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## **GREENSKEEPER VALUE FUND**

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**CONFIDENTIAL OFFERING MEMORANDUM**

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**November 8, 2022**

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## SUMMARY OF THE OFFERING

*Prospective investors are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Fund. The following is a summary only and is qualified by the more detailed information contained in this Confidential Offering Memorandum. Capitalized terms used but not defined in this summary shall have the meaning specified in the Glossary of Terms unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this Confidential Offering Memorandum are to Canadian dollars.*

### **The Fund**

The **GreensKeeper Value Fund** is an unincorporated open-end trust created under the laws of the Province of Ontario pursuant to a declaration of trust first dated as of January 1, 2011, as amended and/or restated from time to time. **GreensKeeper Asset Management Inc.** (the “**Manager**”) is the trustee and manager of the Fund. **The Fund is a connected issuer of the Manager.** The Manager will earn fees from the Fund. See “Conflicts of Interest”.

### **Investment Objective, Strategies and Restrictions**

The investment objective of the Fund is to deliver absolute returns to unitholders (net of all fees) in excess of both the S&P/TSX Index and the S&P500 Index (measured in Canadian dollars) over the long term. The Fund seeks to accomplish its set objective through investments in a concentrated portfolio, primarily in equities from any sector and market capitalization.

The Manager uses bottom-up fundamental analysis combined with a value investing methodology in selecting investments for the Fund. The Manager’s investment process is designed to create a core portfolio of long positions in primarily Canadian and U.S. based companies that the Manager believes are undervalued, typically in companies with improving fundamentals, strong balance sheets, superior earnings growth potential, shareholder-friendly management teams and solid business models.

The Manager uses a combination of proprietary and third-party tools in its portfolio management program to help identify superior investment opportunities. The Manager employs a rigorous screening process using third-party databases to identify investment opportunities that have the characteristics that it believes to be associated with successful investments.

The Fund may take a significant position in an attractive stock or group of stocks. The assets of the Fund may be concentrated in specialized industries, market sectors or asset classes. Accordingly, the Fund may be significantly less diversified than conventional funds. This potential concentration means that the Fund is not intended to be, and would generally not be suitable as, a complete investment program for any investor.

The Fund is registered as a “registered investment” under section 204.4 of the Tax Act. A fund which is a registered investment but which is not a “mutual fund trust” as defined in the Tax Act must restrict its investments to those that are “prescribed investments” for the type of plan or fund in respect of which it has applied for registration, until such time as the Fund becomes a “mutual fund trust”. If the Fund becomes a “mutual fund trust” as defined under the Tax Act it would not be required to observe these restrictions.

### **Risk Factors**

Investment in the Units is speculative due to the nature of the Fund’s business and involves certain risk factors, not all of which may be described in this document. There is no guarantee that an investment in

Units of the Fund will earn any positive return in the short or long term and investors must be able to bear the risk of a complete loss of their investment. Investors should consider their personal circumstances and the risk factors described in the Confidential Offering Memorandum before investing. See “Risk Factors”.

## **Manager**

**GreensKeeper Asset Management Inc.**, whose registered office is located at 2010 Winston Park Drive, Suite 200, Oakville, Ontario, L6H 5R7, is the trustee and manager of the Fund. The Manager is responsible for management and control of the affairs of the Fund on a day-to-day basis and approving and monitoring the Fund’s various service providers. The Manager is also responsible for the management of the Fund’s portfolio on a discretionary basis and the distribution of the Units of the Fund. The Manager is registered as an Investment Fund Manager, Portfolio Manager and Exempt Market Dealer in Ontario. See “The Manager”. See “Management of the Fund – The Manager”.

## **The Units**

The beneficial interests in the Fund are represented by Units. The Fund may issue an unlimited number of Units in any number of classes. The Manager will determine the opening **Net Asset Value** of each class of Units. Each Unit carries with it a right to vote, with one vote for each whole Unit (the Net Asset Value of all Units held by an investor will be aggregated for the purpose of determining voting rights). The Fund may issue fractions of a Unit. The Units were initially issued at subscription price of \$10.00 per Unit and thereafter at the applicable Net Asset Value per Unit.

## **Classes of Units**

Units of the Fund are currently issued in the following classes:

**Class A:** are available to all qualified purchasers.

**Class D:** are available to purchasers who acquire their Units through another eligible registered dealer.

**Class F:** are available to (i) purchasers who participate in fee-based programs through eligible registered dealers and whose dealer has signed a Class F Agreement with us, and (ii) qualified individual purchasers in the Manager’s sole discretion, including employees of the Manager.

**Class G:** are available to large purchasers and institutional investors who have in excess of one million dollars being managed by the Manager and who enter into a Class G Agreement with the Manager. Class G Units are not charged a management fee or performance fee by the Fund as investors in Class G Units pay negotiated management and performance fees directly to the Manager pursuant to the Class G Agreement.

## **The Offering**

Units are offered in all jurisdictions of Canada other than Newfoundland & Labrador through dealers registered in the respective province or territory. Units may be purchased directly from the Manager by investors resident in Ontario or Québec.

## **Sales Commissions**

No commission is payable to the Manager in respect of Units purchased directly by a subscriber from the Manager. A subscriber may pay a negotiated commission to his or her dealer.

## Redemptions

Units may be redeemed at their Net Asset Value on any Redemption Date by giving not less than 30 days' notice to the Manager. A redemption of Units within 90 days of their issue may be subject to a deduction of up to 5.00% of the aggregate Net Asset Value per Unit, which amount will be retained by the Fund.

## Unit Certificates

Certificates for Units will not be issued as the Fund maintains a book based system of registration.

## Management Fee

The Fund pays to the Manager an annual Management Fee based on a percentage of the Net Asset Value of the Fund calculated and payable as of the last business day of each calendar month. The table below sets out the Management Fee applicable to each class:

Class	Management Fee
A	1.50%
D	1.50%
F	1.00%
G	Based on Account Size

## Performance Fee

Pursuant to the terms of the Declaration of Trust, Performance Fees are payable by the Fund to the Manager in respect of Class A, Class D and Class F Units and will accrue monthly and be paid annually, and on redemption of a Class A, Class D or Class F Unit. Performance Fees will be calculated as 20% of any gain on Units of each class over a hurdle of 6% p.a. (the "**Hurdle Rate**"). The gain is calculated as the difference between the Net Asset Value before Performance Fee on each class and the Unitholder equity in the class.

Unitholder equity is calculated by taking the Net Asset Value of the class at the start of the current Fiscal Year, plus the value of all contributions (subscriptions for Units) made in that class during the Fiscal Year and subtracting a pro-rata share of equity on every redemption of Units in the class. The hurdle amount for each year is calculated by applying the Hurdle Rate to the Unitholder equity, on an annualized basis (adjusted for contributions made during the year), and is subtracted from the gain as defined above. The resulting positive difference in gain, if any, is multiplied by the Performance Fee rate as per above and is payable to the Manager.

If at any time the return of the Fund for a Fiscal Year is less than the hurdle amount, then no Performance Fee will be payable and the deficiency will be carried forward and subtracted from the gain in the subsequent Fiscal Year. If after subtracting the deficiency in the subsequent Fiscal Year, the Fund's return in that subsequent Fiscal Year is less than the hurdle amount for that year, such deficiency will then be carried forward to the next following Fiscal Year, and so on. Any deficiency will be reduced pro-rata for any redemptions of Units made in the year a deficiency exists, for as a Unitholder redeems Units the proportional share of any deficiency allocable to those Units must also be removed.

Upon a redemption of Units, a pro-rata amount of any accrued Performance Fee will be crystallized and paid to the Manager, and a pro-rata amount of Unitholder equity and calculated hurdle amount will be removed from future calculation of Performance Fee to reflect the withdrawal of the Unitholder from the class.

All fees are subject to GST/HST and any other applicable taxes.

### **Administration Fees and Expenses of the Fund**

In addition to the Management Fee and the Performance Fee, the Fund will incur and pay out of the Fund's assets: (i) any charges or expenses which, in the sole opinion of the Manager, are necessary or incidental to the Fund's operation; (ii) compensation to persons with whom the Fund has contracted or transacted business or for special services provided to the Fund including, without limitation, services as a broker, transfer agent, registrar, or custodian or for legal, accounting or other professional services, as the Manager acting in good faith deems reasonable, and (iii) any and all present and future levies, duties, sales, withholdings and any tax of whatsoever nature or kind of any jurisdiction together with any and all interest, charges and penalties and other payments of any nature or kind relating thereto. The Manager has the right, in its sole discretion, to pay some or all of the Fund's ongoing expenses out of its Management Fee and/or the Performance Fee.

### **Valuation Date**

Units will be valued on the last Business Day of each calendar month or any other date determined by the Manager. See "Portfolio Valuation and Net Asset Value".

### **Distributions**

The Fund will distribute annually to holders of Units of the Fund (the "**Unitholders**") sufficient income and capital gains (net of applicable losses) for each taxation year of the Fund, so that the Fund will not have any liability for Canadian federal income tax under Part I of the Tax Act and such amounts shall be due and payable on the last Valuation Date of each fiscal year of the Fund. All distributions paid on Units will, except to the extent paid to Unitholders who have redeemed their Units during that taxation year, be reinvested in additional Units of the same class at the applicable Net Asset Value.

### **Canadian Federal Income Tax Considerations**

**General:** The Fund is required to include in computing its income in respect of each taxation year all dividends received by it, distributions paid or payable to it by a trust, accrued interest, income or gains from most types of derivatives transactions and the taxable portion of capital gains, net of allowable capital losses. The Fund will deduct in computing its income for the year all reasonable expenses incurred by it for the purposes of earning income. In addition, the Fund may deduct amounts of Fund income (including taxable capital gains) paid or payable to Unitholders. Unitholders will generally be required to include in computing their income any income and taxable capital gains paid or made payable to them by the Fund, including reinvested distributions.

Investors are urged to consult with their tax advisers respecting the purchase, holding and disposition of Units of the Fund. Investors should be aware of the tax considerations and consequences associated with an investment in a trust generally and in an actively managed investment pool in particular.

**Eligibility for Registered Plans:** The Fund is a "registered investment" for purposes of the Tax Act. Provided that it continues to qualify as such, Units of the Fund will be qualified investments under the Tax Act for registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSAs**"). Annuitants of RRSPs and RRIFs, holders of RDSPs and TFSAs and subscribers of RESPs are urged to consult with their own tax advisers as to whether Units would be a "prohibited investment" under the Tax Act in their particular circumstances. A "**prohibited investment**" includes a unit of a trust which does not deal at arm's length

with the holder of the RDSP or TFSA, annuitant of the RRSP or RRIF, or the subscriber of the RESP, as the case may be, or in which the holder, annuitant or subscriber has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust's outstanding units by the holder, annuitant or subscriber, either alone or together with persons and partnerships with whom the holder, annuitant or subscriber does not deal at arm's length.

### **Reporting to Unitholders**

Audited financial statements of the Fund as at the end of each Fiscal Year and statements for Canadian tax purposes reporting distributions and other relevant information will be sent to all Unitholders annually. Unitholders will also receive unaudited financial statements for the six months ending June 30 in each Fiscal Year.

In addition, the Manager will forward such other reports to Unitholders as are from time to time required by law.

### **Release of Confidential Information**

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

### **Rights of Action**

Investors are entitled to the benefit of certain rights of action which are described in Schedule "A" hereto.



## GLOSSARY OF TERMS

“**Business Day**” means any day normally treated as a business day in Toronto, Ontario and on which day there is a regular session on the Toronto Stock Exchange, the New York Stock Exchange or any other major securities market or exchange on which a significant portion of the Fund’s investments trade at any time;

“**Confidential Offering Memorandum**” means this confidential offering memorandum, including all and any schedules and attachments, as may be amended and/or restated from time to time;

“**CRA**” means the Canada Revenue Agency and any successor agency;

“**Declaration of Trust**” means the master declaration of trust first dated as of January 1, 2011 establishing the Fund, as amended and restated as of November 11, 2019 and as it may be further amended from time to time;

“**Fiscal Year**” of the Fund means each 12 month period ending December 31, or any stub period in the first or terminal year of the Fund;

“**Fund**” means the **GreensKeeper Value Fund**;

“**Management Agreement**” means the agreement between the Fund and the Manager, first dated as of January 17, 2014, as amended and restated November 11, 2019 and as may be further amended from time to time;

“**Management Fee**” has the meaning given to such term under “Fees and Expenses – Management Fee”;

“**Management Fee Distribution**” has the meaning given to such term under “Fees and Expenses – Management Fee Distributions”;

“**Manager**” means **GreensKeeper Asset Management Inc.** in its capacity as the manager of the Fund, and any successor manager appointed pursuant to the Declaration of Trust;

“**Minimum Amount Exemption**” means the exemption from the prospectus requirement for persons who qualify as minimum amount investors as set forth in NI 45-106;

“**Net Asset Value**” means the total net asset value of all classes of the Fund or the net asset value of a particular class of Units, as the context requires, and “**Net Asset Value per Unit**” means the net asset value of a class divided by the number of Units of such class then outstanding, in each case calculated in accordance with the Declaration of Trust as described under “Portfolio Valuation and Net Asset Value”;

“**NI 45-106**” means National Instrument 45-106 *Prospectus Exemptions*, as amended or replaced from time to time, and includes Section 73.3 of the *Securities Act* (Ontario) as it applies to Ontario investors;

“**Performance Fee**” has the meaning given to such term under “Fees and Expenses – Performance Fee”;

“**Person**” means any individual, partnership, Unitholders, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

“**Redemption Date**” means with respect to any class or any Units, (i) a Valuation Date, or (ii) such other date as the Manager in its sole discretion may decide from time to time;

“**Redemption Value**” has the meaning given to such term under “Redemptions of Units – Redemption Amount”;

**“Registered Dealer”** means an investment dealer or exempt market dealer registered pursuant to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, as amended or replaced from time to time, in the province or territory in which a subscriber for Units resides;

**“Redemption Form”** means the redemption form, in such form as is approved by the Manager from time to time;

**“Special Resolution”** means a resolution passed by not less than 66  $\frac{2}{3}$ % of the votes cast by the Unitholders who voted in respect of that resolution at a meeting or in writing, as the case may be;

**“Subscription Agreement”** means the subscription agreement for Units in the Fund, in such form as is approved by the Manager from time to time;

**“Subscription Date”** means a Valuation Date or such other date, as the Manager in its sole discretion may decide from time to time, on which the Manager may accept subscriptions for Units;

**“Tax Act”** means the *Income Tax Act* (Canada) and the Regulations thereunder, as amended from time to time;

**“Unit”** means a beneficial interest in the Fund referred to as a unit, as recorded in the register of Fund from time to time, with such rights and obligations of the holder thereof as provided in the Declaration of Trust;

**“Unitholder”** means a Person whose name appears on the register or registers of the Fund as a holder of Units of the Fund; and

**“Valuation Date”** means the last Business Day of each calendar month or such other date as established in the Declaration of Trust or as determined by the Manager for purposes of calculating the Net Asset Value of the Fund.

## THE FUND

The **GreensKeeper Value Fund** is an unincorporated open-end trust created under the laws of the Province of Ontario pursuant to the Declaration of Trust dated as of January 1, 2011, as amended and/or restated from time to time. **GreensKeeper Asset Management Inc.** is the trustee and manager of the Fund. The address of the head office of GreensKeeper Asset Management Inc. is located at 2010 Winston Park Drive, Suite 200, Oakville, Ontario, L6H 5R7.

An investment in the Fund is represented by Units, each of which represents an interest in the net assets of the Fund. Units are issued on a continuous basis in one of several classes. See “Units of the Fund”.

## THE OFFERING

### The Offering

Units are offered on a continuous basis to investors resident in all provinces and territories of Canada (other than Newfoundland & Labrador) pursuant to exemptions from the prospectus requirements of applicable securities legislation. See “Investing in the Fund”. Units must be purchased through a Registered Dealer. Investors resident in Ontario or Québec may purchase Units directly from the Manager.

A Person wishing to become a Unitholder or a Unitholder wishing to subscribe for additional Units shall subscribe by means of the Subscription Agreement in such form as may be approved by the Manager from time to time. The subscriber shall tender with the Subscription Agreement full payment of the aggregate subscription price of the Units in the form of a cheque made payable to “NBIN” or confirmation of wire instructions or other evidence of payment (as the Manager may otherwise permit or require) for the amount representing the purchase price of the Units subscribed for.

Registered Dealers submitting subscriptions through Fundserv shall deliver a fully executed Subscription Agreement on or before the designated Subscription Date (or such later date as the Manager may permit from time to time) and submit subscription proceeds in accordance with the usual Fundserv settlement process.

No Units shall be issued without receipt by the Fund of the subscription proceeds and the Subscription Agreement. The Manager has the unconditional right to accept or reject any subscription submitted and will promptly give notice thereof to the investor. If a subscription is not accepted by the Manager, all subscription proceeds will be returned, without interest, deduction or penalty to the investor. If the subscription is accepted only in part, a cheque representing a portion of the purchase price for that portion of the subscription for the Units which is not accepted will be promptly returned without interest. See “Units of the Fund” and “Investing in the Fund”.

### Minimum Offering

There is no minimum or maximum number of Units offered by the Fund or minimum or maximum proceeds from the sale of Units.

### Initial Minimum Investment

Each initial investment by an investor must not be less than the amount specified by the Manager for investors who qualify as an accredited investor for the purposes of NI 45-106, or \$150,000 for investors who qualify under the Minimum Amount Exemption. The Manager reserves the right to change the minimum amounts for initial investments in the Fund at any time, from time to time, and on a case-by-case basis, subject to regulatory requirements.

## **Additional Investments**

Each additional investment by an investor must be not less than the amount specified by the Manager. The Manager reserves the right to change the minimum amounts for additional investments in the Fund at any time, from time to time, and on a case-by-case basis, subject to regulatory requirements.

## **INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS**

### **Investment Objective**

The investment objective of the Fund is to deliver absolute returns to unitholders (net of all fees) in excess of both the S&P/TSX Index and the S&P500 Index (measured in Canadian dollars) over the long term. The Fund seeks to accomplish its set objective through investments in a concentrated portfolio, primarily in equities from any sector and market capitalization.

### **Investment Strategies**

The Manager uses bottom-up fundamental analysis combined with a value investing methodology in selecting investments for the Fund. The Manager's investment process is designed to create a core portfolio of long positions in primarily Canadian and U.S. based companies that the Manager believes are undervalued, typically in companies with improving fundamentals, strong balance sheets, superior earnings growth potential, shareholder-friendly management teams and solid business models.

The Manager uses a combination of proprietary and third-party tools in its portfolio management program to help identify superior investment opportunities. The Manager employs a rigorous screening process using third-party databases to identify investment opportunities that have the characteristics that it believes to be associated with successful investments.

The Fund may take a significant position in an attractive stock or group of stocks. The assets of the Fund may be concentrated in specialized industries, market sectors or asset classes. Accordingly, the Fund may be significantly less diversified than conventional funds. This potential concentration means that the Fund is not intended to be, and would generally not be suitable as, a complete investment program for any investor.

### **Investment Restrictions**

The Manager may from time to time establish restrictions with respect to the investments of the Fund, including, without limitation, restrictions as to the proportion of the assets of the Fund which may be invested in the securities of issuers operating in any industry sector or in any class of investment.

The Fund is registered as a "registered investment" under section 204.4 of the Tax Act. A fund which is a registered investment but which is not a "mutual fund trust" as defined in the Tax Act must restrict its investments to those that are "prescribed investments" for the type of plan or fund in respect of which it has applied for registration, until such time as the Fund becomes a "mutual fund trust". If the Fund becomes a "mutual fund trust" as defined under the Tax Act it would not be required to observe these restrictions.

### **Inherent Risks**

An investment in the Fund should be viewed as a speculative investment. The Fund is not intended as a complete investment program and is designed only for investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their fund account, who are financially able to maintain their investment and who can afford the loss of their investment. There can be no assurance the Fund will achieve its investment objectives. All potential investors in the Fund should understand the investment approaches and techniques that the Manager expects to use in the

management of the Fund and the particular risks associated with those approaches and techniques. See “Risk Factors” for more information on the risks specific to the Fund.

### **Statutory Caution**

The foregoing disclosure of the Manager’s investment strategies and intentions may constitute “forward looking information” for the purpose of applicable securities legislation, as it contains statements of the Manager’s intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager’s officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager’s intended strategies as well as its actual course of conduct. Investors are urged to read “Risk Factors” below for a discussion of other factors that will impact the operations and success of the Fund.

## **RISK FACTORS**

Investment in the Units involves significant risks due to the nature of the Fund’s business. There is no guarantee that an investment in Units of the Fund will earn any positive return in the short or long term and investors must be able to bear the risk of a complete loss of their investment. Investors should consider the following risk factors before investing. There may be additional risk factors not described herein or not known to the Manager or the Manager as of the date of the Confidential Offering Memorandum.

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

#### **General Risk**

An investment in the Fund may be considered to be speculative. It is not intended as a complete investment program and is designed only for investors who can afford the loss of their investment. All potential investors in the Fund should review closely the Fund’s “Investment Objective, Strategies and Restrictions”.

#### **Business Risks**

While the Manager believes that the Fund’s investment policies will be successful over the long term, there can be no guarantee against losses resulting from an investment in Units and there can be no assurance that the Fund’s investment approach will be successful or that its investment objective will be attained. No assurance can be given that the Fund’s investment portfolio will generate any income or will appreciate in value. The Fund could realize substantial losses, rather than gains, from some or all of the investments described herein. A trust, such as the Fund, cannot flow through losses to investors. However, such losses will be reflected in the Net Asset Value per Unit which, if the Units are redeemed, would give rise to capital losses which may be used by investors.

#### **Net Asset Value**

The Net Asset Value of the Fund will fluctuate with changes in the market value of the investments held by the Fund. Such changes in market value may occur as a result of various factors, including those factors identified below with respect to international investments and material changes in the intrinsic value of an investment held by the Fund.

### **Potential Lack of Diversification**

The Fund does not have any specific limits on holdings in securities of issuers in any one country, region, industry or issuer. Although the Fund's portfolio will generally have some diversification, this may not be the case at all times if the Manager deems it advantageous for the Fund to be less diversified. Accordingly, the investment portfolio of the Fund may be more susceptible to fluctuations in value resulting from adverse economic and other conditions affecting a particular investment.

### **Potential Lack of Transparency**

Due to competitive concerns that could hurt investment returns, the Fund will discuss and disclose its activities in marketable securities only to the extent legally required. Therefore, the Fund will not normally disclose or comment on specific investments or ideas.

### **Investment Eligibility**

There can be no assurance that Units will be or continue to be qualified investments under the Tax Act. The Tax Act imposes penalties on such plans for the acquisition or holding of non-qualified investments.

### **Income**

An investment in Units of the Fund is not suitable for an investor seeking an income from such investment.

### **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.

### **Not a Public Mutual Fund**

The Fund is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's portfolio.

### **Nature of Units**

The Units are neither fixed income nor equity securities. An investment in Units does not constitute an investment by Unitholders in the securities included in the portfolio of the Fund. Unitholders will not own the securities held by the Fund by virtue of owning Units of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

### **Possible Effect of Redemptions**

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

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

Each of the Fund and the Manager has consulted with a single legal counsel regarding the formation and terms of the Fund and the offering of Units. Unitholders have not, however, been independently represented. Therefore, to the extent that the Fund, Unitholders or this offering could benefit by further

independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Fund.

### **No Involvement of Unaffiliated Selling Agent**

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

### **Conflicts of Interest**

Securities regulation requires that potential conflicts of interest be fully disclosed in this offering memorandum. Such potential conflicts are perceived to arise whenever a registrant such as the Manager participates in the distribution of securities of a related or connected issuer. Because the Manager earns fees from the ongoing management of the Fund's investment portfolio and the distribution of Units of the Fund, the Fund is considered a connected issuer of the Manager. See "Manager".

In addition to the foregoing, the Manager may be subject to various conflicts of interest due to the fact that the Manager may be engaged in a wide variety of management, advisory and other business activities unrelated to the Fund's business (some of which may compete with the Fund's investment activities). The Manager's investment decisions for the Fund will be made independently of those made for the other clients of the Manager and independently of its own investments. However, on occasion, the Manager may make the same investment for the Fund and one or more of its other clients. Where the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transaction will be effected on a fair basis. The Manager will allocate opportunities to make and dispose of investments fairly among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the Fund and the other funds under common management and such other factors as the Manager considers relevant in the circumstances.

### **Broad Authority of the Manager and Key Personnel**

The Declaration of Trust and Management Agreement give the Manager (as manager and investment advisor) broad discretion over the conduct of the Fund's business, selection of the Fund's investments and over the types of transactions in which the Fund engages. Therefore, the Fund will be dependent upon the business expertise and judgment of the Manager and its key personnel. The loss of any of the individuals active in the Manager could have a material adverse effect on the Fund. Should Mr. McCloskey become incapable of providing portfolio management services to the Fund for any reason, the Fund would seek to provide a replacement, but if it was unable to do so it would need to take steps to terminate the Fund.

### **Financial Resources of the Manager**

To a certain extent, the economic success of the Fund is dependent upon the continuing financial well-being of the Manager. The Manager may have financial obligations to other funds, corporations and other business entities in the future.

### ***Risks Associated with the Investment Strategies and Techniques***

#### **Fixed Income Securities**

The Fund may hold fixed-income securities such as corporate and government bonds and other debt obligations. Fixed-income securities will be influenced by the financial conditions pertaining to the issuer of such securities, general market conditions for fixed-income securities and the general level of interest rates. In particular, if fixed income investments are not held to maturity, the Fund may suffer a loss at the time of sale of such securities.

## **Equity Securities**

The Fund will hold equity securities issued by publicly-traded companies. Equity securities will be influenced by stock market conditions in those jurisdictions where the securities are listed for trading and by changes in the circumstances of the issuers of such securities.

## **Small Company Risk**

The Fund may invest in securities of small companies. Small companies tend to be more volatile than more established companies as they may have a smaller market share, their products may be in developmental phase or they may have limited financial resources. The number of their shares trading in the market may also be limited, resulting in reduced liquidity and the potential for increased volatility in share price.

## **Illiquidity of Units**

Units are generally neither transferable nor assignable. Units are being offered on a private placement basis, and even if they are transferable will be subject to resale restrictions under applicable Canadian securities laws. Units are redeemable, however these redemption rights may be suspended in certain circumstances and delayed in others. Consequently, investors may be unable to liquidate their Units, and are therefore cautioned that an investment in Units will not be suitable for investors with a short time horizon. Furthermore, this lack of liquidity, plus the fact that Unit certificates will not be issued, means that Units generally cannot be used by a Unitholder as collateral for any loan the Unitholder may have, whether undertaken in order to purchase Units or otherwise.

## **International Investment Generally**

The Fund may invest in securities of foreign issuers either directly or through the use of equity-linked or derivative instruments and investments denominated or traded in currencies other than Canadian dollars and in markets outside of Canada. These investments involve certain considerations not typically associated with investments in Canadian issuers or securities denominated or traded in Canadian dollars. These considerations include:

- (a) changes in the exchange rate applicable to the foreign investment and the potential effect of foreign exchange controls (including suspension of the ability to transfer currency from a given country);
- (b) the application of foreign tax law, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations;
- (c) the effect of local market conditions on the availability of public information, the liquidity of securities traded on local exchanges and transaction costs and administrative practices of local markets;
- (d) the fact that the Fund's assets may be held by custodians or pledged to creditors of the Fund in jurisdictions outside of Canada so that there can be no assurance that judgments obtained in Canadian courts will be enforceable in any of those jurisdictions;
- (e) in some countries, political or social instability or diplomatic developments could adversely affect, or result in the complete loss of, such investments;
- (f) the possibility of expropriation, confiscatory taxation or nationalization of foreign bank deposits or other assets;
- (g) lack of comprehensive tax, legal and regulatory systems, which may result in the Fund being unable to enforce its legal rights or protect its investments; and



- (h) the imposition of foreign governmental laws or restrictions could affect investments in securities of issuers in those nations.

Restrictions and controls on investments in the securities markets of some countries may have an adverse effect on the availability and costs to the Fund of investments in those countries. Costs may be incurred in connection with the conversions between various currencies. In addition, the income and gains of the Fund may be subject to withholding taxes imposed by foreign governments for which investors may not receive a full foreign tax credit.

### **Short Sale Equity Positions and Leverage**

The Fund may take short sale positions without maintaining an equivalent quantity, or a right to acquire an equivalent quantity, of the underlying securities in its portfolio. When engaging in short sales there can be no assurance that the relevant security will experience declines in market value and this could result in losses if the security were sold at a price which is lower than the market price at which it may be acquired at the time the transaction is to be completed.

The Fund will generally avoid the use of leverage in implementing its investment strategies. However, from time to time, in addition to short selling, the Fund may employ leverage (i.e., the use of borrowed funds or securities) as a temporary tool in its investment strategy. While the use of leverage can increase the rate of return, it can also increase the magnitude of loss in unprofitable positions beyond the loss which would have occurred if there had been no borrowings. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost in the event of a decline in the market value of such securities. Leverage will thus tend to magnify the losses or gains from investment activities.

### **Use of Options**

The Fund may purchase and write exchange-traded and over-the-counter put and call options on debt and equity securities and other financial assets. Options may be used for both speculative and hedging purposes. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary market risks.

### **Low Rated or Unrated Debt Obligations**

The Fund may from time to time hold instruments that have a credit quality rated below investment grade by internationally recognized credit rating organizations or may be unrated. These securities involve significant risk exposure as there is uncertainty regarding the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Low rated and unrated debt instruments generally offer a higher current yield than that available from higher grade issuers, but typically involve greater risk.

### **Interest Rate Fluctuations**

In the case of interest rate sensitive securities, the value of a security may change as the general level of interest rates fluctuates. When interest rates decline, the value of such securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline. Increases in interest rates will also increase the Fund's cost of borrowing.

### **Legal, Tax and Regulatory Risks**

Legal, tax and regulatory changes to laws or administrative practice could occur which may adversely affect the Fund or the investments held directly or indirectly by the Fund. Interpretation of the law or administrative practice may affect the characterization of the Fund's earnings as capital gains or income which may increase the level of tax borne by investors as a result of increased taxable distributions from

the Fund. There can be no assurance that Canadian federal income tax laws and administrative policies and assessing practices of the CRA respecting the treatment of trusts will not be changed in a manner that adversely affects the Unitholders.

While the Fund has been structured so that it generally will not be liable to pay income tax, the information available to the Fund and the Manager relating to the characterization, for tax purposes, of the distributions received by the Fund in any year from issuers of the Fund's investments may be insufficient as at December 31 of that year to ensure that the Fund will make sufficient distributions in order that the Fund will not be liable to pay income tax in respect of that year.

## **MANAGEMENT OF THE FUND**

### **The Manager**

**GreensKeeper Asset Management Inc.** is the trustee and manager of the Fund. The Manager is responsible for management and control of the affairs of the Fund on a day-to-day basis and approving and monitoring the Fund's various service providers, in accordance with the terms of the Declaration of Trust and the Management Agreement. The Manager may act as manager and/or investment advisor of other funds. The Manager may also become a Unitholder by purchasing Units of one or more classes.

The Manager also acts as manager of the Fund's portfolio on a discretionary basis and as a distributor of the Units of the Fund. The Manager may delegate certain of these duties from time to time.

The Manager was incorporated under the *Canada Business Corporations Act* and its principal place of business is 2010 Winston Park Drive, Suite 200, Oakville, Ontario, L6H 5R7. The Manager is registered as an Investment Fund Manager, Portfolio Manager and Exempt Market Dealer in Ontario and Québec.

Set out below are the particulars of the relevant experience of the sole director and officer of the Manager.

<b>Name and Municipality of Residence</b>	<b>Position with Manager</b>
Michael P. McCloskey Mississauga, Ontario	Director, Advising Representative, Chief Compliance Officer, Ultimate Designated Person, Chief Investment Officer and Dealing Representative

*Michael McCloskey, B.Sc., J.D., M.B.A., C.I.M., AR*

Michael McCloskey is a director and Advising Representative ("AR"), Chief Compliance Officer ("CCO"), Ultimate Designated Person ("UDP"), and Chief Investment Officer ("CIO") of the Manager. He is also registered as a dealing representative for the exempt market dealer (EMD) related activities of the Manager. The Manager was founded in 2010 and specializes in advising and managing investments using bottom-up fundamental analysis combined with a value investing methodology.

Michael has over 25 years' experience in the financial industry. After completing his formal education, he joined the Toronto law firm of Aird & Berlis in 1995 as an associate and was made a partner of the firm in 2000. His legal career focused on the areas of Corporate Finance and domestic and international Mergers and Acquisitions (M&A).

In January 2002 Michael decided to leave the practice of law when he joined Spratt Securities (now Cormark Securities) as an investment banker and partner of the firm. He joined Cormark at the time of a management-led buyout of the firm from its founder Eric Spratt. Mr. McCloskey remained Cormark's second-longest serving investment banker until his resignation in September 2010. His eight and a half

years at the firm provided him with the opportunity to work on numerous initial public offerings (IPOs), debt and equity financings, takeover bids and M&A advisory assignments. He has developed a detailed understanding of the financial markets, the interaction between the buy-side and the sell-side, securities analysis and securities valuation.

In 2011 Michael joined Lightwater Partners Ltd. as an Associate Advising Representative and was instrumental in the formation of the GreensKeeper Value Fund. While at Lightwater, he devoted his full time and attention to the management of the Fund.

In 2014 Michael resigned from Lightwater in order to establish GreensKeeper Asset Management Inc. Michael's education and professional designations are set out below:

Advising Representative, 2014  
 Associate Advising Representative, 2011  
 Canadian Investment Manager, 2009  
 Admitted to the Ontario Bar, 1997  
 J.D., Osgoode Hall Law School, 1995  
 M.B.A. (Honours), Schulich School of Business, York University, 1995  
 B.Sc. (Honours), Mathematics, University of Western Ontario, 1991.

### **The Management Agreement**

The Fund is managed by the Manager pursuant to the Management Agreement and in accordance with the Declaration of Trust. The Manager may be terminated by a Special Resolution of Unitholders, and such termination shall take effect on the date specified in such Special Resolution or if no date is specified, upon the expiration of 90 days following the date on which such Special Resolution is effective. The Manager may resign on 90 days' notice to the Unitholders. If the Manager becomes insolvent or bankrupt, goes into liquidation or makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Manager shall be deemed to have given written notice of its resignation 90 days prior to such act of insolvency. If no new manager is appointed, the Fund will be terminated. In the event of a change of control of the Manager, the Fund shall be terminated on the 90th day following such change of control, unless prior thereto the Unitholders resolve by Special Resolution to continue the Fund. The Management Agreement, unless terminated as described above, will continue in effect until the termination of the Fund.

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill that a reasonably prudent and qualified manager would exercise in comparable circumstances.

The services of the Manager are not exclusive. The Manager or any of its affiliates may from time to time provide similar services to other investment funds and other clients (whether their investment objectives and policies are similar to those of the Fund). See "Risk Factors – Conflicts of Interest" and "Risk Factors – Broad Authority of the Manager".

### **Manager as Trustee**

The Manager also acts as the trustee of the Fund pursuant to the provisions of the Declaration of Trust. As trustee, the Manager may delegate powers and responsibilities vested in the trustee under the Declaration of Trust. The Manager may resign as trustee by an instrument in writing to Unitholders and such resignation shall be effective 90 days following the day such notices are delivered or mailed. The Manager may also resign as trustee upon the occurrence of certain events. Upon the Manager ceasing to be the trustee of the Fund, the Manager shall appoint and designate a successor trustee. If a successor trustee has not been appointed within 45 days following the giving of notice by the Manager of its resignation as trustee (or within 45 days following the Manager's bankruptcy or other incapacity to exercise the duties of the office of a trustee), then Unitholders shall appoint and designate a successor

trustee and manager within a further period of 45 days, failing which the Fund shall be deemed to have been terminated.

The Manager may be removed as trustee and a successor trustee appointed by a Special Resolution of Unitholders and such removal of the Manager as trustee and appointment of successor trustee shall take effect on the date specified in such Special Resolution or if no date is specified, upon the expiration of 120 days following the date on which such Special Resolution is effective.

The Declaration of Trust provides that the Manager as trustee has a right of indemnification in carrying out its duties under the Declaration of Trust except in cases of wilful misconduct, bad faith, negligence or reckless disregard of duty, or in cases where the Manager fails to act honestly and in good faith with a view to the best interests of Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Declaration of Trust contains provisions limiting the liability of the Manager and indemnifying the Manager in respect of certain liabilities incurred by it in carrying out its duties.

## **FEES AND EXPENSES**

### **Management Fee**

The Fund pays to the Manager an annual management fee (the “**Management Fee**”) based on a percentage of the Net Asset Value of the Fund calculated and payable as of the last Business Day of each calendar month. The table below sets out the Management Fee applicable to each class:

<b>Class</b>	<b>Management Fee</b>
A	1.50%
D	1.50%
F	1.00%
G	Based on Account Size

### **Performance Fee**

Pursuant to the terms of the Declaration of Trust, Performance Fees are payable to the Manager in respect of Class A, Class D and Class F Units and will accrue monthly and be paid annually, and on redemption of a Class A, Class D or Class F Unit. Performance Fees will be calculated as 20% of any gain on Units of each class over a hurdle of 6% p.a. (the “**Hurdle Rate**”). The gain is calculated as the difference between the Net Asset Value before Performance Fee on each class and the Unitholder equity in the class.

Unitholder equity is calculated by taking the Net Asset Value of the class at the start of the current Fiscal Year, plus the value of all contributions (subscriptions for Units) made in that class during the Fiscal Year and subtracting a pro-rata share of equity on every redemption of Units in the class. The hurdle amount for each year is calculated by applying the Hurdle Rate to the Unitholder equity, on an annualized basis, and is subtracted from the gain as defined above. The resulting positive difference in gain, if any, is multiplied by the Performance Fee rate as per above and is payable to the Manager, plus GST/HST and any other applicable taxes.

If at any time the return of the Fund for a Fiscal Year is less than the hurdle amount, then no Performance Fee will be payable and the deficiency will be carried forward and subtracted from the gain in the subsequent Fiscal Year. If after subtracting the deficiency in the subsequent Fiscal Year, the Fund’s return in that subsequent Fiscal Year is less than the hurdle amount for that year, such deficiency will then be carried forward to the next following Fiscal Year, and so on. Any deficiency will be reduced pro-rata for any redemptions of Units made in the year a deficiency exists, for as a Unitholder redeems Units the proportional share of any deficiency allocable to those Units must also be removed.

Upon a redemption of Units, a pro-rata amount of any accrued Performance Fee will be crystallized and paid to the Manager, and a pro-rata amount of Unitholder equity and calculated hurdle amount will be removed from future calculation of Performance Fee to reflect the withdrawal of the Unitholder from the class.

### **Administration Fees and Expenses of the Fund**

In addition to the Management Fee and the Performance Fee (plus GST/HST, as applicable), the Fund will incur and pay out of the Fund's assets: (i) any charges or expenses which, in the sole opinion of the Manager, are necessary or incidental to the Fund's operation, (ii) compensation to persons with whom the Fund has contracted or transacted business or for special services provided to the Fund including, without limitation, services as a broker, transfer agent, registrar, or custodian or for legal, accounting or other professional services, as the Manager acting in good faith deems reasonable, and (iii) any and all present and future levies, duties, sales, withholdings and any tax of whatsoever nature or kind of any jurisdiction together with any and all interest charges and penalties and other payments of any nature or kind relating thereto, that is necessary, proper or desirable to be paid in order to advance the interests of the Fund. The Manager has the right, in its sole discretion, to pay some or all of the Fund's ongoing expenses out of its Management Fee and/or the Performance Fee.

### **Management Fee Distributions**

In order to encourage very large holdings by investors in the Fund and to achieve effective management fees that are competitive for these large investments, the Manager may agree to reduce the management fee that it would otherwise be entitled to receive from the Fund with respect to a Unitholder's investment in the Fund provided that the amount of this reduction is distributed to such Unitholder (a "**Management Fee Distribution**"). In this way, the cost of Management Fee Distributions is effectively borne by the Manager, not the Fund.

Management Fee Distributions, where applicable, are calculated and credited to the relevant Unitholder on each Valuation Date and distributed on a regular basis, first out of net income and net taxable capital gains of the Fund and thereafter out of capital. Any such reduction in management fees in respect of a large investment is fully negotiable between the Manager and a Unitholder's Registered Dealer and is based primarily on the size of the investments in the Fund of such Unitholder, among other factors.

All Management Fee Distributions will be automatically reinvested in additional Units of the same class at the applicable Net Asset Value per Unit on the Valuation Date. The Manager will confirm in writing to the Unitholder's dealer the details of any Management Fee Distribution arrangement. See "Distributions".

### **Soft Dollar Arrangements**

Soft dollar arrangements occur when brokers have agreed to provide permitted services (relating to research and trade execution) at no cost to the Manager in consideration for the Manager directing the brokerage business of the Fund to such brokers. Although the brokers involved in soft dollar arrangements may not necessarily charge the lowest brokerage commissions, the Manager may 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 may 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 clients, including the Fund, however not all soft dollar arrangements will benefit all clients at all times. The Manager will make a good faith determination in allocating the benefits of any soft dollar arrangements between its clients.

## UNITS OF THE FUND

The beneficial interests in the Fund are represented by Units. The Fund may issue an unlimited number of Units in any number of classes. The Manager will determine the opening Net Asset Value of each class of Units. The Fund may issue fractions of a Unit. The Manager may consolidate, subdivide or designate by name the Units from time to time in such manner as the Manager considers appropriate.

The Units were initially issued at subscription price of \$10.00 per Unit and thereafter at the applicable Net Asset Value per Unit of each Class.

### Classes of Units

Units of the Fund are currently issued in the following classes:

*Class A:* are available to all qualified purchasers.

*Class D:* are available to purchasers who acquire their Units through another eligible registered dealer.

*Class F:* are available to (i) purchasers who participate in fee-based programs through eligible Registered Dealers and whose dealer has signed a Class F Agreement with us; and (ii) qualified individual purchasers in the Manager's sole discretion including employees of the Manager.

*Class G:* are available to large purchasers and institutional investors who have in excess of one million dollars being managed by the Manager and who enter into a Class G Agreement with the Manager. Class G Units are not charged a management fee or performance fee by the Fund as investors in Class G Units pay negotiated management and performance fees directly to the Manager pursuant to the Class G Agreement.

### Reclassification of Units and Switches between Classes

The above-noted criteria for Class A, Class D, Class F and Class G Units continue to apply after an investment has been made. If, after an investment has been made, a Unitholder ceases to satisfy the criteria for holding a particular class of Units, then such class of Units will be reclassified by the Manager on the next Valuation Date into another class of Units that the Unitholder is qualified to hold. However, a Unit will not be reclassified if an investor fails to satisfy the criteria for holding a particular class as a result of negative performance returns by the Manager.

Subject to any criteria established by the Manager, Unitholders may request that the Manager reclassify their units of one class into units of another class. **The Manager has no obligation to reclassify Units held by a Unitholder who may qualify to acquire Units of a Class with a lower Management Fee or Performance Fee.** Based on the published administrative policies of the CRA, generally a switch between classes of the Fund is not a disposition for tax purposes and no capital gain or capital loss will be realized. Upon a reclassification or switch from one class of Units to another class, the number of Units held by the Unitholder will change since each class of Units has a different Net Asset Value per Unit.

### Voting Rights

Each Unit carries with it a right to vote, with one vote for each whole Unit.

The rights of Unitholders are contained in the Declaration of Trust. The provisions or rights attaching to the Units and the other terms of the Declaration of Trust applicable to the Fund may be modified, amended or varied but only for the purposes and in the manner described in the Declaration of Trust.

## **Book Based Registration**

The Fund maintains a book based system of Unit registration and, accordingly, does not issue certificates.

## **INVESTING IN THE FUND**

Units are offered pursuant to prospectus exemptions set out in NI 45-106. Unless a subscriber can establish to the Manager's satisfaction that another exemption is available, this will generally require that each investor is investing as principal (and not for or on behalf of any other persons) and is either an "accredited investor" pursuant to NI 45-106, or is an investor other than an individual that is investing a minimum amount of \$150,000 (the "**Minimum Amount Exemption**"). This minimum amount is net of any front end commissions paid by an investor to his or her agent.

The so-called "Offering Memorandum Exemption" is not being relied on, and the Minimum Amount Exemption will not be relied on in Alberta, and investors do not have the benefit of certain additional protections that NI 45-106 gives to investors when an issuer relies on the Confidential Offering Memorandum Exemption.

### **Investors**

Any investor acceptable to the Manager may subscribe for and purchase Units. There is no minimum or maximum number of Units offered or minimum or maximum proceeds from the sale of Units.

### **Purchase of Units**

Investors who wish to subscribe for Units must complete, execute and deliver a duly completed Subscription Agreement to the Manager.

The Manager reserves the right to accept or reject any subscription order in whole or in part, provided that any decision to reject a subscription order must be made within two Business Days of receipt of the subscription order by the Manager. In the case of rejection, any monies received with the subscription order will be immediately refunded or in any event within two days of receipt, without interest.

### **Purchase Price**

Investors may purchase Units of the Fund offered pursuant to this Confidential Offering Memorandum through the Manager on a monthly basis on a Valuation Date at a purchase price equal to the applicable Net Asset Value per Unit. Investors who wish to subscribe for Units of the Fund must complete, execute and deliver the Subscription Agreement to the Manager, together with a cheque or bank draft in an amount equal to the purchase price. The Net Asset Value per Unit for subscription orders which are received and accepted by the Manager prior to 4:00 p.m. (Eastern time), or such earlier time as the Toronto Stock Exchange may close, on a Valuation Date will be calculated as of that Valuation Date. The Net Asset Value per Unit for subscription orders received and accepted after 4:00 p.m. (Eastern time), or such earlier time as the Toronto Stock Exchange may close, on a Valuation Date will be calculated on the next Valuation Date. See "Portfolio Valuation and Net Asset Value".

### **Accredited Investors**

An investor resident in any province or territory in Canada will qualify as an accredited investor if he or she satisfies certain criteria as defined in NI 45-106. Each investor should refer to the more detailed representations, warranties and certifications contained in the Subscription Agreement to determine whether he or she qualifies as an accredited investor.

## **Eligibility for Investment**

The Fund is a “registered investment” for purposes of the Tax Act. Provided that it continues to qualify as such, Units of the Fund will be qualified investments under the Tax Act for registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and tax-free savings accounts (“TFSA”). Annuitants of RRSPs and RRIFs, holders of RDSPs and TFSAs and subscribers of RESPs are urged to consult with their own tax advisers as to whether Units would be a “prohibited investment” under the Tax Act in their particular circumstances. A “**prohibited investment**” includes a unit of a trust which does not deal at arm’s length with the holder of the RDSP or TFSA, annuitant of the RRSP or RRIF, or the subscriber of the RESP, as the case may be, or in which the holder, annuitant or subscriber has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust’s outstanding units by the holder, annuitant or subscriber, either alone or together with persons and partnerships with whom the holder, annuitant or subscriber does not deal at arm’s length.

## **DEALER COMPENSATION**

No sales commission is payable to the Manager in respect of Units purchased directly by a subscriber. The Manager may pay from its own account trailing commissions to Registered Dealers and/or referral fees to others who have entered into a referral agreement with the Manager and who refer investors to the Fund. Any such arrangements will be made in accordance with applicable legislation

## **DISTRIBUTIONS**

The Fund will distribute annually to Unitholders sufficient net income and capital gains (net of applicable losses) so that the Fund will not have any liability for Canadian federal income tax under Part I of the Tax Act for each taxation year of the Fund and such amounts shall be due and payable on the last Valuation Date of each Fiscal Year. If there is any change in the tax treatment of the Fund in this regard, the Manager may alter the method of distribution or discontinue the present distribution policy upon at least 60 days’ notice to the Unitholders.

All distributions of the Fund (including Management Fee Distributions) will, except to the extent paid to Unitholders who have redeemed their Units during that taxation year, be automatically reinvested in additional Units of the same class at the applicable Net Asset Value per Unit on the Valuation Date.

## **PORTFOLIO VALUATION AND NET ASSET VALUE**

On each Valuation Date, the Manager or its agent will determine the Net Asset Value of the Fund and the Net Asset Value of each class. The Net Asset Value is determined in accordance with the provisions of the Declaration of Trust by crediting or debiting, as the case may be, the profits and gains or losses (realized and unrealized) and expenses and liabilities of the Fund applicable to each class, including the Management Fee and Performance Fee then accruing, any distributions made to Unitholders and any subscriptions and redemptions.

The Net Asset Value of the Fund at any time shall be determined by the Manager in accordance with such method of valuation as the Manager may deem proper. The Net Asset Value of a class means the value of the assets of the Fund allocated to that class, pro rata, as determined by the Manager at the time the calculation is made less the amount of its liabilities allocated to that class pro rata at that time. The Net Asset Value per Unit shall be computed by dividing the Net Asset Value of a class by the total number of Units of the particular class then outstanding.

The Net Asset Value of the Fund on a Valuation Date shall be determined in accordance with the following:

- (a) The assets of the Fund shall be deemed to include the following property:



- (i) all cash on hand or on deposit, including any interest accrued thereon adjusted for accruals deriving from trades executed but not yet settled;
  - (ii) all bills, notes and accounts receivable;
  - (iii) all bonds, debentures, shares, subscription rights and other securities owned by or contracted for the Fund;
  - (iv) all shares, rights and cash dividends and cash distributions to be received by the Fund and not yet received by it when the Net Asset Value of the Fund is being determined so long as, in the case of cash dividends and cash distributions to be received by the Fund and not yet received by it when the Net Asset Value of the Fund is being determined, the shares are trading ex-dividend;
  - (v) all interest accrued on any interest-bearing securities owned by the Fund other than interest, the payment of which is in default; and
  - (vi) prepaid expenses.
- (b) The market value of the assets of the Fund shall be determined as follows:
- (i) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to Unitholders of record on a date before the date as of which the Net Asset Value of the Fund is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager shall determine to be the reasonable value thereof;
  - (ii) the value of any security which is listed or dealt in upon a stock exchange shall be determined by (1) in the case of a security which was traded on the day as of which the Net Asset Value of the Fund is being determined, the closing sale price; (2) in the case of a security which was not traded on the day as of which the Net Asset Value of the Fund is being determined, a price which is the average of the closing recorded bid and ask prices; or (3) if no bid or ask quotation is available, the price last determined for such security for the purpose of calculating the Net Asset Value of the Fund. The value of inter-listed securities shall be computed in accordance with directions laid down from time to time by the Manager; provided, however, that if, in the opinion of the Manager, stock exchange or over-the-counter quotations do not properly reflect the prices which would be received by the Fund upon the disposal of securities necessary to effect any redemptions of Units, the Manager may place such value upon such securities as appears to the Manager to most closely reflect the fair value of such securities;
  - (iii) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking, or agreement by the Fund shall be restricted to the lesser of (1) the value based on reported quotations of that restricted security in common use; and (2) that percentage of the market value of securities of the same class or series of a class of which the restricted security forms part that are not restricted securities, equal to the percentage that the Fund's acquisition cost was of the market value of the securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities;
  - (iv) a long position in an option or a debt-like security shall be valued at the current market value of the position;

- (v) for options written by the Fund (1) the premium received by the Fund for those options shall be reflected as a deferred credit and the option shall be valued at an amount equal to the current market value of the option that would have the effect of closing the position; (2) any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; (3) the deferred credit shall be deducted in calculating the Net Asset Value of the Fund; and (4) any securities that are the subject of a written option shall be valued at their current market value;
  - (vi) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
  - (vii) the value of gold and other precious metals will be based upon the active spot price;
  - (viii) the value of any security or other property for which no price quotations are available or, in the opinion of the Manager, to which the above valuation principles cannot or should not be applied, shall be the fair value thereof determined from time to time in such manner as the Manager shall from time to time provide;
  - (ix) the value of all assets and liabilities of the Fund valued in terms of a currency other than the currency used to calculate the Net Asset Value of the Fund shall be converted to the currency used to calculate the Net Asset Value of the Fund by applying the rate of exchange obtained from the best available sources to the Manager;
  - (x) the value of standardized futures shall be (1) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on the date that valuation is made, the position in the standardized future were to be closed out; or (2) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future; and
  - (xi) margin paid or deposited on standardized futures or forward contracts shall be reflected as an account receivable and, if not in the form of cash, shall be noted as held for margin.
- (c) The liabilities of the Fund shall be calculated on an accrued basis and shall be deemed to include the following:
- (i) all bills, notes and accounts payable;
  - (ii) all fees (including Management Fees and Performance Fees) and administrative and operating expenses payable and/or accrued by the Fund;
  - (iii) all contractual obligations for the payment of money or property, including distributions of net income and net realized capital gains, if any, declared, accrued or credited to the Unitholders but not yet paid on the day before the day as of which the Net Asset Value of the Fund is being determined;
  - (iv) all allowances authorized or approved by the Manager for taxes or contingencies; and
  - (v) all other liabilities of the Fund of whatever kind and nature, except liabilities represented by outstanding Units.
- (d) Portfolio transactions (investment purchases and sales) will be reflected in the first computation of the Net Asset Value of the Fund made after the date on which the transaction becomes binding.

- (e) The Net Asset Value of the Fund and Net Asset Value per Unit on the first business day following a Valuation Date shall be deemed to be equal to the Net Asset Value of the Fund (or per Unit, as the case may be) on such Valuation Date after payment of all fees, including administrative fees, Management Fees and Performance Fees, if any, and after processing of all subscriptions and redemptions of Units in respect of such Valuation Date.
- (f) The Net Asset Value of the Fund and the Net Asset Value per Unit established by the Manager in accordance with the provisions of this section shall be conclusive and binding on all Unitholders.
- (g) The Manager may determine such other rules as it deems necessary from time to time, which rules may deviate from International Financial Reporting Standards (“IFRS”).

The Net Asset Value of the Fund (or per Unit, as the case may be) calculated in this manner will be used for the purpose of calculating the Manager’s and other service providers’ fees and will be published net of all paid and payable fees. Such Net Asset Value of the Fund (or per Unit, as the case may be) will be used to determine the subscription price and redemption value of Units. To the extent that such calculations are not in accordance with IFRS, the financial statements of the Fund will include a reconciliation note explaining any difference between such published Net Asset Value of the Fund and Net Asset Value per Unit for financial statement reporting purposes (which must be calculated in accordance with IFRS).

Units will be offered at a price equal to the Net Asset Value per Unit on each Valuation Date (determined in accordance with the Declaration of Trust). The Manager shall be entitled to delegate any of its powers and obligations relating to the calculation of the Net Asset Value of the Fund and the Net Asset Value per Unit on each Valuation Date. As of the date hereof, the Manager has retained SGGG Fund Services Inc., pursuant to a service level agreement to, among other things, provide recordkeeping, valuation, financial reporting and unitholder reporting services to the Fund and to calculate the Net Asset Value of the Fund and the Net Asset Value per Unit on each Valuation Date. See “Fund Administrator”. For greater certainty, the calculation of the Net Asset Value of the Fund and the Net Asset Value per Unit pursuant to this section is for the purposes of determining subscription prices and redemption values of Units and not for the purposes of accounting in accordance with IFRS.

## **REDEMPTION OF UNITS**

Unitholders may redeem Units on a Redemption Date. Redemption orders may be made directly to the Fund or through a Unitholder’s Registered Dealer by a delivering to the Manager a duly completed Redemption Form or such other request in a form acceptable to the Manager (including a redemption request made through Fundserv). Redemption orders must be received by the Manager prior to 2:00 p.m. (Toronto time) 30 days prior to the Redemption Date on which the Unitholder wishes to redeem the Units. Orders received after that time will be effective on the next Redemption Date. The Manager may shorten such notice period on a case by case basis in its sole discretion.

Redemption orders must be in writing with the Unitholder’s signature guaranteed by a Registered Dealer, Canadian chartered bank, trust company, a member of a stock exchange in Canada or otherwise guaranteed to the satisfaction of the Manager. If Units are registered in the name of an intermediary such as a Registered Dealer, clearing agency or its nominee, redemption orders must be made through such intermediary. Any request for redemption may not be revoked without the consent of the Manager.

### **Redemption Amount**

An investment in Units is intended to be a long-term investment. However, Unitholders may request that such Units be redeemed at their Net Asset Value per Unit for the applicable class less an amount which represents an estimate by the Manager of that Unitholder’s proportionate share of the costs of disposition, including selling brokerage commissions and such other costs as may be specified in the Declaration of Trust, of the Fund’s underlying assets necessary to honour such redemption (“**Redemption Value**”) on

any Valuation Date, provided the request for redemption is submitted at least 30 days prior to such Valuation Date.

Payment by the Fund for any Units redeemed shall be made to the holder of record, in Canadian currency or in kind, no later than 30 days following the relevant Valuation Date as of which they are redeemed. A Unitholder shall not be entitled to any interest or income on or appreciation of redeemed Units after the Valuation Date as of which the Redemption Value is determined.

Under the Declaration of Trust, at the discretion of the Manager, all or a portion of the redemption proceeds paid to a particular Unitholder for Units may be considered to be paid out of the net realized capital gains of the Fund for income tax purposes.

### **Early Redemption Deduction**

A redemption of Units within 90 days of their issue may be subject to a deduction of up to 5.00% of the aggregate Net Asset Value per Unit, which amount will be retained by the Fund.

### **Suspension of Redemption**

The Manager may suspend the redemption of Units of a Fund in the following circumstances:

- (a) during any period when normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and traded, or on which permitted derivatives are traded, if those securities represent more than 50% by value or underlying market exposure of the total assets of the Fund, without allowance for liabilities; or
- (b) at such other times as the Manager is of the opinion that the Net Asset Value cannot reasonably be determined. In the event of a suspension of redemption, the Manager will give notice to Unitholders of such suspension.

Any suspension shall take effect at such time as the Manager shall declare and thereafter there shall be no redemption of Units until the Manager declares the suspension at an end or the first Business Day after the date on which the circumstances which gave rise to the suspension cease to exist, whichever is earlier. In case of suspension of the right of redemption, a Unitholder may withdraw the redemption request or receive payment based on the Redemption Value of the Units next determined after the termination of the suspension.

### **Compulsory Redemption**

In the event a Unitholder should deliver a notice of redemption the effect of which, on redemption, would be to reduce the aggregate Net Asset Value per Units held by such Unitholder to less than \$25,000, the Manager may, subject to giving 30 days' notice in writing, require such Unitholder to redeem all of such remaining Units as of the Valuation Date immediately following the expiration of such 30-day period of notice.

The right of Unitholders to redeem their Units is contained in the Declaration of Trust. See "Units of the Fund".

The Manager reserves the right to redeem Units held by a Unitholder who in the opinion of the Manager is a non-resident of Canada for purposes of the Tax Act.

## **REPORTING TO UNITHOLDERS**

Audited financial statements for the Fund will be prepared by the Manager as at the end of each Fiscal Year in accordance with industry standards. A copy of the audited financial statements of the Fund for each Fiscal Year together with the report of the auditors thereon, will be forwarded within 90 days of the

end of the Fiscal Year to each Unitholder of record of the Fund as at the close of business on the day preceding the date such statements are sent.

Unaudited financial statements for the six months ending June 30 (the “**interim period**”) in each Fiscal Year will be forwarded within 60 days of the end of the interim period to each Unitholder of record of such Fund as at the close of business on the day preceding the date such statements are sent. The Manager may also provide to Unitholders such other periodic reports as it determines. Due to competitive concerns that could hurt investment returns, the Fund will discuss and disclose its activities in marketable securities only to the extent legally required. Therefore, the Fund will not normally disclose or comment on specific investments or ideas.

In the event of the resignation of the Manager or the termination of the Fund, the Manager will, within 90 days of such event, furnish audited financial statements as at the date of such resignation or termination.

Each Unitholder who is not tax exempt will be mailed annually no later than March 31, the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by a Fund in the preceding taxation year of the Fund.

## **AMENDMENT OF THE DECLARATION OF TRUST**

### **Amendments by the Manager**

The Manager may amend the Declaration of Trust upon at least 30 days’ prior written notice to each Unitholder and without the approval of Unitholders, provided that the Manager determines such amendment to be in the best interests of Unitholders, in order to:

- (a) ensure continuing compliance with applicable laws affecting the Fund;
- (b) provide additional protection to Unitholders;
- (c) establish additional classes or series of Units of a Fund; or
- (d) make a change which in the opinion of the Manager is not materially adverse to affected Unitholders’ pecuniary interests.

The Manager may amend the Declaration of Trust without the approval of or notice to Unitholders where the amendment is to remove any conflicts, inconsistencies, typographical or clerical errors or omissions in the Declaration of Trust.

### **Amendments by Unitholders**

Except for amendments that may be made by the Manager with or without notice to Unitholders, the approval of Unitholders will be required to amend the Declaration of Trust.

## **FUND ADMINISTRATOR**

The Manager has retained **SGGG Fund Services Inc.**, whose principal office is located at 60 Yonge Street, Suite 1200, Toronto, Ontario, M5E 1H5, to provide valuation, financial reporting and recordkeeping services to the Fund.

## **CUSTODIAN**

The Manager has retained National Bank Independent Network (**NBIN**), a division of NBF Inc. and an indirect subsidiary of the National Bank of Canada, as custodian of the property of the Fund. The custodian is responsible for the safekeeping of all of the investments and other assets of the Fund delivered to the custodian. The head office of the custodian is located in Toronto.

NBIN also provides unitholder reporting services to the Fund.

The Manager reserves the right, in its discretion, to change the custodial arrangements described above including, but not limited to, the appointment of a replacement custodian.

### AUDITORS

The auditors of the Fund are **MNP LLP** located at 1122 International Blvd., 6<sup>th</sup> Floor, Burlington, Ontario, L7L 6Z8. The Manager may replace the auditors at any time at its discretion, without approval of or prior notice to Unitholders. The auditors' remuneration is fixed by the Manager from time to time and is payable out of the assets of the Fund.

### MATERIAL CONTRACTS

Copies of the Declaration of Trust and Management Agreement are available upon request from the Manager.

### LEGAL MATTERS

#### Purchase and Resale Restrictions

The Units are being offered on a private placement basis in reliance upon prospectus exemptions under applicable securities legislation in each of the provinces and territories of Canada. Resale of the Units will be subject to restrictions under applicable securities legislation, which will vary depending upon 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. It is not anticipated that the Fund will become a reporting issuer. In addition, Unitholders reselling Units may have reporting and other obligations. Accordingly, Unitholders are advised to seek legal advice with respect to such restrictions. Resale of Units is also restricted under the terms of the Declaration of Trust. **Transfers will generally only be permitted in exceptional circumstances.** Accordingly, each prospective investor must be prepared to bear the economic risk of the investment for an indefinite period.

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.

#### Cooling-off Period

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

#### Rights of Action for Damages or Rescission

Securities legislation in certain provinces and territories of Canada provides purchasers of Units under this Confidential Offering Memorandum with, in addition to any other right they may have at law, rights of action for rescission or damages, or both, where this Confidential Offering Memorandum, any amendment thereto and, in some cases, advertising, and sales literature used in connection with the offering of Units, contains a misrepresentation. These remedies must be exercised within the prescribed time limits and are described in the attached Schedule "A".

**SCHEDULE “A”**  
**PURCHASERS’ RIGHTS OF ACTION FOR DAMAGES OR RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides that a purchaser has rights of rescission or damages, or both, where this Confidential Offering Memorandum and any amendment hereto contains a Misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation.

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 Confidential 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 expected to have a significant effect on the market price or value of the Units.

The following summaries are subject to the express provisions of the securities legislation in each of the jurisdictions, and the regulations, rules and policy statements under such legislation, and reference is made to such legislation, regulations, rules and policies for the complete text of such provisions. Investors should consult with their legal advisers to determine whether and the extent to which they may have a right of action or rescission in their province or territory of residence. The rights discussed below are in addition to and without derogation from any other rights or remedies available at law to a purchaser of Units.

*Rights for Purchasers in Ontario*

If this Confidential Offering Memorandum, together with any amendment or supplement hereto, delivered to a purchaser of Units resident in Ontario contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such Misrepresentation, a right of action against the Fund for damages or, while still the owner of the Units purchased by that purchaser, for rescission (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund), provided that:

- (a) the Fund shall not be held liable pursuant to either right of action if the Fund proves the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, the Fund is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the purchaser as a result of the Misrepresentation relied upon;
- (c) the Fund will not be liable for a Misrepresentation in forward-looking information if the Fund proves that:
  - (i) this Confidential Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;
- (d) in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the Units acquired; and
- (e) no action may be commenced to enforce such right of action more than:

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

The foregoing rights do not apply if the purchaser purchased Units of the Fund using the “accredited investor” exemption and is:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) a Schedule III bank;
- (d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (e) a subsidiary of any person referred to in paragraphs (a) to (d), 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 Purchasers in Manitoba*

If this Confidential Offering Memorandum delivered to a purchaser of Units resident in Manitoba contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against the Fund and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company, for damages or against the Fund for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that among other limitations:

- (a) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the Fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (c) other than with respect to the Fund, no person or company is liable if the person or company proves:
  - (i) that this Confidential Offering Memorandum was sent to the purchaser without the person’s or company’s knowledge or consent; and
  - (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person’s or company’s knowledge and consent;
- (d) other than with respect to the Fund, no person or company is liable if the person or company proves that, after becoming aware of the Misrepresentation, the person or company withdrew the person’s or company’s consent to this Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;



- (e) other than with respect to the Fund, no person or company is liable with respect to any part of this Confidential Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
  - (ii) believed there had been a Misrepresentation;
- (f) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser; and
- (g) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
  - (i) in the case of an action for rescission, 180 days after the date of purchase of the Units; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the Misrepresentation, and (B) two years after the date of purchase of the Units.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

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

If a Misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Confidential Offering Memorandum, the Misrepresentation is deemed to be contained in this Confidential Offering Memorandum.

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

Where this Confidential Offering Memorandum, or any amendment hereto, contains a Misrepresentation, a purchaser resident in New Brunswick to whom this Confidential Offering Memorandum has been delivered and who purchases Units shall be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has a right of action for damages against the Fund or the purchaser may elect to exercise a right of rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that, among other limitations:

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

- (d) a person is not liable in an action for a Misrepresentation in forward-looking information if the person proves that:
  - (i) this Confidential Offering Memorandum contains, proximate to that information,
    - (1) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and
    - (2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and
  - (ii) that the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information; and
- (e) no action shall be commenced to enforce these statutory rights of action more than:
  - (i) in an action for rescission, 180 days from the date of purchase of Units; or
  - (ii) in an action for damages, the earlier of: (i) one year after the purchaser first had knowledge of the Misrepresentation, or (ii) six years after the date of purchase of Units.

*Rights for Purchasers in Nova Scotia*

Where this Confidential Offering Memorandum or any amendment hereto contains a Misrepresentation, a purchaser resident in Nova Scotia to whom this Confidential Offering Memorandum has been sent or delivered and who purchases the Units is deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and the purchaser has a right of action for damages against the Fund and, subject to certain additional defences, against every person acting in a capacity with respect to the Fund which is similar to that of a director of a company, or alternatively, may elect to exercise a right of rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that, among other limitations:

- (a) in an action for rescission or damages, a person will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) no person other than the Fund is liable if the person proves that:
  - (i) this Confidential Offering Memorandum or the amendment to this Confidential Offering Memorandum was sent or delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable general notice that it was delivered without the person's knowledge or consent;
  - (ii) after delivery of this Confidential Offering Memorandum or the amendment to this Confidential Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Confidential Offering Memorandum, or amendment to this Confidential Offering Memorandum, the person withdrew the person's consent to this Confidential Offering Memorandum, or the amendment to this Confidential Offering Memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
  - (iii) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or (B) believed that there had been a Misrepresentation;

- (c) in an action for damages, a person is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Units were offered;
- (e) a person is not liable in an action for a Misrepresentation in forward-looking information if the person proves all of the following things:
  - (i) this Confidential Offering Memorandum contains, proximate to that information,
    - (1) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and
    - (2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information; and
- (f) no action may be commenced to enforce a right of action more than 120 days:
  - (i) after the date on which payment was made for the Units; or
  - (ii) after the date on which the initial payment was made for Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Confidential Offering Memorandum or an amendment to this Confidential Offering Memorandum, the Misrepresentation is deemed to be contained in this Confidential Offering Memorandum or an amendment to this Confidential Offering Memorandum.

#### *Rights for Purchasers in Prince Edward Island*

If this Confidential Offering Memorandum, together with any amendment to this Confidential Offering Memorandum, delivered to a purchaser resident in Prince Edward Island contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund, and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company at the date of this Confidential Offering Memorandum, or, alternatively, while still the owner of the Units, for rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

- (a) no person will be liable if the person proves that the purchased the Units with knowledge of the Misrepresentation;
- (b) no person (other than the Fund) will be liable if it proves that (i) the Confidential Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the person's knowledge or consent, or (ii) on becoming aware of the Misrepresentation in the Confidential Offering Memorandum, the person had withdrawn the person's consent to the Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) no person (other than the Fund) will be liable with respect to any part of the Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert,

- unless the person (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;
- (d) a person is not liable in an action for a Misrepresentation in forward-looking information if:
- (i) this Confidential Offering Memorandum contains, proximate to that information:
    - (1) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
    - (2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;
- (f) in no case shall the amount recoverable exceed the price at which the Units were offered to the purchaser under this Confidential Offering Memorandum; and
- (a) no action shall be commenced to enforce the foregoing rights:
- (i) in the case of an action for rescission, more than 180 days after the date of the purchase of Units; or
  - (ii) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the Misrepresentation, or (ii) three years after the date of the purchase of Units.

#### *Rights for Purchasers in Saskatchewan*

If this Confidential Offering Memorandum together with any amendment hereto or advertising or sales literature used in connection herewith delivered to a purchaser of Units resident in Saskatchewan contains a Misrepresentation, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund, every person acting in a capacity with respect to the Fund which is similar to that of a director or promoter of the Fund, and every person who or company that sells the Units on behalf of the Fund under this Confidential Offering Memorandum or amendment thereto, or, alternatively, a purchaser may elect to exercise a right of rescission against the Fund, provided that among other limitations:

- (a) no person or company is liable, nor does a right of rescission exist, where the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on;
- (c) in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser; and
- (d) no action shall be commenced to enforce these rights more than:
  - (i) in the case of an action for rescission, 180 days after the date of purchase of the Units; or

- (ii) in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of purchase of the Units.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

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

These rights are subject to more defences as more particularly described in The Securities Act, 1988 (Saskatchewan).

*Rights for Purchasers in the Yukon, Northwest Territories and Nunavut*

If this Confidential Offering Memorandum, together with any amendment to this Confidential Offering Memorandum, delivered to a purchaser resident in the Yukon, Northwest Territories or Nunavut contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will have, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund and against every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a corporation at the date of this Confidential Offering Memorandum or, alternatively, while still the owner of the Units, for rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

- (a) no person or company will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) no person (other than the Fund) will be liable if the person proves that (i) the Confidential Offering Memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the person's knowledge or consent, and (ii) on becoming aware of any Misrepresentation in the Confidential Offering Memorandum, the person withdrew the person's consent to the Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) no person (other than the Fund) will be liable with respect to any part of the Confidential Offering Memorandum unless the person (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;
- (d) no person will be liable for a Misrepresentation in forward-looking information if:
  - (i) this Confidential Offering Memorandum contains, proximate to the forward-looking information, (A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and (B) a statement of material factors or

- assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;
  - (f) in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser; and
  - (g) no action shall be commenced to enforce the foregoing rights:
    - (i) in the case of an action for rescission, more than 180 days after the date of the purchase of the Units; or
    - (ii) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the Misrepresentation, or (ii) three years after the date of the purchase of Unit.