to ensure that all outside activities are reported to and considered by the Manager’s Chief Compliance Officer. The Chief Compliance Officer will only approve such outside activities that do not conflict with the operations or obligations of the Manager.

Gifts and Entertainment

While it is recognized that conducting business may involve some modest exchange of gifts and business-related entertainment, the value of such gifts and entertainment must not create a real or perceived conflict of interest and must not impair the independence or objectivity of the recipient. The Manager has policies and procedures in place with respect to the receipt or giving of gifts and/or entertainment. These policies and procedures require employees to contact the Chief Compliance Officer of the Manager with any concerns about the receipt or giving of a gift or entertainment and whether that may create a conflict of interest. Further, employees are required to notify the Chief Compliance Officer of the Manager upon receipt of a gift or entertainment in excess of $300 (on an individual basis).

Other Conflicts of Interest

From time to time, other material conflicts of interest may arise. The Manager will continue to take appropriate measures to identify and respond to such situations fairly and reasonably and in the best interests of clients, including the Fund.

**CAL**

The Fund and the holders of Units are dependent in large part upon the experience and good faith of CAL, which is entitled to earn fees for providing services to MCOCI and FMLP and a receives a Purchase Price in respect of fully serviced mortgages sold to each of MCOCI and FMLP that includes a

premiums. Officers and directors of CAL may also serve from time to time as directors and officers of each of MCOCI and the General Partner.

CAL and its associates are entitled to act in a similar capacity for other companies and vehicles with investment criteria similar to those of the Fund, MCOCI and FMLP. As such, there is a risk CAL will not be able to originate sufficient suitable investment opportunities to keep the Fund, MCOCI or FMLP fully invested. Also, one or more directors or officers of the MCOCI, General Partner and CAL may be employed by, or act in other capacities for, other companies involved in mortgage and lending activities.

CAL, through shareholders in common, is affiliated with Canada Lend, an active mortgage broker that may provide services to each of MCOCI and FMLP.

**Lack of Separate Legal Counsel**

The Unitholders, as a group, have not been represented by separate counsel. Neither counsel for the Fund nor counsel for the Manager or CAL have acted, or are acting, for the investors nor have conducted any investigation or review on their behalf.

## SCHEDULE F
## LEGAL MATTERS

### Purchase and Resale Restrictions

The Units are being offered on a private placement basis to purchasers resident in certain provinces and territories of Canada pursuant to available prospectus exemptions under the securities laws of those jurisdictions.

Each purchaser of Units will be required to deliver to the Fund a subscription agreement in which such purchaser will represent to the Fund that such purchaser is entitled under applicable provincial securities laws to purchase such Units without the benefit of a prospectus qualified under such securities laws.

The Units are subject to resale restrictions. No certificates will be issued for the Units, unless otherwise determined by the Manager. To the extent the Units are delivered in certificated form, the certificate will bear a legend substantially similar to the following with effect for so long as the securities are subject to resale restrictions pursuant to applicable Canadian securities laws:

**"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [insert the distribution date], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."**

### 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 48 hours) following the purchase of Units.

### Amendments to the Declaration of Trust

Subject to the exceptions noted below and as set out in the Declaration of Trust, any provision of the Declaration of Trust may be amended by the Manager, with the approval of the Trustee, without any prior notice to, or approval of, Unitholders if the amendment:

(a) is not reasonably expected to materially adversely affect the interests of the Unitholders;

(b) is intended to ensure compliance with applicable laws, regulations, or policies;

(c) is intended to provide additional protection or benefit to Unitholders or enhance the rights of Unitholders;

(d) is intended to remove conflicts or inconsistencies or correct typographical, clerical, or other errors;

(e) is intended to maintain the Fund's status as a "mutual fund trust" for purposes of the Tax Act;

(f) is intended to facilitate the administration of the Fund;

(g) is to create one or more new Class or Classes or one or more new Series of additional Units and to make consequential amendments related thereto; or

(h) is intended to respond to amendments to the Tax Act, or the interpretation or administration thereof, which might otherwise adversely affect the interests of the Fund or Unitholders,

provided that Unitholders are given notice of the amendments as soon as reasonably possible following the effective date of the amendments.

In addition, subject to the exceptions noted below and as set out in the Declaration of Trust, any provision of the Declaration of Trust may be amended by the Manager, 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.

Notwithstanding the above, the Declaration of Trust may only be amended, deleted, expanded or varied for any of the following purposes either: (i) with the consent of the holders of 66 2/3% of the votes cast at a meeting of Unitholders; or (ii) provided that Unitholders affected by such change having been given not less than 60 days' prior 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:

(a) changes to the amendment provisions (Article 15) of the Declaration of Trust;

(b) the basis of the calculation of a fee or expense paid to the Manager or a substitute Manager that is charged to the Fund is changed in a way that could result in an increase in the aggregate charges in respect of one or more existing Classes or Series;

(c) the fundamental investment objective of the Fund is changed;

(d) the Fund decreases the frequency of the calculation of the Net Asset Value; or

(e) the Fund undertakes a reorganization with, or transfers its assets to, another fund, if

    a. the Fund ceases to continue after the reorganization or transfer of assets, and

    b. the transaction results in the Unitholders of the Fund becoming unitholders in the other pooled investment vehicle; and

    c. there is, in the opinion of the Manager, a material difference in the fundamental investment objective of the Fund and the other pooled investment vehicle.

Notwithstanding the above: (a) 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 and (b) the consent of the Manager is also required to any amendment if (i) it restricts any protection provided to the Trustee or impacts the responsibilities of the Trustee under the Declaration of Trust or (ii) it would have the effect of reducing the fees payable to the Manager.

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 if such change or amendment will result in the Fund ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act (including changes to the frequency of redemptions, any minimum holding period before which Units may be redeemed, minimum redemption amounts, the implementation of other deductions applicable to redemption proceeds payable, deferral of payment of redemption proceeds, suspension of redemptions, or any other matter that could limit, penalize or impair the redemption of such Units).

A resolution in writing forwarded to all Unitholders (or all Unitholders of the applicable Class or Series) entitled to vote on such resolution at a meeting of Unitholders (or a Class or Series of Unitholders)

and signed by the holders of the requisite number of Units (or Units of the applicable Class or Series ) to obtain approval of the matter addressed in such resolution is as valid as if it had been passed at a meeting of Unitholders (or a Class or Series of Unitholders).

**Language of Documents**

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

**Rights of Action for Damages or Rescission**

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

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

The following summary of rights of withdrawal and rescission is subject to the express provisions of the securities legislation referred to below and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Fund may rely.

The rights discussed below are in addition to, and without derogation from, any other rights or remedies available at law to the holder of Units.

*Rights for holders of Units in Ontario*

Section 130.1 of the *Securities Act* (Ontario) 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 *Securities Act* (Ontario) 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 any action, other than an action for rescission, the earlier of:

- 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or

- three years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 73.3 of the *Securities Act* (Ontario) (the "**accredited investor exemption**"). The rights referred to in section 130.1 of the Securities Act (Ontario) 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 financial institution or a Schedule III bank (each as defined in Rule 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.

*Rights for holders of Units in Saskatchewan*

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**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;

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 selling security holder, will be liable for any part of the offering memorandum or any amendment to 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, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation; (ii) the part of the offering or any amendment to the offering memorandum did not fairly represent the report opinion or statement of the expert, or (iii) the part of the offering memorandum or any amendment to the offering memorandum was not a fair copy of or extract from the report, opinion or statement of the expert;

D. 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 purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as 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;

E. no person who or company that sells securities on behalf of the issuer or selling security holder will be liable if that person or company can establish that he, she or it cannot reasonable be expected to have had knowledge of any misrepresentation in the offering memorandum or any amendment to it;

F. in no case shall the amount recoverable exceed the price at which the securities were offered; and

G. 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;

B. the filing of the offering memorandum or any amendment to it and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;

C. 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;

D. with respect to any part of the offering memorandum or of any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or of any amendment to if fairly represented the person's or company's report, opinion or statement; or (ii) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of any amendment to it; or

E. with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

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

The liability for damages of all persons and companies referred to above is joint and several, provided that the court may deny the right to recover a contribution where, in all the circumstances of the case, it is satisfied that to permit recovery of a contribution would not be just and equitable.

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 has a right of action for damages against the individual who made the verbal statement without regard to whether the purchaser relied on the misrepresentation.

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 thereto was required by Section 80.1 of the Saskatchewan Act to be sent or delivered but was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities.

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:

    1) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

    2) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that 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.

*Rights for holders of Units in 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 (i) the issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the issuer at the date of the offering memorandum, or

B. if the purchaser purchased the securities from a person referred to in subparagraph (a)(i) or (ii) above, the purchaser may elect to exercise a right of rescission against the person referred to in that subparagraph, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). One such defence is that no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation. 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 for rescission 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.

*Rights for holders of Units in Nova Scotia*

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) 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 Securities Act (Nova Scotia)) 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.

Further, 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.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable. The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of these provisions.

*Rights for holders of Units in Newfoundland and Labrador*

In Newfoundland and Labrador, purchasers are entitled to a contractual right of action for damages or rescission equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

*Rights for holders of Units in Manitoba, Prince Edward Island, Yukon Territory, Nunavut and the Northwest Territories*

In Manitoba, the *Securities Act* (Manitoba), in Prince Edward Island the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provides a statutory right of action for damages or rescission to purchasers resident in Manitoba, PEI, Yukon, Nunavut and Northwest Territories respectively, in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

*Rights for holders of Units in British Columbia, Alberta and Québec*

Notwithstanding that the *Securities Act* (British Columbia), the *Securities Act* (Alberta), and the *Securities Act* (Québec) do not provide, or require the Fund to provide, to purchasers resident in these jurisdictions 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.

## SCHEDULE G
## MCOCI OM SECTIONS

**See attached.**

**SCHEDULE H**
**FMLP OM SECTIONS**