

AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM

This Amended and Restated Offering Memorandum constitutes an offering of Units of the Fund only in those jurisdictions where they may be lawfully offered for sale, only by persons permitted to sell the Units, and only to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder. No prospectus has been filed with any such authority in connection with the sale of the Units. This Offering Memorandum is confidential, is provided to specific prospective investors for the purpose of assisting them and their professional advisors in evaluating the Units offered hereby and is not to be construed as a prospectus or advertisement or a public offering of Units.

Continuous Offering

March 1, 2024



RELEVANCE
WEALTH MANAGEMENT

RELEVANCE DIVERSIFIED CREDIT FUND

Relevance Diversified Credit Fund (the “**Fund**”) is an investment fund established as a trust under the laws of British Columbia. The investment objective of the Fund is to seek to achieve returns by investing, directly or indirectly, in credit products generally including but not limited to directly originated credit opportunities, commercial mortgage-backed securities, residential mortgage-backed securities, corporate debt, collateralized debt obligations, collateralized loan obligations and other asset backed lending products.

The Fund intends to invest substantially all of its assets in one or more underlying investment funds (each, an “**Underlying Fund**”), but may also make direct investments from time to time, consistent with the Fund’s investment objective. See “Investment Objective, Strategies and Restrictions of the Fund”. Some of the Fund’s assets may be kept in cash or cash equivalents.

The Fund is an open-end investment trust formed under the laws of the Province of British Columbia and is governed by an amended and restated master declaration of trust made as of January 31, 2023 (the “**Declaration of Trust**”). Keith Pangretitsch, the founder of Relevance Wealth Management Inc. (“**Relevance**”) is the trustee (the “**Trustee**”) of the Fund. Corton Capital Inc. (the “**Manager**”) was appointed as the investment fund manager, portfolio manager and principal distributor of the Fund under a Management Agreement (the “**Management Agreement**”) effective November 8, 2022. **The Trustee and the Manager will be paid fees for their services as set out in this Amended and Restated Offering Memorandum (the “Offering Memorandum”).** As a result of these relationships, the Fund is a related and/or connected issuer of the Trustee and the Manager. See “Conflicts of Interest”.

The Manager believes that a flexible approach is needed in order to best capitalize on opportunities in the fixed income markets. Accordingly, the Manager will have flexibility to invest in a wide range of instruments.

INITIAL SUBSCRIPTION PRICE: \$100 PER UNIT
SUBSEQUENT SUBSCRIPTION PRICE: NET ASSET VALUE PER UNIT
MINIMUM INITIAL INVESTMENT FOR SERIES A UNITS AND SERIES F UNITS: \$5,000

One class of Units of the Fund (the “Units”) has been created, of which six series, Series A-CAD, Series A- USD, Series F-CAD, series F4-CAD, Series F-USD and Series F4-USD, are offered hereby. The Manager may create additional classes and series of Units from time to time.

An unlimited number of Units are being offered hereby. The Units are being distributed to investors resident in all provinces and territories of Canada, except Prince Edward Island and the Northwest Territories, pursuant to available prospectus exemptions under the securities laws of those jurisdictions. This offering may be suspended at any time.

Subscriptions will be processed on the first business day of each month and on such other days as the Manager may permit (each, a “**Subscription Date**”), subject to the Manager’s discretion to accept or reject subscriptions in whole or in part. A fully completed subscription agreement and subscription monies must be received by the Manager at least five business days prior to the relevant Subscription Date in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Subscription Date. The first Units of each Series will be issued at a subscription price of \$100 per Unit. Thereafter, Units will be issued at the Series Net Asset Value per Unit as at the business day immediately preceding the relevant Subscription Date.

This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Fund and need not be refunded to the subscriber.

Units may be redeemed, upon not less than 60 days’ written notice, on the last business day of each month and on such other dates as the Manager may permit in its absolute discretion from time to time. **Redemptions may be suspended in certain circumstances.**

There is no market through which the Units may be sold and none is expected to develop. The Units are also subject to resale restrictions under the Fund’s amended and restated Master Declaration of Trust dated as of January 31, 2023, as may be amended from time to time, and applicable securities legislation. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation.

A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. **There are additional risk factors associated with investing in the Units.** Please see “Risk Factors”.

No person is authorized to give away any information or to make any representation not contained in this Offering Memorandum and any information or representation, other than that contained in this Offering Memorandum, must not be relied upon. This Offering Memorandum is a confidential document furnished solely for the use of prospective purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

Subscribers are urged to consult with independent legal, tax and/or investment advisers and to carefully review the Declaration of Trust (available upon request from the Manager) prior to signing the subscription agreement for the Units.

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SUMMARY

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 Offering Memorandum.

The Fund

The Fund:

Relevance Diversified Credit Fund (the “**Fund**”) is an open-end investment trust established under the laws of British Columbia pursuant to an amended and restated master declaration of trust dated as of January 31, 2023, as may be amended from time to time (the “**Declaration of Trust**”). Keith Pangretitsch, the founder of Relevance Wealth Management Inc. (“**Relevance**”) is the trustee (the “**Trustee**”) of the Fund. Corton Capital Inc. (the “**Manager**”) was appointed as the investment fund manager, portfolio manager and principal distributor of the Fund under a Management Agreement (the “**Management Agreement**”) effective November 8, 2022. The principal office of the Fund is 130 King Street West, Suite 1800, Toronto, Ontario M5X 1E3. See “The Fund” and “Management of the Fund”.

Investment Objective and Strategies of the Fund:

The investment objective of the Fund is to seek to achieve returns by investing, directly or indirectly, in credit products generally including but not limited to directly originated credit opportunities, commercial mortgage-backed securities (“**CMBS**”), residential mortgage-backed securities (“**RMBS**”), corporate debt, collateralized debt obligations (“**CDOs**”), collateralized loan obligations (“**CLOs**”) and other asset backed lending products.

The Fund intends to invest substantially all of its assets in one or more underlying investment funds (each, an “**Underlying Fund**”), but may also make direct investments from time to time, consistent with the Fund’s investment objective. Some of the Fund’s assets may be kept in cash or cash equivalents.

The Manager may, at any time and from time to time, in its sole discretion, without prior notice to Unitholders, invest in one or more Underlying Funds managed by other third party managers or the Manager (including, for greater certainty through a Canadian or foreign master fund created by the Trustee, or managed and/or advised by the Manager that may be established in the future, subject to applicable law), may change its allocations among Underlying Funds and may remove any Underlying Funds from the portfolio of the Fund.

The Manager believes that a flexible approach is needed in order to best capitalize on opportunities in the fixed income markets. Accordingly, the Manager will have flexibility to invest in a wide range of instruments.

See “Investment Objective, Strategies and Restrictions of the Fund”.

The Trustee:

Keith Pangretitsch is the Trustee of the Fund. The Trustee has contractually delegated to the Manager responsibility to act as investment fund manager, portfolio manager and principal distributor of the Fund.

The Trustee will receive fees for its services, as set out in this Offering Memorandum. See “Management of the Fund – The Trustee”.

The Manager:

Corton Capital Inc. is the Manager of the Fund and acts as investment fund manager, portfolio manager and principal distributor of the Fund. The Manager is incorporated under the laws of Ontario. In addition to managing the day-to-day activities of the Fund, it is the responsibility of the Manager to make investment decisions on behalf of the Fund, to assist in the marketing of the Fund, and to act as a distributor of Units not otherwise sold through another registered dealer. The Manager may hire portfolio sub-advisers to provide investment advice and portfolio management services in respect of the Fund from time to time.

The Manager will receive fees for its services, as set out in this Offering Memorandum. See “Management of the Fund – The Manager”.

The Offering:

An unlimited number of beneficial interests in the Fund, referred to as units (the “**Units**”), are offered hereby (the “**Offering**”). Investors in the Fund are referred to as “**Unitholders**”.

Units may be issued in more than one class and series, and each series may be subject to different fees. To date the Manager has designated one class of Units and six series of Units within such class. The Manager may create additional classes and series of Units without notice to existing investors.

Six series of Units are currently being offered:

- **Series F-CAD Units** are available in Canadian dollars to investors who meet the minimum investment criteria and who purchase their Units directly from the Manager as dealer, through a fee-based account with a third-party dealer or are family offices or institutional investors. Series F Units are subject to a 1.5% management fee and a 15-20% performance fee (dependent on performance – see “Performance Fee” for more details).
- **Series F4-CAD Units** are identical in all respects to Series F-CAD Units, except that they pay a 4% annual distribution, paid quarterly.
- **Series F-USD Units** are identical in all respects to Series F-CAD Units, except that they are issued to investors investing in U.S. dollars, pay distributions in U.S. dollars and are redeemable in

U.S. dollars.

- **Series F4-USD Units** are identical in all respects to Series F-USD Units, except that they pay a 4% annual distribution, paid quarterly.
- **Series A-CAD Units** are available in Canadian dollars to investors who meet the minimum investment criteria and who purchase their Units from a third-party dealer to whom the Manager pays a trailing commission. Series A Units are subject to a 2.0% management fee and a 15-20% performance fee (dependent on performance – see “Performance Fee” for more details).
- **Series A-USD Units** are identical in all respects to Series A-CAD Units, except that they are issued to investors investing in U.S. dollars, pay distributions in U.S. dollars and are redeemable in U.S. dollars.

The Series A-CAD Units, Series F-CAD Units and the Series F4-CAD Units are referred to herein as the “**CAD Series Units**”. The Series A-USD Units, Series F-USD Units and the Series F4-USD Units are referred to herein as the “**USD Series Units**”. The Series F4-CAD Units and the Series F4-USD Units are referred to herein as the “**Distribution Series Units**” or the “**F4 Series Units**”.

This Offering may be suspended at any time and from time to time. See “The Offering”, “Declaration of Trust – The Units” and “Management of the Fund – The Manager”.

Plan of Distribution:

The Units are being distributed to investors resident in all provinces and territories of Canada, except Prince Edward Island and the Northwest Territories, pursuant to available prospectus exemptions under the securities laws of those jurisdictions. The Offering is limited to (a) investors who are accredited investors under National Instrument 45-106 *Prospectus Exemptions*, (b) investors that are not individuals and that invest a minimum of \$150,000 in the Fund (however this exemption will not be made available in Alberta), and (c) investors to whom Units may otherwise be sold. See “The Offering”.

Subscription Procedure: Subscriptions for Units must be made by completing and executing the subscription agreement provided and by forwarding to the Manager such agreement together with payment, or evidence of payment, acceptable to the Manager representing payment of the subscription price.

Subscriptions will be processed on the first business day of each month and on such other days as the Manager may permit (each, a “**Subscription Date**”), subject to the Manager’s discretion to accept or reject subscriptions in whole or in part. A fully completed subscription agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager at least five business days prior to a Subscription Date, in order for the subscription to be accepted as at that Subscription Date; otherwise the subscription will be processed as at the next Subscription Date. See “The Offering – Subscription Procedure”.

Subscription Price: The first Units of each Series will be issued at a subscription price of \$100 per Unit. Thereafter, Units of each Series will be issued at the Series Net Asset Value per Unit as at the business day immediately preceding the relevant Subscription Date. See “The Offering” and “Computation of Net Asset Value”.

Minimum Individual Subscription: The minimum initial investment is \$5,000 but may be reduced to a lesser amount in the discretion of the Manager. See “The Offering”.

Each additional investment must be in an amount that is not less than \$5,000 or such lesser amount as the Manager may accept in its discretion.

This Offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Fund and need not be refunded to the subscriber. See “The Offering - Minimum Individual Subscriptions”.

Dealer Commissions and Fees: There is no commission or fee payable to the Manager by an investor upon the purchase of Units. An investor may choose to pay a negotiated commission to their dealer through whom Units are purchased. Investments in the Fund, including any minimum investments, are net of such commissions. Subject to applicable law, Relevance will pay, out of the fees payable to Relevance by the Fund, an ongoing trailing commission of 0.5% per annum to the Manager for payment to registered dealers in connection with a sale of Series A-CAD or Series A-USD Units. The Manager may discontinue or change such fees at any time.

See “The Offering – Dealer Commissions and Fees”.

Management Fee Payable to the Manager

The Manager will be entitled to receive a monthly management fee (the “**Management Fee**”) from Relevance on the last business day of each month.

See “Management of the Fund – Management Fees Payable to the Manager”.

Relevance Management Fee:

Relevance will be entitled to receive a monthly management fee (the “**Relevance Management Fee**”) from the Fund on the last business day of each month, in an amount that is equal to 1/12 of:

- 1.5% of the Series Net Asset Value of the Series F-CAD, Series F4-CAD, Series F-USD and Series F4-USD Units; and
- 2.0% of the Series Net Asset Value of the Series A-CAD and Series A-USD Units,

on such date determined before redemption deductions, if any, allocable to such Units.

The Relevance Management Fee is subject to HST and will be deducted as an expense of the applicable series of Units in the calculation of the Series Net Asset Value of such series of Units.

To the extent that the Fund invests in an Underlying Fund, the management fees payable by the Fund will be reduced by the management fees payable at the Underlying Fund level for the same service such that there is no duplication of management fees.

Relevance Performance Fee:

Relevance is also entitled to receive a performance fee (the “**Relevance Performance Fee**”) from the Fund in respect of each Series of Units calculated in respect of the following periods:

- (A) the period commencing on the business day on which Units of such Series are first issued and ending on the following December 31;
- (B) subsequently, each period of twelve months ending on December 31 in each year; and
- (C) in respect of any Units of a series which are redeemed in a calendar year, the period commencing on either (i) where the relevant Units are issued in the same calendar year, the date on which such Units were issued or (ii) where the Unit has not been issued in the same calendar year, January 1, and ending on the date on which the relevant Units are redeemed;

(each such period, a “**Calculation Period**”).

The Relevance Performance Fee will be deemed to accrue on a monthly basis as at each Valuation Date (as defined).

For each Calculation Period, the Relevance Performance Fee in respect of a Series of Units will be equal to either:

(A) 15% of the amount, if any, by which the Series NAVPU during the Calculation Period is:

- (i) 105% or more of the Series NAVPU at the time of issue of that series; and
- (ii) less than (a) the Series Base NAVPU (as defined below) plus (b) the Series Base NAVPU multiplied by 10%

multiplied by the total number of Units outstanding in the Series, including fractional units.

or

(B) 20% of the amount, if any, by which the Series NAVPU during the Calculation Period is:

- (i) 105% or more of the Series NAVPU at the time of issue of that series; and
- (ii) greater than (a) the Series Base NAVPU (as defined below) plus (b) the Series Base NAVPU multiplied by 10%

multiplied by the total number of Units outstanding in the Series, including fractional units.

For the avoidance of doubt, whichever Relevance Performance Fee rate is determined in accordance with (A) or (B) as being applicable to the relevant series during any given Calculation Period shall apply to the entire appreciation in the Net Asset Value of the relevant series above the relevant Series Base Net Asset Value.

The “**Series Base Net Asset Value Per Unit**” or “**Series Base NAVPU**” of a Series of Units is the greater of: (i) the Series NAVPU on the business day on which Units of such Series are first issued; and (ii) the highest Series NAVPU achieved as at the end of any previous Calculation Period (if any) during which that Series was in issue. The “**Series Base Net Asset Value**” is the Series Base NAVPU multiplied by the total number of Units, including fractional units, outstanding in the Series at the relevant date.

The Relevance Performance Fee in respect of each Calculation Period will be calculated by reference to the Series NAVPU before deduction for any accrued Relevance Performance

Fees.

The Relevance Performance Fee is subject to HST and will be deducted as an expense of the applicable Series of Units in the calculation of the Net Asset Value of such Series of Units.

To the extent the Fund invests in an Underlying Fund, the Relevance Performance Fees payable by the Fund will be reduced by the performance fees payable at the Underlying Fund level for the same service such that there is no duplication of performance fees.

Fees Payable by Underlying Funds:

A manager of an Underlying Fund (an “**Underlying Fund Manager**”) may receive management and/or performance fees from the respective Underlying Fund in respect of the securities of the Underlying Fund held by the Fund which will not exceed the management and performance fees of the Fund set out above. **To the extent the Fund invests in an Underlying Fund, the fees payable by the Fund will be reduced by the fees payable at the Underlying Fund level for the same service such that there is no duplication of fees.**

An Underlying Fund Manager may pay to Relevance a portion of the management fee such Underlying Fund Manager receives in respect of the securities of the Underlying Fund that the Fund holds as consideration for certain services provided by Relevance to such Underlying Fund Manager, which may include assistance with marketing communications and content. Such fees payable by an Underlying Fund Manager to Relevance are exclusive of GST/HST or similar taxes, if applicable.

Performance Tracking:

Upon the issuance of each series of CAD Series Units and USD Series Units of the Fund, the Fund expects to in turn purchase corresponding classes or series of securities of one or more Underlying Funds. In order to ensure a fair allocation of indirect fees and expenses, and a fair allocation of distributions by the Fund, to each series of Units, regard will be had to the fees, expenses, currency and performance of the corresponding class and/or series of securities of the Underlying Fund(s). Unitholders will indirectly bear the expenses of the Underlying Funds.

Expenses:

Expenses relating to the organization and ongoing operations and activities of the Fund, as well as the costs of investment, are borne by the Fund. Common expenses will be allocated to each series based on their respective Net Asset Values. Expenses specific to a series of Units will be allocated to and deducted from the Net Asset Value of that series only.

The Trustee and the Manager are entitled to reimbursement from the Fund for such expenses of the Fund actually incurred by it. The Trustee intends to cap operating expenses payable by the Fund at 0.30% of the Net Asset Value of the Fund annually, and to absorb any expenses above this amount. The Trustee may change this policy at any time.

See “Declaration of Trust – Expenses”.

Redemptions:

A Unitholder may redeem Units on the last business day of each month and such other date as the Manager may permit in its absolute discretion (each, a “**Redemption Date**”), on not less than 60 days’ written notice to the Manager (or such shorter period as the Manager may in its discretion permit). Redemptions are irrevocable except with the consent of the Manager (in its absolute discretion) or following a suspension as described below.

The redemption proceeds of Units being redeemed will be equal to the Series Net Asset Value per Unit as at the close of business on the relevant Redemption Date of the Units being redeemed less all applicable deductions. Payment of redemption proceeds will be made as soon as practicable after the relevant Redemption Date and normally within 14 calendar days of finalization of the relevant Net Asset Value. Payment of the redemption proceeds may be delayed if settlement of sales or other realizations of assets is delayed or suspended, or any necessary transfer of funds is delayed for any reason or if the raising of the funds to pay the redemption proceeds would in the Manager’s sole and absolute determination be unduly burdensome to the Fund. Payment of the redemption proceeds may also be delayed if payment of the redemption proceeds of an Underlying Fund held by the Fund has been delayed.

The Manager may suspend the calculation of the Series Net Asset Value per Unit, and the right to redeem Units, and/or may elect to pay redemption proceeds partly in cash and partly in kind at any time where the Manager is of the opinion, in its discretion, that there are insufficient liquid assets in the Fund to fund such redemptions entirely in cash, the liquidation of assets would be to the detriment of the Fund generally or it is not reasonably practicable to determine fairly the value of the Fund’s property. The Manager may also suspend the calculation of the Series Net Asset Value per Unit and the right to redeem Units when the determination of Net Asset Value and redemption of securities of an Underlying Fund held by the Fund has been suspended.

The Manager may defer redemptions of Units in the event and to the extent that an Underlying Fund has deferred redemptions of securities. Any such deferral of redemptions of Units will be applied rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Redemption Date based on the extent to which the redemption of securities of an Underlying Fund held by the Fund has been deferred.

Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 15 days following such Redemption Date.

The Manager has the right to require a Unitholder redeem some or all of the Units owned by such Unitholder on a Redemption Date at the Series

Net Asset Value per Unit thereof, by notice in writing to the Unitholder given at least 14 days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion. See “Redemptions”.

Transfer or Resale of Units: Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. The transfer or resale of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation. Accordingly, redemption of the Units in accordance with the provisions set out herein is likely to be the only means of liquidating an investment in the Fund. See “Legal Matters – Purchase and Resale Restrictions”.

Calculation of Net Asset Value of the Fund: The net asset value of the Fund (the “**Fund Net Asset Value**” or “**Fund NAV**”) and of each Unit (the “**Series Net Asset Value per Unit**” or “**Series NAVPU**”) will be calculated by a third-party fund administrator (see “**Administrator**”) as of 4:00 p.m. (Eastern time) on the last business day of each month, on the business day immediately preceding a Subscription Date and on such other dates as the Manager may determine (each a “**Valuation Date**”). See “Computation of Net Asset Value”.

Distributions: The Fund will distribute in each year such portion of its annual net income and net realized capital gains as will result in the Fund paying no tax under Part I of the Tax Act.

Distribution Series Units will receive an annual distribution, payable quarterly. F4 Series Units have an annual distribution rate of 4%. Distribution to a Unitholder may be received in cash or be reinvested to purchase additional Distribution Series Units of the Fund, at the option of the Unitholder. If the regular quarterly distributions of the Distribution Series Units’ net income and net capital gains for the year are not sufficient to ensure that the Fund will not be subject to tax under the Tax Act, an additional amount will be distributed at year-end sufficient to bring the taxable income of the Fund to nil. If the regular quarterly distributions are greater than the Distribution Series Units share of net income and net capital gains for the year, the excess distributions will be treated as a return of capital.

All distributions made by the Fund, other than cash distributions with respect to the Distribution Series Units, will be automatically reinvested in additional Units of the same Series on the Valuation Date on the date of or immediately following the distribution at the Net Asset Value per Unit thereof. Once the distribution reinvestment is completed, there will be a consolidation of Units such that each Unitholder (other than a non-resident in respect of whose share of the distribution tax was withheld) has the same number of Units that they held immediately prior to the distribution, and Net Asset Value per Unit of the series will be adjusted accordingly so that the aggregate Net Asset Value of a Unitholder’s Units remains the same as prior to the distribution.

Fiscal Year End of the Fund:	December 31 in each year.
Term:	The Fund does not have a fixed term. The Trustee may, in its discretion, terminate the Fund by giving notice, fixing the date of termination not earlier than 60 days following the mailing or other delivery of notice, to the Unitholders of the Fund. In the event that the Trustee or Manager resigns, is terminated or becomes incapable of acting as trustee or manager, and a permanent successor is not appointed, the Fund shall terminate and its assets shall be distributed in accordance with the provisions of the Declaration of Trust.
Financial and Other Reporting:	Unless otherwise instructed by a Unitholder, the Manager will forward to each Unitholder annual audited financial statements of the Fund within 210 days after the end of each fiscal year. In addition, the Manager will forward such other reports to Unitholders as are from time to time required by applicable law. See “Unitholder Reporting”.
Tax Considerations:	Persons investing in an investment fund such as the Fund should be aware of the tax consequences of investing in, holding and/or redeeming Units. Investors are urged to consult with their tax advisers to determine the tax consequences of an investment in the Fund. Further information is contained under “Certain Canadian Federal Income Tax Considerations”.
Liability:	The Declaration of Trust provides that no holder of Units shall be subject to any liability to any person in connection with the investment obligations, affairs or assets of the Fund, however there is a theoretical risk, which is considered by the Manager to be remote in the circumstances, that a holder of Units could be held personally liable (in the unlikely event that the Net Asset Value of the Fund declines below zero). See “Risk Factors”.
Release of Confidential Information:	Under applicable securities and anti-money laundering legislation, the Manager is required to collect and may voluntarily release confidential information about Unitholders and, if applicable, about the beneficial owners of corporate Unitholders, to regulatory or law enforcement authorities if they determine to do so in their discretion.
Risk Factors:	Investors should consider a number of factors in assessing the risks associated with investing in Units including those generally associated with the investment techniques used by the Manager and an Underlying Fund Manager. See “Risk Factors”.

Fund Administrator: SGGG Fund Services Inc., Toronto, Ontario

Auditor: Goodman & Associates LLP, Toronto, Ontario

GLOSSARY

Unless the context otherwise requires, terms used in this Amended and Restated Confidential Offering Memorandum (the “**Offering Memorandum**”) and not otherwise defined shall have the following meanings:

“**Applicable Law**” in respect of any Person, property, transaction or event, means all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event and, whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, orders and policies of any Governmental Authority having or purporting to have authority over that Person, property, transaction or event.

“**Administrator**” means SGGG Fund Services Inc.

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario or any other day on which businesses are generally closed in the Province of Ontario.

“**CAD Series Units**” means the Series A-CAD Units, the Series F-CAD Units and the Series F4-CAD Units denominated in Canadian dollars.

“**Declaration of Trust**” means with respect to the Fund, the amended and restated declaration of trust of the Fund made as of January 31, 2023.

“**Distribution Day**” means the day on which the Manager determines that a distribution of net income or net capital gains is appropriate provided that there will be at least one Distribution Day by December 31 of each calendar year.

“**Distribution Series Units**” means a series of units of the Fund on which quarterly distributions are paid to the Unitholder. The current Distribution Series Units are the Series F4-CAD Units and the Series F4-USD Units.

“**Electronic Means**” means such telephone, electronic or other communication facilities as may permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

“**F4 Series Units**” means the Series F4-CAD Units and the Series F4-USD Units.

“**Fund**” means the Relevance Diversified Credit Fund.

“**Fund Net Asset Value**” or “**Fund NAV**” means the net asset value of the Fund calculated as set out under “Computation of Net Asset Value”.

“**Management Agreement**” means the agreement between the Trustee, the Manager and Relevance, effective November 8, 2022, whereby the Manager agreed to act as investment fund manager, portfolio manager and principal distributor of the Fund.

“**Management Fee**” means the monthly fee paid to the Manager by Relevance, plus applicable taxes, on the last business day of each month.

“**Manager**” means Corton Capital Inc.

“Redemption Amount” means the amount paid to a Unitholder on the redemption of a Unit as described herein.

“Redemption Date” means the last business day of a month and such other days as the Manager may permit.

“Relevance” means Relevance Wealth Management Inc., a corporation incorporated under the laws of Ontario owned by the Trustee.

“Relevance Management Fee” means, with respect to each series of Units, the management fee calculated as set out herein under “Fund Management & Performance Fees ” on the portion of the Fund’s net assets attributable to a series of Units, plus any applicable taxes.

“Relevance Performance Fee” means, with respect to each series of Units, the performance fee calculated as set out herein under “Fund Management & Performance Fees ” on the portion of the Fund’s net assets attributable to a series of Units, plus any applicable taxes.

“Series A-CAD Units” means a Series A-CAD Unit of the Fund denominated in Canadian dollars.

“Series A-USD Units” means a Series A-USD Unit of the Fund denominated in U.S. dollars.

“Series F-CAD Units” means a Series F-CAD Unit of the Fund denominated in Canadian dollars.

“Series F4-CAD Units” means a Series F4-CAD Unit of the Fund, denominated in Canadian dollars, that pays an annual distribution of 4%, payable quarterly.

“Series F-USD Units” means a Series F-USD Unit of the Fund denominated in U.S. dollars.

“Series F4-USD Units” means a Series F4-USD Unit of the Fund, denominated in U.S. dollars, that pays an annual distribution of 4%, payable quarterly.

“Series Net Asset Value” or **“Series NAV”** means, in respect of any particular series of Units on a particular Valuation Day, the portion of the Fund NAV attributed to such series, calculated as set out under "Computation of Net Asset Value".

“Series Net Asset Value Per Unit” or **“Series NAVPU”** means, in respect of any particular series of Units on a particular Valuation Day, the portion of the Fund NAV attributed to each of the Units of such series, calculated as set out under "Computation of Net Asset Value".

“Subscription Date” means the first business day of each month and such other days as the Manager may permit.

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time.

“Tax-Deferred Plans” means registered retirement savings plans, registered retirement income funds, tax-free savings accounts, first home savings accounts, registered education savings plans and deferred profit-sharing plans.

“Trust Property” means the assets of the Fund and includes all monies, securities, property, assets and investments transferred, conveyed, paid to or held in trust by the Trustee pursuant to the Declaration of Trust, all investments thereof that are made from time to time (including replacements thereof, substitutions therefor and additions thereto) and all income, interest, profits and gains therefrom which accrues to and becomes owned or held by the Trustee for the beneficiaries pursuant to the Declaration of Trust.

“**Trustee**” means Keith Pangretitsch.

“**Underlying Fund**” means an investment fund in which the Fund has invested.

“**Unit**” when used in reference to a particular series of Units means an undivided interest in the net assets of the Fund attributable to the applicable series of Unit, and “**Units**” mean units of beneficial interest in the applicable Fund.

“**Unitholders**” means, at any particular time, the registered holders of Units and fractions thereof or when used in reference to a particular series of Units, means the registered holder of Units of the particular series of Units.

“**USD Series Units**” means the Series A-USD Units, Series F-USD Units and the Series F4-USD Units denominated in U.S. dollars.

“**Valuation Date**” means the last business day of each month, on each business day that precedes a Subscription Date and on each such other day as the Manager determines.

“**Valuation Time**” means 4:00 p.m. (Toronto time).

THE FUND

Relevance Diversified Credit Fund (the “**Fund**”) is an open-end investment trust established under the laws of British Columbia pursuant to an amended and restated master declaration of trust dated as of January 31, 2023, as may be amended from time to time (the “**Declaration of Trust**”) with Keith Pangretitsch, the founder of Relevance Wealth Management Inc. (“**Relevance**”) as trustee (the “**Trustee**”). Corton Capital Inc. (the “**Manager**”) was appointed as the investment fund manager, portfolio manager and principal distributor of the Fund under a Management Agreement (the “**Management Agreement**”) effective November 8, 2022. The principal office of the Fund is 130 King Street West, Suite 1800, Toronto, Ontario M5X 1E3. A copy of the Declaration of Trust is available from the Manager upon request.

An investment in the Fund is represented by units of one class of trust units (the “**Units**”), which may be issued in an unlimited number of series of Units. One class and six series of Units are offered under this Offering Memorandum: Series A-CAD, Series A-USD, Series F-CAD, Series F4-CAD, Series F-USD and Series F4-USD Units. The Series A-CAD Units, the Series F-CAD Units and the Series F4-CAD Units are referred to herein as the “**CAD Series Units**”. The Series A-USD Units, the Series F-USD Units and the Series F4-USD Units are referred to herein as the “**USD Series Units**”. The Series F4-CAD Units and the Series F4-USD Units are also referred to herein as the “**Distribution Series Units**” or the “**F4 Series Units**”. The Manager may create additional classes and series of Units without notice to existing investors. The interest of each holder of Units (a “**Unitholder**”) represents the same proportion of the total interest of all Unitholders as the net asset value (“**Net Asset Value**”) of Units held by such Unitholder is of the total Net Asset Value of the Fund (except to the extent that Units of each series may have different distribution entitlements as a result of different expenses and other factors). See “Declaration of Trust – The Units” and “The Offering” below.

The Fund, for the benefit of its Unitholders, will engage in making investments in accordance with investment objective, strategies and restrictions as determined by the Manager, all as disclosed in this Offering Memorandum. The financial instruments available for purchase and sale are not limited and shall be within the discretion of the Manager and any other portfolio manager or sub-adviser who may be engaged

from time to time by the Manager to invest the Fund's assets. Some or all of the Fund's assets may from time to time be invested in cash or other investments as the Manager may deem prudent in the circumstances. The activities of the Fund shall include all things necessary or advisable to give effect to the Fund's investment objectives.

INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS OF THE FUND

Investment Objective

The investment objective of the Fund is to seek to achieve returns by investing, directly or indirectly, in credit products generally including but not limited to directly originated credit opportunities, commercial mortgage-backed securities ("CMBS"), residential mortgage-backed securities ("RMBS"), corporate debt, collateralized debt obligations ("CDOs"), collateralized loan obligations ("CLOs") and other asset backed lending products.

Investment Strategies

The Fund intends to invest substantially all of its assets in one or more underlying investment funds (each, an "**Underlying Fund**"), but may also make direct investments from time to time, consistent with the Fund's investment objective. Some of the Fund's assets may be kept in cash or cash equivalents.

The Manager may, at any time and from time to time, in its sole discretion, without prior notice to Unitholders, invest in one or more Underlying Funds managed by third party managers or the Manager (including, for greater certainty through a Canadian or foreign master fund created by the Trustee, or managed and/or advised by the Manager that may be established in the future, subject to applicable law), may change its allocations among Underlying Funds and may remove any Underlying Funds from the portfolio of the Fund.

To achieve the Fund's investment objective, the Manager believes that a flexible approach is needed in order to best capitalize on opportunities in the fixed income markets. Accordingly, the Manager will have flexibility to invest in a wide range of instruments.

Without limiting the generality of the foregoing and although the Manager may invest in such a wide range of instruments globally, it is expected that the investment focus of the portfolio will initially be, directly or indirectly, in US and European directly originated credit opportunities, CMBS and RMBS in both cash and synthetic form, as well as corporate debt, CDOs and CLOs.

The Manager has discretion to apply such hedging arrangements to each series of Units as deemed appropriate from time to time.

Investment Restrictions

The Fund will comply with the following investment restrictions:

- (A) The Fund's exposure to any single non-financial corporate credit issuer shall not exceed 10% of the Fund Net Asset Value;
- (B) Exposure of the Fund to entities domiciled in emerging markets or any emerging market indices shall not exceed 5% of the Fund Net Asset Value;

- (C) The Fund shall not make investments in equity securities of non-financial corporate issuers although the Fund may acquire exposure to equity or other subordinated securities of structured finance vehicles, bond issuance vehicles, asset-back security issuers, CDOs and other similar entities engaged in finance transactions; and
- (D) The Fund shall not acquire direct exposure to any single commodity asset, whether through cash or derivative securities.

Notwithstanding the restriction set out in (A) above, the Fund may acquire larger exposures than would otherwise be permitted for periods of up to three months where the Manager considers it expedient or advantageous to the Fund to acquire a larger position initially with a view to subsequently reducing the position size or exposure within the subsequent three month period, including, for example, for the purposes of “warehousing” a pool of securities with a view to selling instruments linked to the risk and returns, or a portion of the risk and returns, of such assets at a later date, or for the purpose of securing a more advantageous purchase price for such assets by purchasing them in greater quantity than the Fund intends to hold for a longer period.

Currency Hedging

The base currency of the Fund is Canadian dollars. The base currency of an Underlying Fund may be US dollars or another currency. The Manager may attempt to reduce any currency exchange-rate exposure by engaging in currency hedging transactions for and on behalf of the Fund. Any profits, losses and expenses associated with any such currency hedging will be allocated solely to the applicable series of the Fund.

Borrowing and Leverage

The Fund may employ leverage including, without limitation, by borrowing cash, securities and other instruments and entering into derivative transactions and repurchase agreements. The Fund may pledge assets as security for borrowings. The use of leverage by the Fund will increase the risk attendant in an investment in Units.

The Fund may employ leverage in such circumstances where the Manager deems it appropriate to do so in order to continue to implement the investment strategies and to achieve the investment objective.

The maximum level of leverage which the Manager may employ on behalf of the Fund is equal to 200% of its Net Asset Value.

Risk Management

The Manager’s principal risk management objective is to minimize the potential for material losses in the Fund’s portfolio at any point of time. In order to maintain control over the Fund’s risk profile, the Manager has put in place operational processes and a propriety risk management system to identify, measure, monitor and manage risks arising from the Manager’s implementation of the Fund’s investment approach. The risk management system includes the dynamic monitoring of the Fund’s positions, including investments in Underlying Funds and their gains and losses, sensitivities analysis at position and risk mapping scenarios at individual portfolio manager and Underlying Fund levels and stress tests.

The Manager has established specific internal risk guidelines in order to assess each Underlying Fund’s risk profile and to provide guidance on an Underlying Fund’s risk limits. Such guidelines cover

single name and portfolio exposures and leverage. The guidelines are not rigid limits and, depending on market conditions, may change from time to time with the approval of the Manager.

General

The above-described investment strategies which may be pursued by the Fund are not intended to be exhaustive and other strategies may also be employed. The actual strategies utilized by the Manager will depend upon its assessment of market conditions and the relative attractiveness of the available opportunities. The Manager may, in its discretion, use strategies other than those described above or discontinue the use of any strategy without advance notice to Unitholders, however the Fund will not make or permit a change to its investment objective, strategies or restrictions that the Manager determines in good faith to be a material change, unless Unitholders are given not less than 60 days' written notice prior to the effective date of the change (together with an explanation of the reasons for the change), and each Unitholder is given the opportunity to redeem such Unitholder's Units prior to the effective date of such change (in such event the Manager agrees to waive any lock-up, notice period or redemption deductions). For greater certainty, the Manager does not perceive an investment in additional Underlying Funds to be a material change that would require written notice, as long as the investment objective and strategies of such Underlying Funds are generally consistent with the Fund's investment objective and strategies.

There can be no assurances that the Fund or any Underlying Fund will achieve its investment objectives.

Statutory Caution

The disclosure in this Offering Memorandum, or in materials deemed to be incorporated into this Offering Memorandum, regarding the investment strategies and intentions of the Fund may constitute "forward-looking information" for the purpose of applicable securities legislation, as it may contain 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.

INVESTMENT RISK LEVEL

The Manager has identified the investment risk level of the Fund as an additional guide to help prospective investors decide whether the Fund is right for the investor. The Manager's determination of the risk rating for the Fund is guided by the methodology required by the Canadian Securities Administrators (CSA) (the "**CSA Methodology**") for retail mutual funds and is based on the Fund's historical volatility as measured by the 10-year standard deviation of the returns of the Fund. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of a fund's relative volatility and related risk. Standard deviation is widely used to measure volatility of return.

Since the Fund was only formed on August 24, 2020, the Fund has a historical performance of less than 10 years. However, since the Fund initially invested substantially all of its assets in Astra Structured Credit Investments Limited (the "**Astra Fund**"), and the Astra Fund commenced operations on January 4, 2013, the Manager uses the Astra Fund as its proxy for assessing and classifying the risk level of the Fund, where applicable. However, just as historical performance may not be indicative of future returns, the Fund's and the Astra Fund's historical volatility may not be indicative of the future volatility of the Fund.

In accordance with the methodology described above and comparing the calculated implied standard deviation of the Fund and the Astra Fund to the standard deviation range under the CSA Methodology set out in the chart below, the risk rating of the Fund is **Low-to-medium**.

Risk rating	Standard deviation range
Low	0 to less than 6
Low-to-medium	6 to less than 11
Medium	11 to less than 16
Medium-to-high	16 to less than 20
High	20 or greater

The risk ratings set forth in the table above do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their own professional advisors for advice regarding such investor's personal or specific circumstances.

Details about the methodology that the Manager uses to identify the investment risk level of the Fund is available on request. Prospective investors should be aware that other types of risk, both measurable and non-measurable, may exist. See "Risk Factors".

MANAGEMENT OF THE FUND

The Trustee

Keith Pangretitsch, founder of Relevance Wealth Management Inc., is the Trustee of the Fund. The principal place of business of the Trustee and Relevance is located at 130 King Street West, Suite 1800, Toronto, Ontario M5X 1E3. The Trustee has full authority and responsibility under the terms of the Declaration of Trust to direct the day-to-day business, operations and affairs of the Fund. The Trustee has delegated, under contract with Corton Capital Inc. (see "The Manager" below), responsibility to direct the day-to-day business, operations and affairs of the Fund, including management of the Fund's portfolio on a discretionary basis and distribution of the Units. The rights and duties of the Trustee are set out in the Declaration of Trust.

The name and municipality of residence of the Trustee and the position held by him (being his principal occupations) is as follows:

<u>Name and Municipality of Residence</u>	<u>Office with Relevance</u>
Keith Pangretitsch Toronto, Ontario	President, Chief Executive Officer and Director

Keith Pangretitsch, CFA – President, Chief Executive Officer and Director

Keith Pangretitsch has almost 30 years' experience in the asset management business both as an individual contributor and a business head leading large teams. He was most recently Managing Director,

Canada – Private Clients for Russell Investments Canada Limited. In this role, Keith was responsible for the sales, marketing and product teams within Russell Canada. Keith was a member of Russell Canada’s Executive team which led Russell’s overall Canadian business.

Keith joined the Russell Investments Group in 1998 and worked in Russell’s Toronto office for five years prior to creating the Vancouver office in 2003. He moved back to Toronto in 2007 to take on the management responsibilities for the sales team.

Keith is a past member of the Toronto Society of Financial Analysts where he chaired the Private Client Committee. Keith is a contributing author to advisor.ca and other publications on the topic of practice management and investing.

Keith started his career in the brokerage industry and subsequently moved to the asset management industry in 1994 working with leading global and Canadian investment managers.

The Manager

The Manager, Corton Capital Inc., was incorporated under the *Business Corporations Act* (Ontario) on September 20, 2018. The Manager is registered as an investment fund manager in British Columbia, Ontario, Quebec and Newfoundland and Labrador; as a portfolio manager and exempt market dealer in British Columbia, Alberta, Saskatchewan, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland and Labrador; and as an exempt market dealer in Manitoba, the Yukon and Nunavut. The principal place of business of the Manager is 21 Summer Breeze Drive, Carrying Place, Ontario K0K 1L0. The rights and duties of the Manager are set out in a Management Agreement (the “**Management Agreement**”) effective November 8, 2022, as may be amended from time to time.

The name and municipality of residence of the senior executive of the Manager who will be responsible for carrying out its responsibilities under the Agreement and the positions held by him (being his principal occupation) are as follows:

Name and Municipality of Residence

Office with the Manager

David Jarvis
Carrying Place, Ontario

President, Chief Executive Officer, Ultimate Designated Person, Chief Compliance Officer and Portfolio Manager

David Jarvis, President, Chief Executive Officer, Ultimate Designated Person, Chief Compliance Officer and Portfolio Manager

David Jarvis is the founder and a principal of Corton and acts as the firm’s Portfolio Manager and Chief Compliance Officer. From September 2017 to September 2018 Mr. Jarvis was the President and Director of Kaleido Capital Ltd. From October 2015 to September 2017 Mr. Jarvis was the Chief Compliance Officer of Forge First Asset Management Inc. (“**Forge First**”) where he was primarily responsible for compliance and risk management. While at Forge First, David developed enhanced compliance systems, designed and ran “mock” compliance audits and developed internal risk management guidelines addressing key risk areas - market risk, liquidity risk and credit risk. He also designed various sub-category risk metrics and introduced monitoring and reporting programs. From 2005 until September 2015 Mr. Jarvis was a founding partner, Chief Financial Officer, Chief Operating Officer and Chief Compliance Officer, and Portfolio Manager of Spartan Fund Management Inc. (“**Spartan**”). During his tenure with Spartan, David conceived, designed and co-built the first hedge fund platform in Canada, employing portfolio managers, traders and analysts, with over 15 funds based in Canada and the Cayman

Islands. At Spartan David worked closely with each fund group on the platform and customized compliance and risk management programs for each type of fund style. He also managed all of Spartan's operations, accounting, audit reporting and all currency hedging for domestic/non-domestic funds and currency classes as required. During his time with Spartan, the Spartan Multi Strategy Fund LP received Morningstar's Gold Medal for Best Multi Strategy Fund (Canada) in 2011 after winning the Silver Medal in 2010.

David acted as a Director and Chair of the Audit Committee of Leviathan Cannabis Group Inc. ("Leviathan") from November 2018 to March 2022. Leviathan is a publicly traded cannabis company focused on creating brand loyalty while building medical and recreational distribution channels for cannabis products.

Since March 2010, David has also provided expert witness reports and analysis from time to time in relation to compliance and operations for brokerage and asset managers dealing with such matters as suitability, "know your client" obligations, disclosure obligations, and institutional operational practices. In this capacity, David has been retained by retail investors, institutional clients, and several law firms.

David played an important role in the establishment of the Canadian chapter of the Alternative Investment Management Association ("**AIMA Canada**") and served as the organization's first Vice-Chairman from 2003 to 2005. David also served as an active member of the Practices & Standards Committee and the Compliance Officers' Network of the Portfolio Management Association of Canada ("**PMAC**") from 2016 to 2018.

David holds a Chartered Financial Analysts (CFA) designation and has an MBA (Queen's University) and a Honours BA – Economics (University of Western Ontario).

David is responsible for the provision of the services to the Fund under the Management Agreement. The services of the Manager are not exclusive to the Fund, and no provision in the Management Agreement prevents the Fund Manager or any affiliate thereof, from providing similar services to other investment funds and other clients or from engaging in other activities.

Management Fees Payable to the Manager

The Manager will be entitled to receive a monthly management fee (the "**Management Fee**") from Relevance on the last business day of each month. The Management Fee is \$3,333 per month when the Fund NAV is less than \$75 million, increasing to \$5,000 per month when the Fund NAV is between \$75 million and \$150 million, increasing to \$6,250 per month when the Fund NAV is between \$150 million and \$250 million, and \$8,333 per month thereafter.

Fund Management & Performance Fees Payable

Relevance will be entitled to receive a monthly management fee (the "**Relevance Management Fee**") from the Fund on the last business day of each month, in an amount that is equal to 1/12 of:

- 1.5% of the Series Net Asset Value of the Series F-CAD, Series F4-CAD, Series F-USD and Series F4-USD Units; and
- 2.0% of the Series Net Asset Value of the Series A-CAD and Series A-USD Units,

on such date (determined before redemption deductions, if any, allocable to such Units). The Relevance Management Fee is subject to HST and will be deducted as an expense of the applicable series of Units in the calculation of the Series Net Asset Value of such series of Units.

To the extent that the Fund invests in an Underlying Fund, the management fees payable by the Fund will be reduced by the management fees payable at the Underlying Fund level for the same service such that there is no duplication of management fees.

Relevance is also entitled to receive a performance fee (the “**Relevance Performance Fee**”) from the Fund in respect of each Series of Units calculated in respect of the following periods:

- (A) the period commencing on the business day on which Units of such series are first issued and ending on the following December 31;
- (B) subsequently, each period of twelve months ending on December 31 in each year; and
- (C) in respect of any Units of a series which are redeemed in a calendar year, the period commencing on either (i) where the relevant Units are issued in the same calendar year, the date on which such Units were issued or (ii) where the Unit has not been issued in the same calendar year, January 1, and ending on the date on which the relevant Units are redeemed

(each such period, a “**Calculation Period**”).

The Relevance Performance Fee will be deemed to accrue on a monthly basis as at each Valuation Date.

For each Calculation Period, the Relevance Performance Fee in respect of a series of Units will be equal to either:

- (A) 15% of the amount, if any, by which the Series NAVPU during the Calculation Period is:

- (i) 105% or more of the Series NAVPU at the time of issue of that series; and
- (ii) less than (a) the Series Base NAVPU (as defined below) plus (b) the Series Base NAVPU multiplied by 10%

multiplied by the total number of Units outstanding in the Series, including fractional units.

or

- (B) 20% of the amount, if any, by which the Series NAVPU during the Calculation Period is:

- (i) 105% or more of the Series NAVPU at the time of issue of that series; and
- (ii) greater than (a) the Series Base NAVPU (as defined below) plus (b) the Series Base NAVPU multiplied by 10%

multiplied by the total number of Units outstanding in the Series, including fractional units.

For the avoidance of doubt, whichever Relevance Performance Fee rate is determined in accordance with (A) or (B) as being applicable to the relevant series during any given Calculation Period shall apply to the entire appreciation in the Net Asset Value of the relevant series above the relevant Series Base Net Asset Value.

The “**Series Base Net Asset Value Per Unit**” or “**Series Base NAVPU**” of a Series of Units is the greater of: (i) the Series NAVPU on the business day on which Units of such Series are first issued; and (ii) the highest Series NAVPU achieved as at the end of any previous Calculation Period (if any) during which that Series was in issue. The “**Series Base Net Asset Value**” is the Series Base NAVPU multiplied by the total number of Units outstanding, including fractional units, in the Series at the relevant date.

The Relevance Performance Fee in respect of each Calculation Period will be calculated by reference to the Series NAVPU before deduction for any accrued Relevance Performance Fees.

The Relevance Performance Fee is subject to HST and will be deducted as an expense of the applicable series of Units in the calculation of the Net Asset Value of such series of Units.

To the extent the Fund invests in an Underlying Fund, the Relevance Performance Fees payable by the Fund will be reduced by the performance fees payable at the Underlying Fund level for the same service such that there is no duplication of performance fees.

Fees Payable by Underlying Funds

A manager of an Underlying Fund (an “**Underlying Fund Manager**”) may receive management and/or performance fees from the respective Underlying Fund in respect of the securities of the Underlying Fund held by the Fund which will not exceed the management and performance fees of the Fund set out above. **To the extent the Fund invests in an Underlying Fund, the fees payable by the Fund will be reduced by the fees payable at the Underlying Fund level for the same service such that there is no duplication of fees.**

An Underlying Fund Manager may pay to Relevance a portion of the management fee such Underlying Fund Manager receives in respect of the securities of the Underlying Fund that the Fund holds as consideration for certain services provided by Relevance to such Underlying Fund Manager, which may include assistance with marketing communications and content. Such fees payable by an Underlying Fund Manager to Relevance are exclusive of GST/HST or similar taxes, if applicable.

Performance Tracking

Upon the issuance of each series of CAD Series Units and USD Series Units of the Fund, the Fund expects to in turn purchase corresponding classes or series of securities of one or more Underlying Funds. In order to ensure a fair allocation of indirect fees and expenses, and a fair allocation of distributions by the Fund, to each series of Units, regard will be had to the fees, expenses, currency and performance of the corresponding class and/or series of securities of the Underlying Fund(s). Unitholders will indirectly bear the expenses of the Underlying Funds.

Reimbursement of Expenses

The Trustee and the Manager will be entitled to reimbursement from the Fund for reasonable expenses incurred by them on behalf of the Fund, and by the Fund’s service providers in connection with the organization and ongoing activities of the Fund, subject to the cap on fund expenses as set out below under the heading “Declaration of Trust –Expenses”.

Standard of Care of the Manager and Indemnification

The Trustee and the Manager must exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Manager has adopted policies and procedures to identify and avoid, or address and disclose, conflicts between its own interests and the interests of the Fund and/or the Unitholders, in accordance with applicable securities legislation, but will not be prohibited from, or be required to account to the Fund for, providing services to and receiving fees from any person or entity, including other pooled investment vehicles, similar to those services provided to the Fund.

In exercising their powers and discharging their duties under the Declaration of Trust and the Management Agreement, as applicable, the Trustee and the Manager may, but will not be bound to, with respect to any act done or permitted to be done by it, rely upon (a) financial statements of the Fund stated in a written report prepared by the auditor of the Fund to present fairly the financial position of the Fund, (b) any instrument or document reasonably believed by it to be genuine and to be correct, and (c) the advice or opinion of legal counsel, accountants, appraisers or other industry professionals, including, without restricting the generality of the foregoing, any substitute manager of the Fund, portfolio manager (which includes a sub-adviser), fund administrator, consultant, prime broker or custodian retained by or on behalf of the Trustee or the Manager, and the Trustee and the Manager will in no event be liable for any action taken or not taken as a result of so relying in good faith. The Trustee and the Manager and their affiliates, subsidiaries and agents, and their respective directors, officers and employees will at all times be indemnified and saved harmless by the Fund from and against all costs, charges and expenses sustained or incurred, including all legal fees, judgments and amounts paid in settlement, in or about any action, suit or proceeding that is brought, commenced or prosecuted against it for or in respect of any act, deed, omission, matter or thing whatsoever made, done or permitted by it in or about the proper execution of the services provided to the Fund under the Declaration of Trust or the Management Agreement, as applicable, provided that the act, deed, omission, matter or thing that caused the payment of the costs, charges, expenses, fees, judgments or amounts paid in settlement was in the best interest of the Fund. No such person or company will be indemnified by the Fund where (i) there has been negligence, misfeasance or willful misconduct on the part of the Trustee or the Manager or such other person, or (ii) the Trustee or the Manager has failed to fulfil its standard of care to the Fund as set forth in the Declaration of Trust or Management Agreement, as applicable.

The Trustee has the right to resign as trustee of the Fund by giving notice in writing to the Unitholders not less than 90 days prior to the date on which such resignation is to take effect, unless at or prior to such date a successor trustee is appointed by the Trustee in which case such resignation shall take effect immediately upon the appointment of such successor trustee.

The Trustee or the Manager has the right to terminate the Management Agreement by giving notice in writing to the other party not less than 90 days prior to the date on which such termination is to take effect. The Manager shall be terminated immediately following the occurrence of any one of the following events: (i) the Manager is in material default of its obligations under the Agreement and such default continues for 90 days from the date that the Manager receives notice of such material default from the Trustee; (ii) the Manager has been declared bankrupt or insolvent or has entered into liquidation or is winding up; (iii) the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or (iv) the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

THE OFFERING

An unlimited number of Units are being offered on a continuous basis to investors resident in all provinces and territories of Canada, except Prince Edward Island and the Northwest Territories (the “**Offering Jurisdictions**”), pursuant to certain exemptions from prospectus requirements contained in National Instrument 45-106 *Prospectus Exemptions* or section 73.3 of the *Securities Act* (Ontario) (together referred to as “**NI 45-106**”).

Units may be issued in more than one class and series, and each series may be subject to different fees. To date the Manager has designated one class of Units and six series of Units within such class. The Manager may create additional classes and series of Units without notice to existing investors.

Six series of Units are currently being offered:

Available directly from the Manager

- **Series F-CAD Units** are available in Canadian dollars to investors who meet the minimum investment criteria and who purchase their Units directly from the Manager as dealer, through a fee-based account with a third-party dealer or are family offices or institutional investors. Series F Units are subject to a 1.5% management fee and a 15-20% performance fee (dependent on performance – see “Performance Fee” for more details).
- **Series F4-CAD Units** are identical in all respects to Series F-CAD Units, except that they pay an annual distribution of 4%, payable quarterly.
- **Series F-USD Units** identical in all respects to Series F-CAD Units, except that they are issued to investors investing in U.S. dollars, pay fees and distributions in U.S. dollars and are redeemable in U.S. dollars.
- **Series F4-USD Units** are identical in all respects to Series F-USD Units, except that they pay an annual distribution of 4%, payable quarterly.
- **Series A-CAD Units** are available in Canadian dollars to all investors who meet the minimum investment criteria and who purchase their Units from a third-party dealer to whom the Manager pays a trailing commission. Series A Units are subject to a 2.0% management fee and a 15-20% performance fee (dependent on performance – see “Performance Fee” for more details).
- **Series A-USD Units** identical in all respects to Series A-CAD Units, except that they are issued to investors investing in U.S. dollars, pay fees and distributions in U.S. dollars and are redeemable in U.S. dollars.

This Offering may be suspended by the Trustee or the Manager at any time and from time to time.

Prospectus Exemptions

Units are being sold under available exemptions from the prospectus requirements under NI 45-106, which has been adopted by the securities regulatory authorities in each of the Offering Jurisdictions. The Units are being distributed only to; (a) investors who are “accredited investors” as defined in NI 45-106; (b) investors that are not individuals and that invest a minimum of \$150,000 in the Fund (the “**Minimum Amount Exemption**”); and (c) investors to whom Units may otherwise be sold without a prospectus under applicable securities legislation. Purchasers will be required to make certain representations in the subscription agreement and the Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above. Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. **The so-called “Offering Memorandum Exemption” is not being relied on, nor is the Minimum Amount Exemption being relied on in Alberta, and investors do not have the benefit of certain additional protections that applicable securities laws give to investors when an issuer relies on the Offering Memorandum Exemption.**

Accredited Investors

A list of accredited investor qualifications is set out in the subscription agreement for the Fund, but generally includes individuals who have net financial assets, individually or together with their spouse, of at least \$1,000,000, or personal income of at least \$200,000 or combined spousal income of at least \$300,000 (in the previous two years with reasonable prospects of the same in the current year). NI 45-106 requires that individuals who invest on the basis that they are accredited investors by meeting the asset or income tests (other than certain very high net worth individuals) must sign a Risk Acknowledgement form, which is included in the Subscription Agreement.

Eligible Investors

Any subscriber that is or becomes a “non-resident”, a “financial institution” or a “designated beneficiary” within the meaning of the Income Tax Act (Canada) (the “**Tax Act**”) shall disclose such status to the Fund at the time of subscription (or when such status changes) and the Fund may restrict the participation of any such investor or require the redemption of all or some of such investor’s Units.

The Fund is, or intends to be, a mutual fund trust under the Tax Act. The Fund will therefore not engage in any undertaking other than the investment of its funds in property for the purposes of the Tax Act. Units of the Fund are, or are expected to be, qualified investments for a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a tax-free savings account (“**TFSA**”), or a First Home Savings Account (“**FHSA**”), collectively “**Tax-Deferred Plans**”. Investors should consult their own tax advisors regarding whether Units of the Fund may be a prohibited investment in their particular circumstance.

Subscription Procedure

Subscriptions for Units must be made by completing and executing the subscription agreement provided by the Manager and by forwarding to the Manager such agreement together with payment or evidence of payment acceptable to the Manager representing payment of the subscription price.

Subscriptions will be processed on the first business day of each month and on such other days as the Manager may permit (each, a “**Subscription Date**”), subject to the Manager’s discretion to accept or reject subscriptions in whole or in part. A fully completed Subscription Agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager at least five business days prior to a Subscription Date, in order for the subscription to be accepted as at that Subscription Date; otherwise the subscription will be processed as at the next Subscription Date. No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

Subscription funds provided prior to a Subscription Date will be kept in a segregated account without interest accruing thereon. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction.

Unit Price

Each new series of Units will be issued at an opening subscription price equal to \$100 per Unit.

Minimum Individual Subscriptions

The minimum investment set by the Manager for accredited investors is currently \$5,000 but may be reduced to a lesser amount for accredited investors at any time and from time to time in the discretion of the Manager.

Each additional investment must be in an amount that is not less than \$5,000 or such lesser amount as the Manager may accept in its discretion. (For investors who are not accredited investors, the additional investment may have to meet certain regulatory minimums.)

These minimums are net of any front-end commissions paid by an investor to his or her dealer.

This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Fund and need not be refunded to the subscriber.

Dealer Commissions and Fees

There is no commission or fee payable to the Manager by an investor upon the purchase of Units. An investor may choose to pay a negotiated commission to his or her dealer through whom Units are purchased. Investments in the Fund, including any minimum investments, are net of such commissions. Subject to applicable law, Relevance will pay to the Manager, for payment to a dealer, out of the fees payable to Relevance by the Fund, an ongoing trailing commission of 0.5% per annum to registered dealers in connection with a sale of Series A-CAD or Series A-USD Units, for so long as the investor maintains their investment in the Fund. The Manager may discontinue or change such fees at any time.

REDEMPTIONS

A Unitholder may surrender Units for redemption as at the last business day of a month and on such other date as the Manager may in its absolute discretion permit from time to time (each, a “**Redemption Date**”). Redemption requests must be received in writing by the Manager at least 60 days prior to the proposed Redemption Date.

Upon redemption of a Unit, the Unitholder will receive proceeds of redemption equal to the Series Net Asset Value of such Units as at the close of business on the relevant Redemption Date, less applicable deductions. Generally, all or a portion of net capital gains realized by the Fund in a taxation year may be allocated to a Unitholder redeeming in the year, and in this event the amount of the redemption proceeds will be reduced by the amount of such distribution (see “Declaration of Trust – Distributions”).

For Units redeemed within one year of their purchase, an amount equal to up to 3% of the Series Net Asset Value of such Units may be deducted from the redemption proceeds and retained by the Fund in the sole discretion of the Manager. If a redeeming Unitholder owns Units of more than one series, Units will be redeemed on a “first in, first out” basis, meaning that Units of the earliest series of the applicable series owned by the Unitholder will be redeemed first, at the redemption price for Units of such series, until such Unitholder no longer owns Units of such series (although this policy may be amended in the discretion of the Manager).

Payment of redemption proceeds will be made as soon as practicable after the relevant Redemption Date and normally within 14 calendar days of finalization of the relevant Series Net Asset Value. Payment of the redemption proceeds may be delayed if settlement of sales or other realizations of assets is delayed or suspended, or any necessary transfer of funds is delayed for any reason or if the raising of the funds to pay the redemption proceeds would in the Manager’s sole and absolute determination be unduly burdensome to the Fund. Payment of the redemption proceeds may also be delayed if payment of the redemption proceeds of securities of an Underlying Fund held by the Fund has been delayed.

The Manager may suspend the calculation of the Series Net Asset Value per Unit, and the right to redeem Units, and/or may elect to pay redemption proceeds partly in cash and partly in kind at any time where the Manager is of the opinion, in its discretion, that there are insufficient liquid assets in the Fund to fund such redemptions entirely in cash, the liquidation of assets would be to the detriment of the Fund generally, or it is not reasonably practicable to determine fairly the value of the Fund’s property. The Manager may also suspend the calculation of the Series Net Asset Value per Unit and the right to redeem Units when the determination of Net Asset Value and redemption of securities of an Underlying Fund held by the Fund has been suspended.

The Manager may defer redemptions of Units in the event and to the extent that an Underlying Fund has deferred redemptions of securities. Any such deferral of redemptions of Units will be applied rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Redemption Date based on the extent to which the redemption of securities of an Underlying Fund held by the Fund has been deferred.

The Manager will advise the Unitholders who have requested a redemption if redemptions will be suspended on a requested Redemption Date. Redemption requests which are rejected as at a Redemption Date will be accepted on the next Redemption Date on which redemption requests are honoured in priority to redemption requests made after the deadline for redemption requests in respect of such earlier Redemption Date. Partial redemptions on a Redemption Date will be made on a pro rata basis. Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 15 days following such Redemption Date.

The Manager has the right to require a Unitholder to redeem some or all of the Units owned by that Unitholder on a Redemption Date at the Series Net Asset Value per Unit thereof, by notice in writing to the Unitholder given at least 14 days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion.

COMPUTATION OF NET ASSET VALUE

As at 4:00 p.m. (Toronto time) on the last business day of each month, on each business day that precedes a Subscription Date and on each such other day as the Manager determines (each, a “**Valuation Date**”), SGGG Fund Services Inc. (the “**Administrator**”), on behalf of the Manager, will determine the net asset value of the Fund (the “**Fund NAV**”), the Net Asset Value and Net Asset Value per Unit (respectively the “**Series NAV**” and “**Series NAVPU**”) of each series of Units.

The Fund NAV as of any date will mean the net asset value of the Fund’s investment in the Underlying Fund plus the value of the Fund’s investment assets and the Fund’s other assets, less all liabilities, costs, and expenses accrued or payable of every kind and nature, including management fees and performance fees due but not yet paid or made. In determining the Fund’s liabilities, the Manager may estimate expenses of a regular or recurring nature in advance, and may accrue the same into one or more valuation periods, any such accrual to be binding and conclusive on all Unitholders, irrespective of whether such accrual subsequently proves to have been incorrect in amount (in which case any adjustments shall be made in the valuation period when such error is recognized).

The Series NAV of each series of Units will generally increase or decrease proportionately with the increase or decrease in the Fund NAV (before deduction of fees and expenses specific to a series), and the Series NAVPU will be determined (after deduction of fees and expenses specific to a series) by dividing the Net Asset Value of each series of Units by the number of Units of such series outstanding. The Net Asset Value of each series of securities of an Underlying Fund will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of the Underlying Fund (before deduction of class-specific and series-specific fees, expenses and other deductions), and the Net Asset Value per security of the Underlying Fund shall be determined (after deduction of class-specific and series-specific fees, expenses and other deductions) by dividing the Net Asset Value of each series of securities by the number of securities of such series outstanding.

Valuation Principles of the Fund

The fair market value of the assets and the amount of the liabilities of the Fund will be calculated in such manner as the Manager shall determine from time to time, subject to the following:

- (a) The value of securities of any Underlying Fund held by the Fund will be the net asset value of such securities as most recently published by the Underlying Fund Manager.
- (b) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the Fund NAV is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Administrator, in consultation with the Manager, determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Administrator, in consultation with the Manager, determines to be the reasonable value thereof.
- (c) The value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest.

- (d) The value of any security which is listed or dealt in upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and asked prices. If the closing price is outside of the closing bid-ask range, then the closest bid or ask to the last trade will be used. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over-the-counter markets while being listed or traded on such securities exchanges or over-the-counter markets will be valued on the basis of the market quotation which, in the opinion of the Administrator, in consultation with the Manager, most closely reflects their fair market value.
- (e) The value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities (unless in the opinion of the Administrator, in consultation with the Manager, such value does not reflect the value thereof and in which case, the latest offer price, bid price or other price as best reflects the value thereof should be used), as at the Valuation Date.
- (f) All Fund property valued in a foreign currency and all liabilities and obligations of the Fund or an Underlying Fund payable by the Fund, as the case may be, in a foreign currency shall be converted into Canadian dollars by applying the rate of exchange obtained from the best available sources by the Administrator at 4:00 p.m. (Toronto Time) to calculate Fund NAV.
- (g) The value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at 4:00 p.m. (Toronto Time), the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest.
- (h) If, in the opinion of the Manager, stock exchange or market or over-the-counter prices do not properly reflect the prices which would be received upon the sale of such securities, the Manager may value the securities at prices as appear to the Manager to most closely reflect the fair value of the securities.
- (i) Each transaction of purchase or sale of portfolio securities effected by the Fund will be reflected in the computation of the Fund NAV, as the case may be, on the trade date.
- (j) The value of any security or property to which, in the opinion of the Administrator, in consultation with the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Administrator, in consultation with the Manager, may from time to time determine based on standard industry practice.
- (k) Short positions will be marked-to-market, i.e. carried as a liability equal to the cost of repurchasing the securities sold short applying the same valuation techniques described above.
- (l) All other liabilities shall include only those expenses paid or payable by the Fund, including accrued contingent liabilities; however (A) organizational and start-up expenses may both be amortized by the Fund over a 60-month period; and (B) expenses and fees allocable only to a class and series of Units (including any management and other fees and any costs of

currency hedging) shall not be deducted from the Fund NAV prior to determining the Series NAV and Series NAVPU of each class and series, but shall thereafter be deducted from the Series NAV so determined for each such class and series.

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”), provided that such deviations are in the best interest of the Fund and are consistent with industry practices for investment funds similar to the Fund.

Fund NAV and Series NAV calculated in this manner will be used for the purpose of calculating Relevance’s (and other service providers’) fees. Such Series NAV, net of all paid and payable fees, will be used to determine the Series NAVPU used for 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 Series NAV and the Series NAV for financial statement reporting purposes.

Prospective investors should note the risk factors relating to valuations set out in the section entitled “Risk Factors”.

DECLARATION OF TRUST

The rights and obligations of the Trustee, as trustee of the Fund, and the Unitholders of the Fund are governed by the Declaration of Trust (as amended from time to time). In accordance with the terms of the Declaration of Trust the Trustee has appointed the Manager as investment fund manager, portfolio manager and principal distributor of the Fund. The Manager’s actions are subject to the provisions of the Declaration of Trust.

The following is a summary of the Declaration of Trust. This summary is not intended to be complete and each investor should carefully review the Declaration of Trust itself for full details of these provisions.

The Units

The Trustee has the sole discretion to determine whether the beneficial interests in the Fund are to be divided into one or more classes and/or series of Units, the rights and other attributes that shall attach to each class and series of Units and whether any class or series of Units should be redesignated as a different class or series of Units from time to time. Each Unit is without nominal or par value and each Unit of a particular series entitles the holder thereof to one vote at all meetings of Unitholders of the Fund where all series vote together and to one vote at all meetings of Unitholders of the Fund where that particular series votes separately as a series. Each Unit of a particular series entitles the holder thereof to participate pro rata, in accordance with the provisions of the Declaration of Trust, with respect to all distributions made to that series (except with respect to a special distribution) and, upon liquidation of the Fund, to participate pro rata with the other Unitholders of that same series in the Net Asset Value of such series remaining after the satisfaction of outstanding liabilities of the Fund and the series. Once the subscription price thereof has been paid, Units shall be non-assessable so that there shall be no liability for future calls or assessments with respect to the Units. Each Unit of a particular series of a class may be redesignated by the Manager, or at the option of the holder, as the case may be, as a Unit of another series of the same class or of another

class based on the respective Series NAVPU for the series of Units on the date of the redesignation (in the case of series denominated in different currencies, the Manager shall apply the currency conversion rate as it deems appropriate in the circumstances). Fractional Units of a series may be issued and shall be proportionately entitled to all the same rights as whole Units of the same series, except voting rights which may only be exercised in whole number (however fractional Units held by a single Unitholder may be combined for voting purposes). There is no limit to the number of Units, class or series that may be issued.

Redemptions

Redemption rights are described above under the heading “Redemptions”.

Distributions

The Fund will distribute in each year such portion of its annual net income and net realized capital gains as will result in the Fund paying no ordinary income tax under Part I of the Tax Act.

Distribution Series Units will receive an annual distribution, payable quarterly. F4 Series Units have an annual distribution rate of 4%. Distributions to a Unitholder may be received in cash or be reinvested to purchase additional Distribution Series Units of the Fund, at the option of the Unitholder. If the regular quarterly distributions of the Distribution Series Units’ net income and net capital gains for the year are not sufficient to ensure that the Fund will not be subject to tax under the Tax Act, an additional amount will be distributed at year-end sufficient to bring the taxable income of the Fund to nil. If the regular quarterly distributions are greater than the Distribution Series Units’ net income and net capital gains for the year, the excess distributions will be treated as a return of capital.

In the event that Relevance agrees to accept a reduction in the fee charged to the Fund with respect to the Units held by a Unitholder and/or to provide a rebate in respect of all or any portion of the Unitholder’s share of the Fund’s operating expenses on condition that an amount equal to such reduction in the fees and/or expenses otherwise payable by the Fund is paid to the Unitholder, the Fund will distribute an amount equal to such reduction to such Unitholder (a “**Management Expense Distribution**”). Management Expense Distributions will be calculated on each Valuation Date, will be distributed by the Fund at such intervals as prescribed from time to time by the Manager and will be payable out of net income and net realized capital gains of the Fund for the taxation year ending in the calendar year in which the Management Expense Distributions are made to the extent necessary so that the Fund will not have any obligation to pay tax under Part I of the Tax Act after taking into account any entitlement to a capital gains refund under the Tax Act, and otherwise out of capital.

Also, when a Unitholder redeems all or any of his Units of the Fund, there may be a special distribution of net realized capital gains of the Fund in cash out of the redemption proceeds otherwise payable to such Unitholder to the time immediately prior to redemption, as determined by the Manager. The Manager has the sole discretion to determine the amount, if any, of the Fund’s net realized capital gains for its taxation year and the sole discretion to allocate all or any portion of such net realized capital gains to a Unitholder who has redeemed Units of the Fund at any time in that year, provided that the amount of net realized capital gains allocated to a particular redeeming Unitholder shall not exceed the amount, if any, by which the amount payable on the redemption of the Units exceeds the adjusted cost base of the Units being redeemed. The balance of the amount paid to such Unitholder at the time of redemption shall be paid as proceeds of redemption.

All distributions made by the Fund, other than cash distributions with respect to the Distribution Series Units or a special distribution to a redeeming Unitholder, will be automatically reinvested in additional Units on the Valuation Date on the date of or immediately following the distribution at the Net Asset Value per Unit thereof. Once the distribution reinvestment is completed, there will be a consolidation of Units such that each Unitholder (other than a non-resident in respect of whose share of the distribution tax was withheld) has the same number of Units that they held immediately prior and the Net Asset Value per Unit of the series will be adjusted accordingly so that the aggregate Net Asset Value of a Unitholder's Units remains the same as prior to the distribution.

Fiscal Year

The fiscal year of the Fund shall end on December 31 in each calendar year.

Indemnification of the Trustee and Manager

Pursuant to the Declaration of Trust, the Trustee and Manager and their affiliates, subsidiaries and agents, and their respective directors, officers and employees will at all times be indemnified and saved harmless by the Fund from and against all costs, charges and expenses sustained or incurred, including all legal fees, judgments and amounts paid in settlement, in or about any action, suit or proceeding that is brought, commenced or prosecuted against it for or in respect of any act, deed, omission, matter or thing whatsoever made, done or permitted by it in or about the proper execution of the services provided to the Fund under the Declaration of Trust, provided that the act, deed, omission, matter or thing that caused the payment of the costs, charges, expenses, fees, judgments or amounts paid in settlement was in the best interest of the Fund. No such person or company will be indemnified by the Fund where (i) there has been negligence, misfeasance or willful misconduct on the part of the Trustee, Manager or such other person, or (ii) the Trustee or Manager has failed to fulfil its standard of care to the Fund as set forth in the Declaration of Trust, unless in either case in an action brought against such persons or companies they have achieved complete or substantial success as a defendant or, in the case of a criminal suit or administrative action or proceeding, such person or company had reasonable grounds for believing that its conduct was lawful.

Unitholder Meetings

Meetings of the Unitholders may be convened by the Trustee or Manager at such time and on such day as the Trustee or Manager may from time to time determine by giving notice to the Unitholders, for the purpose of considering the matters required or desired to be placed before such meetings, and for the transaction of such other matters as the Trustee or Manager determines. Unitholders holding not less than 50% of the votes attaching to all outstanding Units may requisition a meeting of Unitholders by giving a written notice to the Trustee or Manager setting out in detail the reason(s) for calling and holding such a meeting. Details regarding the calling and holding of Unitholder meetings are set out in the Declaration of Trust.

A written resolution signed by Unitholders holding a majority of the votes attaching to all Units otherwise entitled to be voted at a meeting is as valid as if it had been passed at a meeting of Unitholders, provided all Unitholders are provided a copy of the proposed resolution as soon as is practicable and in any event prior to the effective date of such resolution.

Any resolution consented to in writing by Unitholders holding a majority of the votes attaching to all Units then outstanding is as valid as if it had been passed at a meeting of Unitholders. No amendment may be made to the terms of the Declaration of Trust by a resolution of the Unitholders without the consent of the Trustee.

Amendment

Any provision of the Declaration of Trust may be amended, deleted, expanded or varied by the agreement of the Trustee. No amendment may be made which materially adversely affects the interests of the Unitholders of the Fund as a whole and/or of a class or series of Units of the Fund unless the Trustee either:

- (a) obtains the approval of not less than a majority of the votes cast at a meeting of Unitholders of the Fund or of the affected class or series, as the case may be, duly called for the purpose of considering the proposed change (or by written resolution in accordance with the Declaration of Trust); or
- (b) gives at least 60 days' written notice of the proposed change to the affected Unitholders in accordance with the Declaration of Trust and each such Unitholder has been given the opportunity to redeem all of such Unitholder's Units prior to the effective date of such change (in such event the Manager shall be deemed to have waived, to the extent necessary, any lock-up, notice period or redemption deductions for Units that are redeemed in the specified period).

All persons remaining or becoming Unitholders after the effective date of such change shall be bound by such change.

Term

The Fund has no fixed term. The Trustee may, in its discretion, terminate the Fund or a series of Units of the Fund by giving written notice to the Unitholders and fixing the date of termination not earlier than 60 days following the mailing or other delivery of notice. No Units may be redeemed at the option of a Unitholder from the date that the notice of termination is delivered. The Fund will be terminated in the event that the Trustee resigns and no successor is appointed, or if the Trustee has been declared bankrupt or becomes insolvent, or there is a material breach of the Trustee's obligations under the Declaration of Trust and such default continues for 120 days from the date that the Trustee receives notice of such material default from a Unitholder.

On or about the effective date of termination of the Fund, the Trustee (or other person appointed by the Unitholders in the event that the Trustee cannot or will not so act) will terminate all agreements, close all portfolio positions and sell all non-cash assets of the Fund, unless the Trustee (or such other appointed person) determines that it would be in the best interests of the Unitholders of the Fund to distribute some or all of such assets in specie. The Trustee (or such other appointed person) will be entitled to retain out of any moneys in its hands full provision for all costs, charges, expenses, claims and demands incurred, made or reasonably anticipated by the Trustee (or such other appointed person) in connection with or arising out of the termination of the Fund and the distribution of the Fund's assets to Unitholders and out of the moneys so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands.

Expenses

The Fund is responsible for payment of all expenses relating to the operation of the Fund and the carrying on of its activities, including, but not limited to:

- (a) all investment expenses (including expenses the Manager or a portfolio manager reasonably determines to be related to the investment of the Fund's assets), such as

brokerage commissions, fees relating to forward or swap contracts and expenses relating to short sales; the costs of products and services relating to research, market data, execution and related items; clearing and settlement charges, custodial fees, hedging expenses, bank service fees, interest expenses, expenses relating to proposed investments that are not consummated and all such other fees and disbursements directly relating to the implementation of the investment strategies, policies and practices of the Fund and transactions for the portfolio of the Fund);

- (b) any taxes, assessments or other regulatory and governmental charges levied against the Fund or to which the Fund may be subject; interest expenses, if any; any management or investment advisory fees payable by the Fund; any custody and safekeeping charges relating to the Fund's activities; trustee fees, Relevance fees; the fees of the agents and delegates of the Trustee or Manager (except where the Trustee or Manager has specifically agreed to pay such fees); Fund administration expenses; costs of bookkeeping, Fund accounting, registry and transfer agency services, and other record-keeping services; audit, accounting and legal fees of the Fund; tax preparation expenses; valuation expenses;
- (c) the costs of the initial organization of the Fund and the initial offering of Units, including without limitation the fees and expenses of counsel and the Auditor (organizational costs of the Fund may be amortized, in the sole discretion of the Manager); any continuous offering fees, and any costs and expenses associated with the qualification for sale of the Units;
- (d) any costs relating to providing information to Unitholders including annual financial statements; costs of preparing, delivering and, where required, filing the disclosure documents; costs of printing and distributing offering materials in respect of the offering of Units; expenses of conducting Unitholder meetings; costs of any independent review committee or other person or committee as the Manager may be required by Applicable Law or in accordance with industry practice to appoint or engage for fund governance purposes;
- (e) any costs associated with the defense and indemnity of the Trustee, the Manager and other service providers; and expenses incurred upon termination of the Fund; and
- (f) all reasonable extraordinary or non-recurring expenses, including legal, accounting and audit fees and fees and expenses of the Trustee or Manager, custodian or any sub-custodian which are incurred in respect of matters not in the normal course of the Fund's activities.

The foregoing expenses will be allocated by the Manager to each series of Units of the Fund on the basis that (i) all Series Expenses shall be allocated only to the series of Units of the Fund in respect of which the Series Expenses were incurred, and (ii) each type of Common Expense shall be allocated among the class and series of Units of the Fund as determined by the Manager, in its sole discretion (generally based on respective Net Asset Values of such series). In this regard, "**Common Expenses**" means all expenses of the Fund other than Series Expenses; and "**Series Expenses**" in respect of any particular series of Units means the expenses of the Fund (including management, performance and other fees and the costs of currency hedging) that relate only to that series. Expenses incurred by the Manager on behalf of a number of its managed funds and/or managed accounts will be allocated to each in a manner that the Manager believes to be fair under the circumstances, and generally consistent with the manner in which trades are allocated amongst its various clients.

The Trustee and Relevance intend to cap operating expenses payable by the Fund at 0.30% of the Fund NAV annually, and to absorb any expenses above this amount. The Trustee may change this policy at any time.

UNITHOLDER REPORTING

Within 90 days after the end of each fiscal year, the Manager will forward to each Unitholder such tax information as will be required to enable each Unitholder to properly complete and file their tax returns in Canada in relation to an investment in Units. Unless otherwise instructed by a Unitholder, the Manager will forward to each Unitholder annual audited financial statements of the Fund within 210 days after the end of each fiscal year. The Manager will forward such other reports to Unitholders as are from time to time required by applicable law.

AUDITOR

The auditor of the Fund is Goodman & Associates LLP, Chartered Professional Accountants and shall continue in office until they have resigned or have been terminated by the Manager. The Manager shall appoint any successor auditor. The Manager shall forthwith give written notice to Unitholders of any change of auditor, including the reasons for such resignation or termination.

ADMINISTRATOR

SGGG Fund Services Inc. (the “**Administrator**”) has been appointed by the Manager to provide administrative and valuation services to the Fund pursuant to a valuation and recordkeeping services agreement dated as of November 1, 2019 (the “**Administration Agreement**”). The Administrator has its principal place of business at 121 King St. W, Suite 300, Toronto, ON M5H 3T9.

Pursuant to the Administration Agreement, the Administrator is responsible for computing the net asset value of the Fund, maintaining the books and records of the Fund, providing unitholder recordkeeping and administration services, establishing and maintaining accounts on behalf of the Fund with financial institutions, and any other matters necessary for the administration of the Fund. The Administrator may delegate certain functions under the Administration Agreement to affiliated companies.

Under the Administration Agreement, the Fund pays the Administrator an administrative fee. The Fund is also responsible for certain out-of-pocket expenses (such as copying and mailing of reports) incurred by the Administrator on behalf of the Fund. The Administration Agreement may be terminated by either party upon three months’ prior written notice. The Administration Agreement shall also terminate immediately in the event that the Administrator is in material breach of the Administration Agreement, the Manager has notified the Administrator of such breach and the Administrator has not remedied the breach within 10 business days of such breach, or in certain other circumstances described in the Administration Agreement.

Pursuant to the Administration Agreement, the Fund, and, to the extent that the Fund is not sufficient to indemnify the Administrator, the Trustee, will indemnify and save harmless the Administrator, and its affiliates, subsidiaries and agents, and their directors, officers and employees from and against all legal fees, judgements and amounts paid in settlement, actually and reasonably incurred by the indemnified party in connection with the services provided under the Administration Agreement, except to the extent incurred as a result of the negligence, willful misconduct or lack of good faith on the part of the Administrator.

CUSTODIAN

The Fund's cash is held in a bank account with a Canadian financial institution as defined in NI 45-106, which is the Canadian Imperial Bank of Commerce. To the extent the Fund invests directly in securities other than Underlying Funds, such assets will be held with a qualified custodian that meets the requirements of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

The assets of Underlying Funds will be custodied with a qualified counterparty.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Investors are urged to consult with their own tax advisers to determine the tax consequences of an investment in the Fund and the holding and disposition or redemption of Units.

ENHANCED TAX INFORMATION REPORTING

The Manager has due diligence and reporting obligations under the Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively "FATCA") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, "CRS"). Generally, Unitholders (or in the case of certain Unitholders that are entities, the "controlling persons" thereof) will be required by law to provide the Manager with information related to their citizenship or tax residence and, if applicable, their foreign tax identification number. If a Unitholder (or, if applicable, any of its controlling persons) (i) is identified as a U.S. citizen (including a U.S. citizen living in Canada) or a foreign (including U.S.) tax resident or, (ii) does not provide the required information and indicia of U.S. or non-Canadian status is present, information about the Unitholder (or, if applicable, its controlling persons) and his, her or its investment will generally be reported to the CRA. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service and in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

RISK FACTORS

Before investing, prospective investors should carefully consider the following risks. **The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in Units.**

Risks Associated with an Investment in the Fund

General Investment Risk

On its own an investment in the Fund is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objectives and investment strategies to be utilized by the Fund as outlined herein to familiarize themselves with the risks associated with an investment in the Fund.

The net asset value of Units will vary directly with the market value and return of the investment portfolio of the Fund. There can be no assurance that the Fund will not incur losses. There is no guarantee that the Fund will earn a return or that the Fund (or any Underlying Fund) will be able to achieve its investment objective.

Fees and Expenses

The Fund is obligated to pay brokerage commissions and legal, accounting, filing and other expenses regardless of whether it realizes profits. Because of the “fund on fund” structure, investors must consider that fees and expenses are being charged at both the Fund and Underlying Fund levels, as disclosed in this Offering Memorandum.

In addition to receiving a management fee, Relevance may also receive a performance fee based on the appreciation in the Net Asset Value per Unit and accordingly the performance fee will increase with regard to unrealized appreciation, as well as realized gains. Accordingly, a performance fee may be paid on unrealized gains which may subsequently never be realized. The performance fee may create an incentive for the Manager to make investments for the Fund which are riskier than would be the case in the absence of a fee based on the performance of the Fund.

Investors in the Fund will bear their direct and indirect share of expenses of the Fund and of any Underlying Fund. The Fund may pay fees to Relevance, however to the extent that the Fund invests in an Underlying Fund, the management fees and performance fees payable by the Fund will be reduced by the management fees and performance fees payable at the Underlying Fund level for the same service such that there is no duplication of management fees or performance fees. An Underlying Fund Manager may pay to Relevance a portion of the management fee or performance fee such Underlying Fund Manager receives in respect of the securities of the Underlying Fund that the Fund holds as consideration for certain services provided by Relevance to such Underlying Fund Manager, which may include assistance with marketing communications and content.

Series Risk

The Fund issues multiple series of Units. Each series of Units has its own fees and expenses, which are tracked separately. If, however, there are insufficient assets attributable to a series to pay that series' expenses, the other series are responsible for making up the difference. This is because the Fund as a whole is legally responsible for the financial obligations of all of its series.

Income

An investment in 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

None of the Fund nor any Underlying Fund is subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's or an Underlying Fund's portfolio.

Changes in Investment Strategies

The Manager may alter the Fund's investment strategies and restrictions without prior approval by Unitholders to adapt to changing circumstances, subject to advising Unitholders in writing of any such changes which are material.

Limited Ability to Liquidate Investment

There is no formal market for Units and one is not expected to develop. This offering of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities legislation. In addition, Units may not be assigned, encumbered, pledged, hypothecated or otherwise transferred except with the prior written consent of the Manager, which may be withheld in the Manager's sole and absolute discretion. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units at any Redemption Date which redemption will be subject to the limitations described under "Redemptions". Unitholders may not be able to liquidate their investments in a timely manner. As a result, an investment in the Units is suitable only for sophisticated investors who do not require liquidity for their investment and are able to bear the financial risk of the investment for an extended period of time.

Valuation of the Fund's Investments

Valuation of the portfolio securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Fund NAV and the Series NAVPU of each series could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the Declaration of Trust.

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

Unitholders not Entitled to Participate in Management

Unitholders are not entitled to participate in the management or control of the Fund or its operations. Unitholders do not have any input into the Fund's trading. The success or failure of the Fund will ultimately depend on the indirect investment of the assets of the Fund by the Manager, with which Unitholders will not have any direct dealings.

Reliance on the Manager and Track Record

The success of the Fund will be primarily dependent upon the skill, judgment and expertise of the Manager and its principals.

Although persons involved in the management of the Fund and the service providers to the Fund have had experience in their respective fields of specialization, the Fund has a limited operating and performing history upon which prospective investors can evaluate the Fund's likely performance. Investors should be aware that the past performance by those involved in the investment management of the Fund should not be considered as an indication of future results.

Dependence of Manager on Key Personnel

The Manager will depend, to a great extent, on the services of a limited number of individuals in the administration of the Fund's activities. The loss of such individuals for any reason could impair the ability of the Manager to perform its management activities on behalf of the Fund.

Potential Conflicts of Interest

The Manager is required to meet its fiduciary duty and to satisfy its standard of care in exercising its duties with respect to the Fund. In doing so situations may arise where: (i) the interests of the Manager, including individuals employed by it, and its clients diverge; (ii) the interests of different clients, including the Fund, diverge; (iii) the Manager could be influenced to put its interests ahead of its clients' interests; or (iv) monetary or non-monetary benefits available to the Manager may compromise the trust that a reasonable client has in the Manager. Such situations are referred to as "conflicts of interest" or "conflicts".

The Manager is required to have policies and procedures in place designed to ensure that material conflicts are resolved in the best interest of its clients, including the Fund. A conflict is considered to be material if it could be reasonably expected to affect either or both of: (i) decisions of a client; and (ii) recommendations or decisions of the Manager.

Various specific situations in which the Manager could be in a material conflict, and the way in which it intends to respond to such conflicts, are described in "Conflicts of Interest".

If a material conflict is not managed in the best interest of a Fund, the Fund may be harmed. For example, the Fund's investment results achieved could be negatively impacted if the interests of the Fund are not managed in its best interests or if management of the Fund is adversely affected. In addition, the Fund and the Manager may be adversely impacted as a result of reputational damage or regulatory action.

The Offshore Investment Fund Property Rules

The Tax Act contains offshore investment fund property rules (the "**OIF Rules**") which, in certain circumstances, may require the Fund to include an amount in income in each taxation year in respect of the acquisition and holding of units of a non-resident Underlying Fund if it may reasonably be concluded that one of the main reasons for the Fund acquiring, holding or having such units was to derive a benefit from portfolio investments (which for this purpose include shares of the capital stock of one or more corporations and interests in one or more corporations, trusts, partnerships, organizations, funds or entities) in such a manner that the taxes, if any, on the income, profits and gains from such portfolio investments for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Fund.

In making the determination in the preceding paragraph, the OIF Rules provide that regard must be had to all of the circumstances, including (i) the nature, organization and operation of any non-resident entity and the form of, and the terms and conditions governing, the Fund's interest in, or connection with, any such non-resident entity, (ii) the extent to which any income, profits and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of any non-resident entity are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Fund, and (iii) the extent to which any income, profits and gains of any non-resident entity for any fiscal period are distributed in that or the immediately following fiscal period.

If applicable with respect to a non-resident Underlying Fund, the OIF Rules generally require the Fund to include in the Fund's income for each taxation year in which the Fund owns units of such Underlying Fund the amount, if any, by which (i) the total of all amounts each of which is the product obtained when the Fund's "designated cost" (as defined in the Tax Act) of such units at the end of a month in the year is multiplied by 1/12 of the aggregate of the prescribed rate of interest for the period including that month plus two percent exceeds (ii) any distributions or other amounts included in computing the Fund's income for the year (other than a capital gain) from such units determined without reference to the OIF Rules. Any amount required to be included in computing the Fund's income in respect of units of an Underlying Fund under these provisions will be added to the adjusted cost base and the designated cost of such units to the Fund. The prescribed rate of interest is linked to the yield on 90-day Government of Canada Treasury Bills and is adjusted quarterly. There is a risk that the prescribed rate of interest will increase which will require the Fund to include additional amounts in computing its income if the OIF Rules apply at a particular time.

The Manager currently anticipates that the distributions made by an Underlying Fund will not be sufficient to ensure that the OIF Rules will not apply.

If the Fund has to impute income under the OIF Rules or if the Fund has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be distributed to Unitholders in accordance with the provisions of the Declaration of Trust and reinvested in additional Units. Unitholders will be required to include all such distributions in computing their income for tax purposes, even though cash will not have been distributed to such Unitholders, with the exception of Unitholders of the Distribution Series Units.

Potential Indemnification Obligations

Under certain circumstances, the Fund might be subject to significant indemnification obligations in favour of the Trustee and Manager and other service providers. The Fund will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the Fund NAV and, by extension, the value of the Units.

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.

Liability of Unitholders

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

Lack of Independent Experts Representing Unitholders

Each of the Fund and the Trustee have 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 their 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 an Underlying Fund or the background of the Manager.

Disaster Recovery

While the Manager and any Underlying Fund Manager have generally put in place safeguards including the use of parallel or back-up systems, emergency power and alternative data feeds, designed to protect the interests of the Fund and Underlying Funds in case of disruption of information technology, including transmission failures, there can be no guarantee that such measures will be effective against all situations or could be implemented in time and the Fund or an Underlying Fund may be adversely affected accordingly.

Possible Negative Impact of Regulation of Funds

The regulatory environment for funds is evolving and changes to it may adversely affect the Fund and Underlying Funds. To the extent that regulators adopt practices of regulatory oversight of funds that create additional compliance, transaction, disclosure or other costs for funds, returns of the Fund and Underlying Funds may be negatively affected. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Fund and Underlying Funds. The effect of any future regulatory or tax change on the portfolio of the Fund and Underlying Funds is impossible to predict.

Substantial Unitholder Risk

If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to

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

Risks Associated with the Fund’s Investment in Underlying Funds and their Investments

The Fund’s principal investment is expected to be an investment in one or more Underlying Funds. The following additional risk factors, associated with an investment in Underlying Funds and their investments, will indirectly impact investors in the Fund. To the extent the Fund makes direct investments other than in an Underlying Fund, the risk factors below will also apply to such direct investments by the Fund.

Availability of Investment Strategies

The success of an Underlying Fund’s investment activities in part depends on an Underlying Fund Manager’s ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the importance of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by an Underlying Fund involve a high degree of uncertainty. No assurance can be given that an Underlying Fund Manager will be able to locate suitable investment opportunities in which to deploy all of an Underlying Fund’s assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which an Underlying Fund seeks to invest, as well as other market factors, will reduce the scope for an Underlying Fund’s investment strategies.

An Underlying Fund may be adversely affected by unforeseen events involving, without limitation, such matters as changes in interest rates or the credit status of an issuer, government programmes regarding mortgage borrowings, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

Any factor which may lessen the prospect of major trends in the future (such as increased governmental control of, or participation in, the markets) may reduce an Underlying Fund Manager’s ability to trade profitably. Any factor which would increase the difficulty of executing timely trades, such as a significant decrease in liquidity in a particular market, may also be detrimental to an Underlying Fund. Furthermore, an Underlying Fund Manager may modify or alter its strategy from time to time in an attempt to better evaluate market movements. No assurance can be given that the strategies used by an Underlying Fund Manager will be successful under all or any market conditions. In addition, it is not known what effect, if any, the size of an Underlying Fund’s account or an increase in total funds being managed by an Underlying Fund Manager and its affiliates and connected persons will have on the performance of such strategies.

Business Risk

There can be no assurance that an Underlying Fund will achieve its investment objective. The investment results of an Underlying Fund are reliant upon the success of such Underlying Fund's Underlying Fund Manager. The past performance of an Underlying Fund Manager should not be construed as an indication of the future results of an investment in an Underlying Fund. There can be no assurance that the performance of an Underlying Fund will be similar to the previous or future results of any other fund or account to which an Underlying Fund Manager acts as manager.

An Underlying Fund competes with other hedge funds and market participants (such as public or private investment funds and the proprietary desks of investment banks) for investment opportunities. The number of such hedge funds and market participants and the scale of the assets managed by such entities may increase. Such competitors may be substantially larger and have considerably greater financial, technical and marketing resources than are available to an Underlying Fund or they may also have a lower cost of capital and access to funding sources that are not available to an Underlying Fund, which may create competitive disadvantages with respect to investment opportunities. The net effect of these developments may be to reduce the opportunities available for an Underlying Fund Manager to generate returns and/or to reduce the quantum of these returns. Historic opportunities for some or all hedge fund strategies may be eroded over time whilst structural and/or cyclical factors may reduce investment opportunities for an Underlying Fund Manager thereby temporarily or permanently reducing the potential returns of an Underlying Fund.

Concentration of Investments

An Underlying Fund will generally seek to diversify its investment portfolio in a manner consistent with its investment objective and approach. However, an Underlying Fund may at certain times hold a few, relatively large investments (in relation to its capital). An Underlying Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Currency Exposure

An Underlying Fund may be denominated in different currencies and securities of an Underlying Fund may be issued and redeemed in those currencies. A portion of an Underlying Fund's assets may be invested in securities denominated in various currencies and in other financial instruments the prices of which are determined with reference to such currencies. Accordingly, the value of such investments and assets may be affected favourably or unfavourably by fluctuations in exchange rates. An Underlying Fund Manager may or may not hedge the foreign currency exposure of an Underlying Fund to currencies other than the base currency. Investors should therefore not expect that such exposure will be hedged. To the extent unhedged, the value of an Underlying Fund's net assets will fluctuate with exchange rates as well as with price changes of an Underlying Fund's investments in the various local markets and currencies. Forward foreign exchange contracts and options may be utilized to hedge against currency fluctuations. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when an Underlying Fund wishes to use them or will be able to be liquidated when an Underlying Fund wishes to do so. Moreover, in most emerging countries the markets for certain of these hedging instruments are not highly developed and in many emerging countries no such markets currently exist. In addition, an Underlying Fund may choose not to enter into hedging transactions with respect to some or all of its positions. Currency exchange costs will be incurred when an Underlying Fund changes investments from one country to another.

Currency Options

An Underlying Fund may acquire currency options, the value of which depend largely upon the likelihood of favourable price movements in the underlying currency in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying currencies are also applicable to OTC options trading. In addition, there are a number of other risks associated with the trading of options including the risk that the purchaser of an option may at worst lose its entire investment (the premium it pays).

Due Diligence

When conducting due diligence and making an assessment regarding assets being traded, an Underlying Fund Manager will be required to rely on resources available to it, including internal sources of information as well as information provided by lenders and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information particularly with respect to newly established companies for which only limited information may be available.

In addition, an Underlying Fund Manager will select investments for an Underlying Fund in part on the basis of information and data relating to potential investments filed with various government regulators and publicly available or made directly available to an Underlying Fund Manager by issuers or third parties. Although an Underlying Fund Manager will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, an Underlying Fund Manager will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. An Underlying Fund Manager will be dependent upon the integrity of the management of the entities filing such information and of such third parties as well as the financial reporting process in general.

If the materials inspected by an Underlying Fund Manager are inaccurate or incomplete or if an Underlying Fund Manager does not sufficiently investigate or follow up on matters brought to its attention as part of the due diligence process, or if the due diligence process fails to detect material facts that may impact the value determination, an Underlying Fund may acquire an investment that results in significant losses to an Underlying Fund or may overpay for an investment, which could cause Underlying Fund performance to suffer. an Underlying Fund Manager cannot provide any assurances that these due diligence processes will recover all relevant facts or that the investments will ultimately be successful. Recent events have demonstrated the material losses that investors such as an Underlying Fund can incur as a result of corporate mismanagement, fraud and accounting irregularities.

In addition, investment analyses and decisions by an Underlying Fund Manager may be undertaken on an expedited basis in order to make it possible for an Underlying Fund to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, an Underlying Fund Manager is unlikely to have sufficient time to evaluate fully such information even if it is available.

Accordingly, as a result of a number of factors, an Underlying Fund cannot guarantee that the due diligence investigation it will carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by an Underlying Fund, or an Underlying Fund Manager on its behalf, to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on an Underlying Fund's business, financial condition, results of operations and hence on the value of the securities.

Financing Arrangements: Availability of Credit

An Underlying Fund's strategies may include the use of securities margin, futures margin, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap transactions. Previously, including during the "financial crisis" of 2007-2009, markets experienced a dramatic restriction in the availability of credit. It is possible that such a "financial crisis" and/or other restriction in the availability of adequate financing arrangements may again occur. It is impossible to predict the impact of any such restriction on the performance of an Underlying Fund or the fulfilment of the investment objective. Furthermore, there can be no assurance that an Underlying Fund will be able to maintain adequate financing arrangements under all market circumstances.

Where an Underlying Fund makes use of such borrowings to initiate long or short positions and the positions decline in value, it will usually be subject to a "margin call", pursuant to which it must either deposit additional funds with the lender or be subject to sanctions such as the mandatory liquidation of securities over which the lender has been granted security or a mandatory termination of all outstanding contracts with the lender and a claim for compensation for any losses incurred by the lender. In some cases a margin call may be made even if the relevant positions have not declined in value. An Underlying Fund would normally satisfy such margin calls in cash or US Treasury bills and, to the extent that such assets were insufficient, would liquidate other assets to raise cash in order to satisfy the relevant margin call. In the event of a large margin call, an Underlying Fund Manager might not be able to liquidate assets quickly enough to pay off the margin liability. In such a case, the relevant lender may have the right, in its sole discretion, to liquidate certain assets of an Underlying Fund in order to enable an Underlying Fund to satisfy its obligations to that lender.

As a general matter, the banks and dealers that may provide financing to an Underlying Fund may vary their respective policies relating to margin, financing, security and collateral valuation policies. Banks and dealers could change these policies at any time, for any reason, including a change in market circumstances, government, regulatory or judicial action or simply a change in the policy of the relevant bank. Changes by banks and dealers to one or more of these policies, or the imposition of other credit limitations or restrictions may be applied retrospectively to existing contracts as well as prospectively to contemplated future dealing. Whilst an Underlying Fund Manager seeks to limit the rights of lenders to apply such retrospective changes, any such limitation will be subject to the agreement of the relevant lender, which may not be forthcoming. Retrospective changes may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. Prospective changes may result in the inability of an Underlying Fund Manager to fulfil the investment objective. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants simultaneously. The imposition of any such limitations or restrictions could compel an Underlying Fund to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of such Underlying Fund's equity.

An Underlying Fund could also be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the securities over which the broker has been granted security to compensate for the decline in value. A "margin call" can essentially be made at the discretion of the relevant broker, even if the securities over which that broker has been granted security to secure an Underlying Fund's margin accounts, have not declined in value. In the event of a sudden drop in the value of an Underlying Fund's assets, an Underlying Fund Manager may not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the relevant broker may liquidate additional assets of an Underlying Fund, in its sole discretion, in order to satisfy such margin debt.

Inside Information

From time to time an Underlying Fund Manager or its affiliates may be in possession of material, non-public information concerning the issuer of securities or other instruments in which issuer an Underlying Fund has considered investing, has invested or may consider investing. The possession of such information may limit the ability of an Underlying Fund Manager to cause an Underlying Fund to buy or sell such securities or other instruments. Accordingly, an Underlying Fund may be required to refrain from buying or selling such securities or other instruments at times when an Underlying Fund Manager might otherwise wish to cause an Underlying Fund to buy or sell such securities or other instruments.

Investment Management Risk

The investment performance of an Underlying Fund may be primarily dependent on the services of a few key investment professionals employed by an Underlying Fund Manager. In the event of death, incapacity, departure, insolvency or withdrawal of these key individuals, the performance of an Underlying Fund may be adversely affected.

Limitation of Liability

Investment in an Underlying Fund is conditional upon accepting as fair and reasonable a number of limitations of liability. As a result, investors may not be able to recover losses or damages as a result of acts or omissions which might otherwise give rise to actionable claims.

Long-term Nature of Investment

Investment in an Underlying Fund requires a long-term commitment with no certainty of return. The return of capital and realization of gains, if any, from an investment in an Underlying Fund may not occur until a number of years after the investor subscribes for securities.

There can be no assurance that an Underlying Fund will be able to realize returns on its investments in a timely manner, or at all. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains are realized on successful investments.

Although investments by an Underlying Fund may generate some current income, the return of capital and the realization of gains, if any, from an investment may not occur until the partial or complete disposition of such investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made. It is unlikely that there will be a public market for the securities held by an Underlying Fund at the time of their acquisition. In some cases an Underlying Fund may be prohibited by contractual or regulatory reasons from selling certain securities for a period of time.

Net Asset Value Considerations

The Net Asset Value per security is expected to fluctuate over time with the performance of an Underlying Fund's investments. An investor may not fully recover his initial investment when he chooses to redeem his securities or upon compulsory redemption if the Net Asset Value per security at the time of such redemption is less than the subscription price paid by such investor.

No Independent Verification of Market Information

An Underlying Fund Manager will select investments for an Underlying Fund on the basis of information and data filed by issuers with various government regulators or made directly available to an Underlying Fund Manager by such issuers or through other sources. Although an Underlying Fund Manager will evaluate all such information and data and seeks independent corroboration when an Underlying Fund Manager considers it appropriate and when it is reasonably available, an Underlying Fund Manager will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. An Underlying Fund Manager will therefore be dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses which investors such as an Underlying Fund may incur as a result of corporate mismanagement, fraud and accounting irregularities.

Operational Risk

An Underlying Fund depends on an Underlying Fund Manager to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in an Underlying Fund's operations may cause an Underlying Fund to suffer financial losses, the disruption of its business, liability to third parties, regulatory intervention or damage to its reputation. Human error (including, without limitation, trading errors), system failure or other problems with any of the operational processes could result in material losses or costs, which will generally be borne by an Underlying Fund.

Other Clients of an Underlying Fund Manager

An Underlying Fund Manager and/or its affiliates and/or connected persons that provide investment management services to an Underlying Fund may manage other funds and/or accounts and each will remain free to provide such services to additional funds and accounts, including for their own accounts, in the future. An Underlying Fund Manager may vary the investment strategies employed on behalf of an Underlying Fund from those used for itself and/or for other clients. No assurance is given that the results of the trading by an Underlying Fund Manager on behalf of an Underlying Fund will be similar to that of other funds and/or accounts concurrently managed by an Underlying Fund Manager or its affiliates and/or connected persons. It is possible that such funds and accounts and any additional funds and accounts to which an Underlying Fund Manager and/or its affiliates and/or connected persons in the future provide such services may compete with an Underlying Fund for the same or similar positions in the markets. Certain such other clients invest in the same, or substantially the same, assets as an Underlying Fund. In certain circumstances, realizations of the assets of such other clients, including but not limited to, to meet redemptions of holdings by investors in such clients (which may be on shorter notice than investors may redeem their securities) and/or as a result of the termination of such clients' management and/or investment management arrangements may adversely affect the value, diversity and/or volatility of positions held by an Underlying Fund and hence the Net Asset Value per security of the relevant securities.

Possible Law Changes

No assurance can be given that legislative, administrative or judicial changes will not occur which will alter, either prospectively or retroactively, the tax considerations or risk factors discussed herein. Prospective investors should seek, and must rely on, the advice of their own advisers with respect to the possible impact on its investment of any future proposed legislation or administrative or judicial action.

Price Fluctuations

It should be remembered that the value of securities of an Underlying Fund and the income (if any) derived from them can go down as well as up.

Profit Sharing

In addition to receiving a management fee, an Underlying Fund Manager may also receive a performance fee based on the appreciation in the Net Asset Value per security and accordingly the performance fee will increase with regard to unrealized appreciation, as well as realized gains. Accordingly, a performance fee may be paid on unrealized gains which may subsequently never be realized. The performance fee may create an incentive for an Underlying Fund Manager to make investments for an Underlying Fund which are riskier than would be the case in the absence of a fee based on the performance of an Underlying Fund.

Regulatory Risks of Hedge Funds

Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. In addition, the regulatory or tax environment for derivative and related instruments and funds that engage in such transactions is subject to modification by government or judicial action which may adversely affect the value of the investments held by an Underlying Fund or the amount of leverage available to an Underlying Fund. The effect of any future regulatory or tax change on an Underlying Fund is impossible to predict.

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during the past decade have led to increased governmental as well as self-regulatory scrutiny of the “hedge fund” and financial services industry in general. Certain legislation proposing greater regulation of the industry, such as Dodd-Frank, is considered periodically by the US Congress, as well as by the governments of non-US jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to an Underlying Fund, an Underlying Fund Manager, the markets in which an Underlying Fund trades and invests or the counterparties with which it does business may be instituted in the future. Any such laws or regulations may materially adversely affect an Underlying Fund’s ability to continue to implement its investment approach and achieve its investment objective, as well as require increased transparency as to the identity of the investors.

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations, including but not limited to the CFTC, and exchanges are authorized to take extraordinary actions in the event of market emergencies including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of swaps, futures and/or other derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental, regulatory and judicial actions. The effect of any future regulatory change on an Underlying Fund could be substantial and adverse including, for example, increased compliance costs, terms relating to margin, increased disclosure requirements, the prohibition of certain types of trading and/or the inhibition of an Underlying Fund’s ability to continue to implement its investment approach and achieve its investment objective.

Risk Models

An Underlying Fund Manager may employ risk models to monitor the market risk of the investments of an Underlying Fund. These models (or the assumptions underlying them) may prove to be incorrect. The use of these models cannot guarantee that an Underlying Fund will not suffer from adverse market movements.

Substantial Redemptions

Substantial redemptions of securities by investors could require an Underlying Fund to liquidate securities or derivative positions more rapidly than might otherwise be desirable, possibly reducing the value of an Underlying Fund's assets and/or disrupting an Underlying Fund Manager's investment approach. A reduction in the size of an Underlying Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in an Underlying Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. Such a substantial redemption may leave an Underlying Fund with a higher exposure to illiquid investments. Furthermore, such redemptions and the potential disruptions caused by such redemptions, may impair the ability of an Underlying Fund to carry on its business.

Tax Considerations

An Underlying Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by an Underlying Fund is incorporated, established or resident for tax purposes. An Underlying Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by an Underlying Fund or the counterparty to a transaction involving an Underlying Fund is incorporated, established or resident for tax purposes. Where an Underlying Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. An Underlying Fund may not be able to recover such tax and so any change could have an adverse effect on the Net Asset Value of the securities.

Where an Underlying Fund chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by an Underlying Fund (whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the securities. This could cause benefits or detriments to certain investors, depending on the timing of their entry to and exit from an Underlying Fund.

An Underlying Fund Manager may (but is not obliged to) take tax considerations into account when making investment decisions including, without limitation, determining whether an Underlying Fund's securities positions should be held through swaps or other derivative instruments or when securities should be sold or otherwise disposed of. An Underlying Fund Manager may assume certain market risk and incur certain expenses in this regard in order to achieve favourable tax treatment of a particular investment.

Valuations

An Underlying Fund Manager and any administrator employed by an Underlying Fund Manager attempt to use consistent and fair valuation criteria. However, there can be no assurance that any particular

asset will ultimately be valued in a manner that accurately reflects its true value. Many of an Underlying Fund's investments, or the investments of any SPV or other entity through which it invests, are illiquid and there may be no recognizable market for sale of those investments or by reference to which they can be valued. Such assets are inherently harder to value and an Underlying Fund may be dependent on the assessment of an Underlying Fund Manager, an administrator or an Underlying Fund's valuation committee of an appropriate acquisition price for such investments. The acquisition price reflects the returns that an Underlying Fund Manager or a valuation committee expects that the investment will generate. The actual returns on the investment may be less than anticipated at the time of acquisition. Consequently there may be an adverse effect on the Net Asset Value of an Underlying Fund and the value of the Net Asset Value per security should a particular valuation prove incorrect.

Finally, the determination of the Net Asset Value of an Underlying Fund, or of any class or classes of securities, and thereby the redemption of securities, may be suspended in the event that the price or value of an Underlying Fund's investments, including its illiquid investments, cannot be ascertained, as described elsewhere herein.

Structured Finance Securities

An Underlying Fund may invest in structured finance securities, including asset backed securities ("ABS"), collateralized debt obligations ("CDOs"), commercial mortgage-backed securities ("CMBS") and residential mortgage-backed securities ("RMBS"). There may be significant risks associated with investing in structured finance securities. The structure of such securities and the terms of the investors' interest in the underlying collateral vary widely, depending on, amongst other things, the collateral type, use of credit enhancement and investor requirements. While the basic elements of structured finance securities are broadly similar, the structure and execution of individual securities may differ.

Risks relating to structured finance securities include, but are not limited to, credit risk, liquidity risk, currency risk, interest rate risk, market risk, operational risk, structural risk and tax and legal risk. Concentration of structured finance securities by issuer, servicer or geography may result in additional risk to an Underlying Fund.

In particular, specific risks are associated with CDOs, ABS, CMBS and RMBS which are as follows:

Asset-backed Securities

The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor or, in certain instances, the guarantor. Unlike CMBS, these financial instruments do not have the benefit of the same security interest in the related collateral. Credit card receivables, automobile, boat and recreational vehicle instalment sales, private credit student loans, contracts, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, corporate debt securities and various types of accounts receivable commonly support ABS. However, there can be no assurance that innovation in the relevant markets will not transform ABS by adding new classes of assets, new structures or other features not now familiar in the asset-backed markets. Credit card receivables, for example, are generally unsecured and the debtors may be entitled to the protection of consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. ABS backed by private credit student loan receivables will be affected by payments, defaults and losses on the underlying student loans and, in the case of private loan receivables guaranteed in whole or in part by a private guarantor, by the

ability of the related guarantor to honour claims and the extent of the guarantee. Student loans may be subject to various federal and state laws, public policies and principles of equity that protect consumers, which among other things may regulate interest rates and other charges, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. Any violation of these laws, public policies and principles could result in cash flow delays and losses on the related ABS. In addition, numerous US federal and state statutory provisions, including the US federal bankruptcy laws, the US Higher Education Relief Opportunity for Students Act of 2003 and state debtor relief laws, may also adversely affect the ability of a servicer of the student loans underlying ABS backed by student loan receivables to collect the principal of or interest on the loans, and holders of the affected ABS may suffer a loss if the applicable laws result in these loans becoming uncollectible. ABS secured by payments on private credit student loans are not guaranteed or reinsured under any US federal student loan programme, and are subject to both prepayment and extension risks. Dodd-Frank will result in significant new regulation in key areas affecting student loans which may materially adversely affect an Underlying Fund's ability to implement its investment approach and achieve its investment objective.

In addition, because of the large number of assets involved in a typical issuance and technical requirements under applicable laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on collateral may not, in some cases, be available to support payments on these securities.

The collateral supporting ABS is generally of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. In most cases, ABS are often backed by a pool of assets representing the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the asset pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement, potentially to zero.

Collateralized Debt Obligations

An Underlying Fund may invest in CDOs backed by a pool of debt instruments and derivatives on debt instruments and may also trade in a wide range of other CDO products, including, without limitation, high yield CDOs, CDOs of CDOs and CDOs of asset-backed securities.

CDOs generally are limited recourse obligations of the CDO issuer, linked to the performance of an underlying pool of debt instruments held by the CDO issuer ("Collateral"). Alternatively, Collateral may be acquired synthetically by selling credit protection under a credit default swap or similar derivative instrument. Consequently, holders of CDOs rely on distributions or proceeds from the Collateral for payment in respect of their CDOs. If distributions or proceeds from the Collateral are insufficient to make such payment, no other assets will be available for the payment of such deficiency. The concentration of Collateral in any one obligor will subject an Underlying Fund to a greater degree of risk with respect to the default of such obligor and the concentration of Collateral in any one industry will subject an Underlying Fund to a greater degree of risk with respect to economic downturns relating to such industry or region.

Collateral is subject to various risks, including credit, liquidity, currency and interest rate risks. Collateral may consist of high yield debt securities, loans, structured finance securities and other debt instruments, generally rated below investment grade. High yield debt securities and loans may be unsecured and may be subordinated to other obligations of the CDO issuer. Such lower rating reflects a greater possibility that adverse changes in the financial condition of the relevant CDO issuer and/or economic conditions in general may impair the ability of that CDO issuer to make payments of principal and/or

interest. Such investments may be speculative. During periods of market illiquidity, a CDO issuer may not be able to sell all its Collateral, or may only be able to do so at unfavourable prices, which may adversely impact an Underlying Fund.

Issuers of CDOs may acquire interests in loans and other debt obligations by way of sale, assumption, transfer or participation. In the case of a transfer, a transferee typically succeeds to all the rights and, in some cases, the obligations of the transferring institution and becomes a lender under the credit agreement with respect to the relevant debt obligation; however, its rights can be more restricted than those of the transferring institution.

Loans are predominantly traded by commercial banks, investment funds, mutual funds and investment banks. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity. Because of the provision to holders of such loans of confidential information relating to the borrower, the customized nature of the loan agreement, and, in certain cases, the private syndication of the loan, loans are not as easily traded as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high yield debt securities market.

In addition to the risks associated with debt securities and derivatives outlined below, due to the leveraged nature of CDOs such investments may be subject to more acute credit, liquidity and interest rate risks than the underlying component debt instruments and/or derivative instruments.

The Collateral may bear interest at a fixed rate while CDOs may bear interest at a floating rate (or vice versa) with a resultant mismatch in payment obligations of the Collateral and the relevant CDOs. In addition, the Collateral may bear interest at a floating rate which pays interest at rates that adjust more or less frequently, on different dates and/or based on different indices than the interest rate borne by the relevant CDOs. As a result of such mismatches, fluctuations in floating rate indices may adversely impact the ability of the issuer of the relevant CDOs to make payments of interest and/or principal. Such interest rate risks may be mitigated by interest rate swaps entered into by the CDO issuer, but even if entered into, such swaps may not be able to provide full protection against any interest rate fluctuations and the costs to the CDO issuer of entering into and maintaining such swaps may be significant. Such costs, if significant, may adversely affect the ability of the CDO issuer to make payments to its investors, which could lead to material losses for such investors, including for instance, an Underlying Fund.

CDOs are subject to currency risk to the extent that the underlying Collateral includes obligations for the payment of principal and/or interest in currencies other than the currency of the payments to be made to investors in such CDOs. Such currency risks may be mitigated by currency swaps entered into by the CDO issuer, but even if entered into, such swaps may not be able to provide full protection against any currency fluctuations and the costs to the CDO issuer of entering into and maintaining such swaps may be significant. Such costs, if significant, may adversely affect the ability of the CDO issuer to make payments to its investors, which could lead to material losses for such investors, including for instance, an Underlying Fund.

An Underlying Fund's investments in CDOs may involve significant leverage. Leverage is embedded in all classes of CDOs other than the most senior tranche. While such leverage presents opportunities for increasing the return on such investments, it also has the effect of potentially increasing loss.

Commercial Mortgage-backed Securities

Mortgage loans on commercial properties underlying CMBS often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal, and thus, often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and saleability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Most commercial mortgage loans underlying CMBS are effectively non-recourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the relevant CMBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the relevant CMBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related CMBS. Revenues from the assets underlying such CMBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

Residential Mortgage-backed Securities

Borrowers with mortgage loans on residential properties, in the United States and elsewhere, have defaulted on such loans in recent years in large numbers. A large portion of such mortgage borrowers are still delinquent and the re-payment of such loans is very uncertain. Servicers of such underlying loans may be required to foreclose on such properties or work out the loans in other ways, such as 'short sales' (in which the servicer accepts a discount to par to extinguish the delinquent loan) or loan modifications, in which the original terms of the loans are modified, often resulting in reduced interest rates, reductions in principal owed and/or extension of the original loan maturity.

In addition, the structured nature of RMBS may result in one or more classes (or "tranches") of such securities receiving less or more cash flow from the underlying residential mortgage loans, depending on the timing and magnitude of loan payments, delinquencies, prepayments, foreclosures, modifications, short sales, or other arrangements. Small changes in underlying borrower behaviour may result in very significant changes in RMBS tranche cash flows, resulting in very significant price movements, up or down, in the RMBS trading market. The United States government has implemented, and is considering implementing a variety of new and untested, programmes to try to mitigate the number of homeowners who lose their homes through foreclosure. The efficacy of these programmes is uncertain and the extent and magnitude of new programmes cannot be predicted. Many of these programmes and directives have resulted in significant delays in the time scale under which the mortgage servicer can take title to the property and sell it.

An Underlying Fund may purchase RMBS where the underlying home loan borrowers were originally classified as 'subprime', with poor histories of repaying mortgage loans of other borrowings. An Underlying Fund may purchase RMBS where a large percentage of underlying home loan borrowers are not current in their mortgage or other debts. An Underlying Fund may purchase RMBS where the collateral are primarily or exclusively second lien mortgages, meaning they have substantially reduced priority to be repaid in the event of an underlying home loan borrower default. In many states in the United States,

mortgage loans are ‘non-recourse’ to the borrower, meaning that there is no recourse against the borrower’s assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on RMBS tranches may be adversely affected such that it is possible that there may be no repayment of interest and/or principal on the RMBS security. The ultimate extent of the loss, if any, to the subordinated classes of RMBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property’s location, the legal status of title to the property, its physical condition and financial performance, environmental risks and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related RMBS.

General

An Underlying Fund may invest in subordinate or junior tranches of structured finance securities which are subordinate in right of payment and rank junior to other securities which are secured by or represent an ownership in the same underlying collateral. Although structured finance securities generally have the benefit of first ranking security (or other exclusive priority rights) over any collateral, control of the timing and manner of the disposal of such collateral will generally devolve to the holders of the senior classes of securities outstanding. There can be no assurance that the proceeds of any such sale of collateral will be adequate to repay an Underlying Fund’s investment in full, or at all. In addition, many structured finance securities have features which divert payment of interest and/or principal from such tranches to senior classes of securities in the event of default or loss in respect of the underlying collateral with the concomitant potential for a higher risk of loss for such subordinate or junior tranches. In addition, diversion of payments of principal to such senior classes, may cause the repayment of principal of such subordinate or junior tranches to be delayed and/or reduced.

Subordinate or junior tranches of structured finance securities generally do not have the right to call a default or vote on remedies following a default unless senior classes sharing in the same underlying collateral have been repaid in full. Generally, a shortfall in payment to investors in subordinate or junior tranches of structured finance securities will not result in a default being declared or the restructuring or unwinding of the transaction. To the extent that subordinate or junior tranches represent a small percentage of the securities issued in relation to the underlying collateral, a small loss in the value of such collateral may result in a substantial loss for the holders of such subordinate or junior tranches and may impact upon the performance of an Underlying Fund.

Below “Investment Grade” Securities

An Underlying Fund may invest in bonds or other fixed income securities, including “high yield” (and, therefore, high risk) debt securities. These securities may be below “investment grade” and are subject to uncertainties and exposure to adverse business, financial or market conditions which could lead to the issuer’s inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than those of higher rated securities.

Borrowing

An Underlying Fund may use borrowings for the purpose of making investments and/or meeting redemptions. The use of borrowing creates special risks and may significantly increase an Underlying Fund’s investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same

time, will increase an Underlying Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value of the securities to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the securities may decrease more rapidly than would otherwise be the case.

Clearing House Protections

On many exchanges, the performance of a transaction by a broker (or third party with whom it is dealing on an Underlying Fund's behalf) is "guaranteed" by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover an Underlying Fund and may not protect an Underlying Fund if a broker or another party defaults on its obligations to an Underlying Fund, as applicable. There is normally no clearing house for off-exchange instruments which are not traded under the rules of a recognized or designated investment exchange.

Collateral

If an Underlying Fund deposits collateral as security with a broker, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of an Underlying Fund's collateral depending on whether an Underlying Fund is trading on a recognized or designated investment exchange, with the rules of that exchange (and the associated clearing house) applying, or trading off-exchange. Deposited collateral may lose its identity as an Underlying Fund's property once dealings on its behalf are undertaken. Even if an Underlying Fund's dealings should ultimately prove profitable, an Underlying Fund may not get back the same assets which it deposited, and may have to accept payment in cash.

Contingent Liability Transactions

Contingent liability transactions, which are margined, will require an Underlying Fund to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If an Underlying Fund trades in futures, options or contracts for differences, it may sustain a total loss of the margin deposited to establish or maintain a position. If the market moves against an Underlying Fund, it may be called upon to pay substantial additional margin at short notice to maintain the position. If an Underlying Fund fails to do so within the time required, its position may be liquidated at a loss and an Underlying Fund will be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when an Underlying Fund entered into the contract.

Contracts for Differences

Certain futures contracts can also be referred to as contracts for differences. These can be futures on an index, as well as currency and interest rate swaps. However, unlike other futures, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future as described below. Transactions in contracts for differences may also have a contingent liability.

Counterparty Insolvency

The stability and liquidity of swap transactions, forward transactions and other OTC derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that an Underlying Fund Manager will continue to monitor on an ongoing basis the creditworthiness of firms

with which an Underlying Fund enters into interest rate swaps, caps, floors, collars or other OTC derivatives. If there is a default by the counterparty to such a transaction, an Underlying Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the Net Asset Value of an Underlying Fund being less than if an Underlying Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of an Underlying Fund's counterparties were to become insolvent or the subject of liquidation proceedings in any jurisdiction, there is a risk that the recovery of an Underlying Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, an Underlying Fund may use counterparties located in various jurisdictions around the world. Such counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to an Underlying Fund's assets will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on an Underlying Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to an Underlying Fund, which could be material.

Notwithstanding the foregoing, there are increased risks in dealing with offshore and unregulated counterparties, including the risk that assets may not benefit from the protection afforded to "customer funds" deposited with regulated counterparties. An Underlying Fund may be required to post margin for its foreign exchange transactions with foreign exchange counterparties who are not required to segregate customer funds. In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, an Underlying Fund may recover, even in respect of property specifically traceable to an Underlying Fund's account, only a pro rata share of all property available for distribution to all of such counterparty's customers.

Counterparty Risk

An Underlying Fund may enter into transactions with counterparties (including an Underlying Fund's custodian) and such counterparties may become unable or unwilling to fulfil their contractual obligations. There can be no assurance that any such counterparty will not default on its obligations to an Underlying Fund. In the event of a counterparty default, an Underlying Fund could experience significant losses.

Where an Underlying Fund delivers collateral to its trading counterparties under the terms of its ISDA Master Agreements and other trading master agreements, either by posting initial margin or on a daily mark-to-market basis, circumstances may arise where a counterparty may be over-collateralized and/or an Underlying Fund may from time to time have uncollateralized mark-to-market exposure to a counterparty in relation to its rights to receive securities and cash. In both circumstances an Underlying Fund will be exposed to the creditworthiness of any such counterparty and, in the event of the insolvency of a trading counterparty, an Underlying Fund will rank as an unsecured creditor in relation to amounts equivalent to any such over-collateralization and any uncollateralized exposure to such trading counterparty. In such circumstances it is likely that an Underlying Fund will not be able to recover any debt in full, or at all.

When an ISDA Master Agreement is negotiated with a trading counterparty, the relevant ISDA Master Agreement includes a Credit Support Annex and/or a Credit Support Deed pursuant to which both parties are obliged to deliver mark-to-market collateral to reduce, or eliminate, credit exposure to the other

party. An Underlying Fund will only enter into bilateral Credit Support Annexes and/or Credit Support Deeds, as the case may be, and will not trade with counterparties which will not post mark-to-market collateral.

An Underlying Fund's contractual arrangements with its trading counterparties typically contain termination provisions in the event of, among other things, a significant decline in the Net Asset Value per security, calculated on a periodic basis, and/or a decline in the Net Asset Value to an absolute monetary floor. Termination of any such contractual arrangements could seriously impair the ability of an Underlying Fund to carry on its business.

Credit Default Swaps

An Underlying Fund may take long and short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the "**protection buyer**") to transfer credit risk of a reference entity (the "**reference entity**") to one or more other parties (the "**protection seller**"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each a "**credit event**") which may be experienced by the reference entity. Credit default swaps carry specific risks including, but not limited to, high levels of leverage, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to an Underlying Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event. The creation of the ISDA Credit Derivatives Determination Committee (the "**Determinations Committee**") in 2009 and the publishing of the Auction Settlement CDS Protocol were intended to reduce this uncertainty and create uniformity across the market for credit default swaps. Market-wide cash settlement protocols applicable to all market-standard credit derivatives have helped to reduce settlement risks by providing that the Determinations Committee both establish an auction to determine a settlement price and identify the deliverable securities for purposes of the auction, although the Determinations Committee may in certain limited circumstances refrain from doing so. In the event the Determinations Committee cannot reach a timely resolution with respect to a credit event or otherwise does not establish a cash settlement auction, there is the risk that the buyer may not be able to realize the full value of the credit default swap. See also discussion under "OTC Transactions".

Credit Indices

An Underlying Fund may use credit default swaps to gain long or short exposure, as the case may be, to groups of particular issuers, sovereign debt and markets through investments in index portfolios of credit default swaps such as the CDX and iTRAXX credit default swap indices. By investing in indices or baskets of credit default swaps, an Underlying Fund may take long or short views on the credit risk with respect to groups of issuers and each issuer within the group and buy or sell, as appropriate, credit protection to the swap counterparties. For example, the CDX EM credit default swap index is a tradable basket of credit default swaps on country credits which seeks to replicate the returns on the indices of a broad group of emerging markets countries. The credits are a subset of the countries represented by the JPMorgan Emerging Markets Bond Index Global Diversified. By investing in a CDX EM credit default swap index, an Underlying Fund would gain emerging markets exposure through a single investment. Like other credit default swaps, swaps on credit indices are generally considered illiquid and are subject to the risk of counterparty default or inability or unwillingness to perform. The pricing relationships between credit indices and the instruments underlying such credit indices may not correlate with historical patterns, potentially resulting in unexpected losses.

Creditors' Rights and Enforceability of Security

An Underlying Fund's investments may be subject to various laws for the protection of creditors in the jurisdictions of incorporation of the issuers or borrowers and, if different, the jurisdictions from which they conduct business and in which they hold assets, which may adversely affect an issuer's or borrower's ability to make payment in full or on a timely basis. These insolvency considerations will differ depending on the country in which an obligor or its assets are located and may differ depending on the legal status of the obligor. Additionally, an Underlying Fund, as a creditor, may experience less favourable treatment in certain insolvency regimes in comparison to others, including where it seeks to enforce any security it may hold as a creditor.

Custody Risk and Broker or Dealer Insolvency

An Underlying Fund does not control the custodianship of all of its securities. An Underlying Fund's assets will be held in one or more accounts maintained for the Underlying Fund by its prime brokers or at other brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to an Underlying Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker or any sub-custodians, agents or affiliates, it is impossible to generalize about the effect of their insolvency on an Underlying Fund and its assets. Investors should assume that the insolvency of any of the prime brokers or such other service providers would result in the loss of all or a substantial portion of an Underlying Fund's assets held by or through such prime broker and/or the delay in the payment of withdrawal proceeds.

Cybersecurity

An Underlying Fund and/or one or more of their its service providers, including an Underlying Fund Manager may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("**cyber incidents**") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("**cyber attacks**") or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The issuers of securities and/or counterparties to other financial instruments in which an Underlying Fund may invest may also be prone to cyber incidents.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with an Underlying Fund's ability to calculate its Net Asset Value, impediments to trading, the inability of securityholders to subscribe for, exchange or redeem securities, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future which may adversely impact an Underlying Fund.

While the Manager and Underlying Fund Managers have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, none of an Underlying Fund, an Underlying Fund Manager and their respective affiliates can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to an Underlying Fund and/or the issuers in which an Underlying Fund invests.

Debt Instruments

The debt instruments in which an Underlying Fund may invest may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. In addition to high investment grade debt instruments, an Underlying Fund may invest in low investment grade or non-investment grade debt instruments, which are typically subject to greater market fluctuations and the risk of loss of income and principal than lower yielding, investment grade instruments, and which are often influenced by many of the same unpredictable factors which affect equity prices. In addition to the sensitivity of debt instruments to overall interest-rate movements, debt instruments involve a fundamental credit risk based on the issuer's ability to make principal and interest payments on the debt it issues. An Underlying Fund's investments in debt instruments may experience substantial losses due to adverse changes in interest rates and the market's perception of any particular issuers' creditworthiness.

An Underlying Fund may invest in certain hybrid debt arrangements, which are subject to risks in addition to the conventional risks of general interest-rate movements and the issuers' ability to pay the debt in accordance with its terms. For example, if an Underlying Fund were to invest in syndicated debt such as loan participations, it may be subject to certain additional risks as a result of having no direct contractual relationship with the borrower of the underlying loan. In such circumstances, an Underlying Fund will generally depend on the lender to enforce its rights under the loan arrangements in the event of a default by the borrower on the underlying loan and will generally have no voting rights with respect to such borrower, as such rights are typically retained by the lender. Such investments are subject to the credit risk of the lender (as well as the borrower) since they will depend upon the lender forwarding payments of principal and interest received on the underlying loan. There can be no assurance that the lender will not default on its obligations under such arrangements, resulting in substantial losses to an Underlying Fund.

Debt Securities

An Underlying Fund may invest in debt securities which are or may be unrated by a recognized credit-rating agency or may be rated below investment grade and which are, or may become, subject to greater risk of loss of principal and interest than higher-rated debt securities. Because investors generally perceive that there are greater risks associated with unrated and below investment grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-investment grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to an Underlying Fund. An Underlying Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. An Underlying Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. An Underlying Fund may invest in debt securities which are subject to the significant risk of the issuer's inability to meet principal and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk (market risk). An Underlying Fund may therefore be subject to credit, liquidity and interest rate risks.

In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

Securities issued by certain sovereign issuers may have a limited trading market, resulting in limited liquidity. As a result, an Underlying Fund may have difficulties in valuing or liquidating positions.

Derivatives

An Underlying Fund may utilize both exchange-traded and OTC derivatives, including, but not limited to, futures, forwards, swaps (including credit default swaps and foreign currency swaps), options and contracts for differences, as a part of its investment approach. These instruments can be highly volatile, incorporate leverage, and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, potentially resulting in unexpected losses. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, potentially resulting in unexpected losses. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC contracts may involve additional risk as there is no exchange market on which to close out an open position. The derivatives markets are frequently characterized by limited liquidity, which may make it difficult, as well as costly, to close out an open position to realize gain or to limit loss. It may not be possible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. The price at which a derivative instrument may be liquidated or sold, should an Underlying Fund wish or be compelled to do so, may be materially different from the price at which it is valued. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

An Underlying Fund may also sell covered and uncovered options on securities and other assets. To the extent that such options are uncovered, an Underlying Fund could incur an unlimited loss.

An Underlying Fund will also be dependent on the willingness of counterparties to enter into off-exchange contracts with it. Failure to identify or delay in identifying such counterparties could limit the ability of an Underlying Fund to carry on its business.

With respect to certain derivative instruments, an Underlying Fund will have a contractual relationship only with the counterparty and not the issuer(s) of the reference obligation(s), unless certain defined events occur. Accordingly, an Underlying Fund will generally have no right directly to enforce compliance by such issuer(s) with the terms of any such reference obligation(s) and no right of set-off against such issuer(s). In addition, an Underlying Fund will generally have no voting or other consensual rights of ownership with respect to the relevant reference obligation(s). Furthermore, an Underlying Fund will not directly benefit from any collateral supporting the relevant reference obligation(s) and will not have the benefit of the remedies that would normally be available to the holder of such reference obligation(s).

Forward Foreign Exchange Contracts

An Underlying Fund may enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are effected through the interbank market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex, facsimile or electronic messages. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forward foreign exchange contracts (including deliverable forwards where the parties do not take delivery). These changes in the forward markets may entail increased costs and result in burdensome reporting requirements. Furthermore, an Underlying Fund will be subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel an Underlying Fund to cover its commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses to an Underlying Fund.

Fraud

A major concern in purchasing debt securities is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying a debt security or may adversely affect the likelihood that a lien on such collateral has been properly created and perfected. Absent actual knowledge of such fraud or misrepresentation, an Underlying Fund will rely upon the accuracy and completeness of representations made by borrowers, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to an Underlying Fund may be reclaimed if any such payment or distribution is later determined to have been made with an intent to defraud creditors or a preferential payment.

Futures Trading

An Underlying Fund may engage in futures trading. Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The low margins normally required in futures trading permit a very high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or loss which is high in proportion to the amount of funds actually placed as margin and may result in unquantifiable further loss exceeding any margin deposited.

The “gearing” or “leverage” often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement in the value of an underlying asset can lead to a proportionately much larger movement in the value of an Underlying Fund’s investment, and this can work against an Underlying Fund as well as for it. Futures transactions have a contingent liability, and the implications of this, in particular the margining requirements, described above under “Contingent Liability Transactions”.

Global Economic and Market Conditions

The success of an Underlying Fund’s activities are affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in

laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of an Underlying Fund's investments. Volatility or illiquidity could impair an Underlying Fund's profitability or result in losses.

Economies around the world are currently in a state of change. Certain countries are already in recession, and many commentators expect that others will follow suit. Amongst other things, a period of recession is characterized by decreases in employment, spending, business incomes and inflation, while the frequency of insolvencies rises and often increased governmental economic intervention. It is impossible to predict the effects of an economic recession on the investments of an Underlying Fund.

High Yield Debt

An Underlying Fund may invest in high yield debt. Investing in high yield debt involves special risks. High yield debt may be regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. Analysis of the creditworthiness of issuers of high yield debt may be more complex than for issuers of higher quality debt. High yield debt is generally unsecured and may be subordinated to certain other outstanding obligations of the issuer, which may be secured on substantially all of the issuer's assets. High yield debt may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher grade securities. The prices of high yield debt have been found to be less sensitive to interest rate changes than more highly rated investments, but more sensitive to adverse economic downturns or individual corporate developments. If the issuer of high yield debt defaults, an Underlying Fund may incur additional expenses to seek recovery. The secondary markets on which high yield debt is traded may be less liquid than the market for higher grade debt. Less liquidity in the secondary trading markets could adversely affect and cause large fluctuations in the Net Asset Value of the securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of high yield debt, especially in a thinly traded market.

Highly Leveraged Investments

An Underlying Fund's investment approach contemplates potential investments in companies that are in or near default on their borrowings, and that may be unable to generate sufficient cash flow to meet the principal and interest payments on their outstanding indebtedness and/or highly leveraged and/or unable to obtain financing from traditional sources. Numerous factors may affect a company's performance, including the failure to meet its business plan, a rise in interest rates or a downturn in the economy generally or further deterioration in the condition of a particular company and/or its market sector. A company's failure to satisfy financial or operating covenants imposed by an Underlying Fund or other investors or lenders may lead to defaults and, potentially, termination of a company's loans or foreclosure on its secured assets, which may trigger cross defaults under other agreements and jeopardize the company's ability to meet its obligations under the loans or debt securities or loans that an Underlying Fund may hold. In addition, the companies may have, or may be permitted to incur, other debt that ranks senior to or equally with loan securities held by an Underlying Fund. This means that payments on such senior-ranking securities may have to be made before an Underlying Fund receives any payments on its subordinated debt securities or loans. The value of an Underlying Fund's investment in such a company may also be significantly reduced or even eliminated as a result of any further deterioration which may have a negative effect on an Underlying Fund's financial condition and hence the Net Asset Value per security.

Highly Volatile Markets

The prices of derivative instruments, including options prices, are highly volatile. Price movements of forward contracts and other derivative contracts in which Underlying Fund may invest are influenced

by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. An Underlying Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearing houses.

Illiquidity in Certain Markets

Although it is expected that the majority of securities acquired by an Underlying Fund will be relatively liquid, an Underlying Fund may from time to time acquire securities that become illiquid or restricted for which there is no established market. Investors should note that from time to time, such illiquid or restricted securities may represent a significant percentage of an Underlying Fund's investments. An Underlying Fund might only be able to liquidate these positions at disadvantageous prices, should an Underlying Fund Manager determine, or it become necessary, to do so. For example, substantial redemptions from an Underlying Fund could require an Underlying Fund to liquidate its positions more rapidly than otherwise desired in order to obtain the cash necessary to meet such redemptions. Illiquidity in certain markets could make it difficult for an Underlying Fund to liquidate positions on favourable terms, thereby resulting in losses or a decrease in the Net Asset Value of an Underlying Fund.

While secondary markets may exist for some of the type of instruments and securities that are held by an Underlying Fund, certain of the investments held by an Underlying Fund may become illiquid or may have very limited liquidity. Where a secondary market does exist, such markets may be illiquid or involve unfavourable resale pricing terms, making resale of an Underlying Fund's assets at desired price or in desired quantities difficult or impossible. Consequently, it may be relatively difficult or impossible for an Underlying Fund to dispose of its investments rapidly and at favourable prices in connection with redemption of securities under adverse market conditions. There is a risk that investments in the underlying investment may not be realized, redeemed or transferred.

In addition, although some of the securities which an Underlying Fund may acquire may be traded on public exchanges, such exchange typically has the right to suspend or limit trading in all securities which it lists. Such a suspension could render it difficult or impossible for an Underlying Fund to liquidate its positions and would thereby expose an Underlying Fund to losses. An Underlying Fund therefore may be locked into an adverse price movement for several days or more which could result in immediate and substantial loss to an investor.

All of the foregoing risks may be compounded if and to the extent that an Underlying Fund uses any leverage in making its investments.

Inability to Realize Value

Investments that an Underlying Fund makes may not appreciate in value and, in fact, may decline in value. A substantial component of the Manager's or an Underlying Fund Manager's analysis of the desirability of making a given investment will relate to the estimated residual or recovery value of such investment in the event of the insolvency of the issuer or the borrower. This residual or recovery value will be driven primarily by the value of the underlying assets constituting the collateral for such investment. The value of collateral can, however, be extremely difficult to predict and in certain market circumstances there could be little, if any, market for such assets. Moreover, depending upon the status of these assets at the time of an issuer's default, they may be substantially worthless. During times of recession and economic

contraction, there may be little or no ability to realize value on any of these assets, or the value which can be realized may be substantially below the assessed value of the collateral.

Furthermore, due to the illiquid nature of many of the investments an Underlying Fund expect to make, the Manager and an Underlying Fund Manager are unable to predict with confidence, what, if any, exit strategy for a given investment will ultimately be available to an Underlying Fund and an Underlying Fund may be unable to realize value from these investments. Accordingly, there can be no assurance that an Underlying Fund's investments will generate gains or income or that any gains or income that may be generated will be sufficient to offset any losses that may be sustained.

Insolvency Regimes

The valuation of the investments held by an Underlying Fund may be impacted by various laws enacted for the protection of creditors in the jurisdictions of incorporation of the obligors thereunder and, if different, the jurisdictions from which the obligors conduct their business and in which they hold their assets, which may adversely affect such obligors' abilities to make payment on a full or timely basis.

In particular, it should be noted that a number of emerging market jurisdictions operate "debtor-friendly" insolvency regimes which could result in delays in payments where obligations, debtors or assets thereunder are subject to such regimes. The different insolvency regimes applicable in the different emerging market jurisdictions may result in a corresponding variability of recovery rates for senior loans, high yield bonds and other debt obligations entered into or issued in such jurisdictions.

Jurisdiction-specific insolvency regimes may negatively impact borrowers' or issuers' ability to make payments to an Underlying Fund, or an Underlying Fund's recovery in a restructuring or insolvency, which may adversely affect an Underlying Fund's financial condition and hence the Net Asset Value per security.

Legal Risk (General)

An Underlying Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing countries in which assets of an Underlying Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on an Underlying Fund and its operations.

Regulatory controls and corporate governance of companies in emerging markets often confer little protection on minority shareholders. Anti-fraud and insider trading legislation is often rudimentary. The concept of fiduciary duty by officers and directors may also be limited when compared to developed markets. In certain instances, management may take significant actions without the consent of shareholders and anti-dilution protection may also be limited.

Legal Risk (Credit Event)

Returns from certain of an Underlying Fund's investments may result from credit events affecting reference entities in credit derivative transactions. Whilst standardized legal documentation exists for many of these transactions, and the credit derivatives market has experienced a number of credit events, it is possible that an Underlying Fund and its counterparty may disagree as to whether a credit event has

occurred in respect of a particular reference entity. This could significantly affect the value of such investments.

Legal Risk (Documentation)

Standardized legal documentation has been developed in respect of many transaction types in which an Underlying Fund may invest. However, standardized documentation may not exist for all types of transactions in which an Underlying Fund may invest and such transactions will be executed using bilateral documentation. Unforeseen circumstances may lead to disagreement between an Underlying Fund and the trade counterparty which may result in an inability of an Underlying Fund to enforce such contracts, or result in a financial outcome which is disadvantageous to an Underlying Fund.

Legal Risk (Succession Event)

The value of certain of an Underlying Fund's investments may derive from the possibility of credit events occurring in respect of debt obligations issued by certain reference entities as specified by the terms of the relevant investment. Corporate activity on the part of the reference entity, including, but not limited to, merger and acquisition activity, corporate restructuring or the entity demerging subsidiaries, may have a legal effect on such investments. In the event that a reference entity no longer has outstanding debt obligations, the possibility of credit events may be substantially reduced. Accordingly the value of such investments may be significantly affected and hence corporate events may have a significant effect on the value of such investments.

Leverage

An Underlying Fund may employ leverage for the purpose of making investments. The use of leverage creates special risks and may significantly increase an Underlying Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases an Underlying Fund's exposure to capital risk. Any investment income and gains earned on investments made through the use of leverage that are in excess of the costs associated therewith may cause the Net Asset Value of the securities to increase more rapidly than would otherwise be the case. Conversely, where the associated costs are greater than such income and gains, the Net Asset Value of the securities may decrease more rapidly than would otherwise be the case.

Liquidity and Market Characteristics

In some circumstances, certain of an Underlying Fund's investments may be relatively illiquid making it difficult or impossible to acquire or dispose of them at the prices quoted on the various exchanges or at the prices which the Manager and an Underlying Fund Manager consider reflect their then value. Accordingly, an Underlying Fund's ability to respond to market movements may be impaired and an Underlying Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and an Underlying Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. An Underlying Fund may not be able to dispose readily of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

General economic and market conditions, such as government, central bank and regulatory intervention (whether national or supranational, co-ordinated or otherwise), currency and interest rate fluctuations, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, concerns about terrorism and war, property and commodity prices and national and international conflicts or political circumstances, as well as natural circumstances, may affect the price level, volatility and liquidity of securities, which could result in significant losses for an Underlying Fund.

The prices of investments that may be held by an Underlying Fund tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to an Underlying Fund of borrowed securities and leveraged investments.

Furthermore, to the extent that interest rate assumptions underlie the hedging of a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose an Underlying Fund to additional costs and losses.

Market Crisis and Governmental and Regulatory Intervention

The global financial markets have in the past undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental and regulatory intervention. Such intervention has in certain cases been implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments and regulators have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

The United States government and non-US governments have taken significant and historic steps to intervene in the financial markets. Future government interventions may lead to a change in valuations of securities that is detrimental to an Underlying Fund’s investments. Government intervention is subject to inherent uncertainties relating to prevailing economic conditions and political considerations.

The Manager believes that it is possible that emergency intervention may take place again in the future. The Manager also believes that the regulation of financial markets is likely to be increased in the future. It is impossible to predict the impact of any such intervention and/or increased regulation on the performance of an Underlying Fund’s portfolio or the fulfilment of its investment objectives.

Market Disruptions

The global financial markets have in the past few years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions was suddenly and/or substantially eliminated. In addition, as one would expect given the complexities of the global financial markets and the limited timeframe within which governments were able to take action, these interventions were sometimes unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

The United States Federal Reserve and certain non-US governments and supra-governmental agencies and organizations have previously taken, and in certain cases continue to take, significant steps to intervene in the financial markets. Current and future government and/or supra-governmental interventions may lead to a change in valuations of securities that is detrimental to the Fund's and an Underlying Fund's investments. Such intervention is subject to inherent uncertainties relating to prevailing economic conditions and political considerations.

Market Liquidity and Leverage

An Underlying Fund may be adversely affected by a decrease in market liquidity for the instruments in which it invests which may impair an Underlying Fund's ability to adjust its positions. The size of an Underlying Fund's positions may magnify the effect of a decrease in market liquidity for such instruments. Changes in overall market leverage, deleveraging as a consequence of a decision by one or more other counterparties with which an Underlying Fund enters into repurchase/reverse repurchase agreements or derivative transactions, to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect an Underlying Fund's portfolio.

Options Trading

An Underlying Fund may sell and purchase call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of an unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

An Underlying Fund may sell and purchase put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (paid to establish the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Repurchase Agreements

An Underlying Fund may enter into repurchase agreements with respect to securities. When an Underlying Fund enters into a repurchase agreement, it will generally "sell" financial instruments to a broker-dealer or financial institution, and agree to repurchase such financial instruments for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. Repurchase agreements involve credit risk to the extent that an Underlying Fund's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing an Underlying Fund to unanticipated losses. The amount of credit risk incurred by an Underlying Fund with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of an Underlying Fund's counterparty is secured by sufficient collateral.

Residual Liability Following Sale of Investments

Upon disposal of certain investments, an Underlying Fund may be required to give representations and warranties about those investments and to pay damages to the extent that such representations and warranties turn out to be inaccurate. An Underlying Fund may become involved in disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result of such disputes or litigation.

Risk Reducing Orders

The Manager and an Underlying Fund Manager may place certain orders (for example, “stop-loss” orders) which are intended to limit losses to certain amounts. However, there is no assurance that these orders will be effective because market conditions may make it difficult or impossible to execute such orders.

Short Selling

An Underlying Fund may sell securities short. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no guarantee that securities necessary to cover a short position will be available for purchase. Purchasing securities to close out a short position can itself cause the price of the relevant securities to rise further, thereby exacerbating the loss. In addition, if a sufficient number of market participants have entered into a short position, the short position may not react in the same way as a security would with no or limited short interest. In the event of a market downturn, the short position may therefore not provide the investment return that the Manager and an Underlying Fund Manager expected.

There is also a risk that the securities borrowed in connection with a short sale must be returned to the lender of such securities on short notice. If a request for the return of borrowed securities occurs at a time when other short sellers of the securities are receiving similar requests, a short squeeze can occur, and it may be necessary to replace borrowed securities previously sold short with purchases on the open market at a disadvantageous time, possibly at prices significantly in excess of the proceeds received from originally selling the securities short.

As a consequence of regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted and/or more onerous disclosure requirements in respect of short positions have been implemented. The levels of restriction and disclosure vary across different jurisdictions and are subject to change in the short to medium term. Such restrictions and/or disclosure requirements have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions or have increased the risk for such participants to do so. Accordingly, an Underlying Fund Manager may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of an Underlying Fund Manager to fulfil the investment objective of an Underlying Fund may be constrained. This position will be monitored regularly by each Underlying Fund Manager.

Sovereign Debt

An Underlying Fund may invest directly and indirectly through derivative instruments (including swaps and credit default swap indices) in sovereign debt instruments. The issuers of sovereign debt or the

governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and an Underlying Fund may have limited recourse in the event of a default. A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor may be subject. Furthermore, such entities may be entitled to claim sovereign immunity from any claims made against them should they default on any of their obligations under such loans. This may hinder, or prevent entirely, the recovery of any loss suffered as a result of such default.

The Manager believes it is possible that one or more sovereign issuers may default on their obligations as a result of changes in the economy. It is impossible to predict the consequences of any such default on the investments of an Underlying Fund.

Sovereign Risk

Government interference with international transactions in its currency or the debt obligations of itself or its nationals through various means, including, without limitation, regulation of the local exchange market, restrictions on foreign investment by residents, limits on flows of investment funds from abroad and debt moratoria, may expose an Underlying Fund to unanticipated losses. See also "Short Selling Regulation" above.

Special Situation Investments

The suitability of certain an Underlying Fund's investments will require a prediction to be made about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganizations, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to an Underlying Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or security holders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a governmental or other regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary shareholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of special situation investing, the results of the Fund's and an Underlying Fund's operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Systemic Risk

Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a

series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect intermediaries with which an Underlying Fund interacts.

Trading in Options

The prices of all derivative instruments, including options, are highly volatile. Payments made pursuant to options also may be highly volatile. Price movements of option contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments and national and international political and economic events and policies. The value of options also depends upon the price of the debt securities or commodities underlying them. In addition, an Underlying Fund is subject to the risk of the failure of any of the exchanges on which it trades or of their clearing houses.

An Underlying Fund may purchase and sell (write) options. The seller (writer) of a put option which is covered (i.e. the writer has a short position in the underlying asset) assumes the risk of an increase in the market price of the underlying asset above the sales price in establishing the short position of the underlying asset plus the premium received, and gives the opportunity for gain on the underlying asset below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of securities with an exercise price equal to or greater than the exercise price of the put written, the position is fully hedged if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying asset below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put options. If the buyer of the put holds the underlying asset, the loss on the put will be offset in whole or in part by any gain on the underlying asset.

The writer of a call option which is covered (e.g. the writer holds the underlying asset) assumes the risk of a decline in the market price of the underlying asset below the value of the underlying asset less the premium received, and gives the opportunity for gain on the underlying asset above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying asset above the exercise price of the asset. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying asset, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying asset.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, an Underlying Fund may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Options transactions have a contingent liability, and the implications of this, in particular the margining requirements, described above under “Contingent Liability Transactions”.

Trading Volatility

Investment prices can be highly volatile. Price movements for investments are influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological motivations of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets, and such intervention (as well as other factors) may cause these markets

to move rapidly which may adversely affect an Underlying Fund. Conversely, the absence or a low degree of volatility may reduce the opportunities for potentially profitable transactions and adversely affect the performance of an Underlying Fund.

Transaction Costs

The Fund's and an Underlying Fund's investment approach may involve a high level of trading and turnover of the Fund's and an Underlying Fund's investments which may generate substantial transaction costs which will be borne by an Underlying Fund.

Undervalued Securities

One of the objectives of an Underlying Fund is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's and an Underlying Fund's investments may not adequately compensate for the business and financial risks assumed.

An Underlying Fund may make certain speculative investments in securities which its investment manager believes to be undervalued; however, there can be no assurance that the securities purchased will in fact be undervalued. In addition, an Underlying Fund may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund's and an Underlying Fund's capital would be committed to the securities purchased, thus possibly preventing an Underlying Fund from investing in other opportunities. In addition, an Underlying Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Whole Loans

Pools of whole loans may be acquired directly or serve as the collateral for certain ABS and MBS investments of an Underlying Fund. Whole loans are generally subject to the same risks relating to the underlying collateral of ABS, MBS and CDOs. However, the holders of whole loans are exposed to such risks directly as whole loans do not benefit from certain advantages which may be present as a result of the securitization process, including risk allocation, credit support and hedging mechanisms. Further, as whole loans are not securities, they may be harder to dispose of than interests in structured finance vehicles.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund and any Underlying Fund(s). Potential investors should read this entire Offering Memorandum and consult with their legal, tax and financial advisers, before making a decision to invest in the Units. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.

CONFLICTS OF INTEREST

The Manager may face certain material conflicts of interest in relation to the Fund, including, without limitation, involvement with other entities utilizing investment strategies similar to those of the Fund and other accounts managed by the Manager. References in this section to clients of the Manager refer to both the Fund and other clients of the Manager, such as investors for whom the Manager acts as

exempt market dealer and clients for whom the Manager may act as portfolio manager with respect to a separately managed account. Some of these conflicts arise as a result of the power and authority of the Manager to manage and operate the business and affairs of the Fund, including its portfolio investments. There is no limit on the number of other accounts that may be managed or advised by the Manager.

As part of its fiduciary duty as a portfolio manager, and to meet its standard of care, the Manager is required to have policies and procedures in place designed to ensure that material conflicts are resolved in the best interest of its clients. A conflict of interest is considered to be material if it could be reasonably expected to affect either or both of: (i) decisions of a client; and (ii) recommendations or decisions of the Manager.

The Manager has taken reasonable steps designed to identify all existing material conflicts of interest and has adopted certain policies and procedures that aim to minimize the occurrence of such conflicts or to deal fairly where such conflicts cannot be avoided. If a conflict is sufficiently contrary to the interests of a client that it cannot be managed, the Manager will avoid such conflict, stop providing the service or stop dealing with the client. **In no case will the Manager put its own interests ahead of those of its clients and/or funds.**

Various specific situations in which the Manager could be in a material conflict of interest, and the way in which it intends to respond to such conflicts, are described below. The below is not a fulsome description of all conflicts of interest applicable to the Manager or the Fund. Other conflicts applicable to the Manager or the Fund may arise from time to time, which will be addressed in accordance with the Manager's policies and procedures governing conflicts of interest.

Business Activities

The Manager is the investment fund manager, portfolio manager and principal distributor of the Fund. Any material conflicts that may arise as a result of the Manager acting in these capacities will be resolved in accordance with the constating documents of the Fund and otherwise in the best interests of the Fund.

Proprietary Products

The Manager generally only offers or recommends products to its clients that it manages and are connected issuers. These products serve clients' interests as part of their overall portfolio and investment needs and are offered through one or more Funds, each of which is a related and connected issuer (see "Related and Connected Issuers" below). Given this situation the suitability determination conducted by the Manager and its representatives will not consider the larger market of non-proprietary or third-party products or whether those non-proprietary products would be better, worse, or equal in meeting a client's investment needs and objectives.

In addition, the Fund intends to invest substantially all of its assets in one or more Underlying Funds selected by the Manager. The ability of the Fund to invest in an Underlying Fund is clearly disclosed in this offering document. The Manager does not consider the larger market of non-proprietary or third-party products or whether those non-proprietary products would be better, worse, or equal in meeting a Fund's investment needs and objectives.

Related and Connected Issuers

Securities laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities in certain other issuers to which they, or certain other parties related to

them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationship and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser.

The Manager is registered to carry on business as an investment fund manager, portfolio manager and exempt market dealer. As a result, potential conflicts of interest could arise in connection with the Manager acting in all of these capacities. As an exempt market dealer, the Manager intends only to sell interests in the Fund and other pooled funds managed by the Manager. Accordingly, there is no opportunity for a potential conflict to arise as there would be if, for example, the Manager also sold or sought investors for, securities of unrelated issuers.

The Manager may from time to time be deemed to be related or connected to one or more issuers for purposes of the disclosure and other rules of the securities laws referred to above, including the one to which this Offering Memorandum relates. The Manager is prepared to act as an adviser and as a dealer in the ordinary course of its business to and in respect of securities of any such related or connected issuer. In any such case, these services shall be carried out by the Manager in the ordinary course of its business as an adviser and a dealer in accordance with its usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.

The Fund is a related and/or connected issuer of the Manager. The Manager acts as the manager of the Fund and earns fees for managing the Fund. The Manager acts as an exempt market dealer in connection with the marketing and sale of units of the Fund. However, no commissions are paid to the Manager in connection with the sale of such units.

Other Products or Clients

The Manager is required to satisfy its standard of care in exercising its duties with respect to the Fund. However, the Manager is not required to devote all of its time to its responsibilities relating to the Fund. Certain inherent conflicts of interest may arise from the fact that the Manager and its affiliates may carry on investment activities for other clients (which may have the same or similar investment objectives and strategies as the Fund) or on a proprietary basis in which the Fund will have no interest. Future investment activities of the Manager, including the establishment of other investment funds, may give rise to additional conflicts.

Referral Arrangements

A referral arrangement includes any arrangement under which the Manager agrees to pay or receive a referral fee. A referral fee means any form of compensation, direct or indirect, paid for the referral of a client to or from the Manager. Such arrangements may encourage the Manager to recommend a product which may be less suitable for a client. The Manager has developed policies and procedures to ensure that recommendations are suitable.

Principal Transactions and Cross Trading Securities

Under Canadian regulations, the Manager is prohibited from engaging in securities transactions with or on behalf of its clients, i.e., buying or selling securities to or from; (i) itself; (ii) directors, officers or staff members of the Manager; and (ii) client accounts. Such activities are a potential conflict primarily due to the possibility of transactions being executed at other than market prices. To eliminate this conflict the Manager will not knowingly engage in such transactions. This does not prohibit (i) purchases of Units

in the Fund by a partner, director, officer or staff member of the Manager; or (ii) a Fund purchasing units of an Underlying Fund, in accordance with applicable law, in situations where they are both managed by the Manager. See “Proprietary Products” above.

Fair Allocation of Investment Opportunities

Since the Manager may manage investment portfolios for clients other than the Fund, it may be required to make choices as to the allocation of investment opportunities among its clients. The Manager will allocate such opportunities among its clients in accordance with its trade allocation policy, which aims to allocate opportunities among its clients on a basis that is fair and reasonable to the clients.

Reportable Outside Activities (“ROA’s”)

The Manager and its affiliates may engage in the promotion, management or investment management of any other fund or trust or engage in other activities. Directors and officers of the Manager may act as directors or officers of entities in which client assets may be invested or that provide services to funds. Such activities constitute ROA’s. The Manager has developed policies and procedures that govern directors, officers and staff member’s ROA’s. This includes a notification and pre-approval process to restrict any staff member ROA’s that would interfere with, or give the appearance of interfering with, a staff member’s ability to act in the best interest of clients. The Manager will not cause an investment portfolio which it manages, including the investment portfolio of a Fund, to invest in any securities of such an issuer without the prior written consent of clients. The disclosure to, and consent of, the client is obtained through the subscription agreement for a Fund. ROA’s of registered individuals are disclosed to the Manager’s regulators.

Use of Client Brokerage Commissions (Soft Dollar Arrangements) and Best Execution

When buying and selling securities a commission is paid to the broker. The commission is a cost to a Fund or a client and reduces the return earned. In selecting brokers for trade execution, the Manager focuses on the execution capabilities of the broker, giving secondary consideration to the broker’s responsiveness to Manager’s needs, the commission rate and the range of services that the broker offers. The Manager has an obligation to make reasonable efforts to achieve best execution when executing trades on behalf of the Fund or other clients.

A potential conflict exists if the Manager authorizes a higher commission in return for goods or services for its benefit. The Manager has policies and procedures designed to ensure that reasonable efforts are made to achieve best execution, to monitor and review the reasonableness of commissions paid and to ensure that clients receive reasonable benefit over time from the use of the goods or services in relation to the amount of brokerage commissions paid.

The Manager may, in its sole discretion, seek order execution goods and services or research goods and services from such other persons or companies as it sees fit and such services may be paid through commissions on brokerage transactions executed on behalf of a Fund or client in accordance with National Instrument 23-102 *Use of Client Brokerage Commissions*, as amended or succeeded, and the Manager’s commission dollar policy, as may be amended from time to time (“soft dollar arrangements”). To obtain order execution and research goods and services from third parties, the Manager may enter into soft dollar arrangements with brokers. The soft dollar arrangements allow the Manager to execute trades with brokers that provide the best execution while accessing order execution and research goods and services that have a significantly higher value to the investment decision making process. Not all soft dollar arrangements will benefit all clients at all times. Activity with each broker will be reviewed on a regular basis.

Voting Client Securities

The Manager has a fiduciary obligation to vote proxies for the securities which are held in the Fund in the best interest of the beneficial owners of the Fund. Investors in the Fund do not have any ability to direct proxy voting for a particular security held within the Fund. This authority to vote proxies is exercised by the Manager as portfolio manager of the Fund. Circumstances may occur where the Manager may have a potential conflict of interest relative to its proxy voting activities on behalf of the Fund. Potential conflicts of interest could include the Manager or staff members having a business relationship with an issuer or proponent of a proxy proposal, participants in proxy contests, corporate directors, or candidates for directorships.

Substantially all of the assets of the Fund are invested in the Underlying Fund. The Manager will vote the Fund's shares in the Underlying Fund in the best interest of the investors in the Fund. The Manager is an arm's length third party from the Underlying Fund and its management.

Securities Valuation and Account Errors

When valuing assets or liabilities in a Fund there is a risk that an error occurs that results in an incorrect Fund NAV. There is also a risk of an error being made when executing a trade. For example, an incorrect number of shares may be purchased, which may also result in an incorrect Fund NAV. These situations may result in a conflict of interest in determining when, and how, to deal with such errors, because such a determination may be influenced by other factors such as the time, processing cost and reimbursement of the investors involved. In addition, an incorrect Fund NAV, whether intentional or otherwise, may result in higher management or performance fees or an incorrect number of Units of a Fund being bought or sold by a Unitholder.

The Manager has contracted with an arm's length third-party fund administrator (see "Administrator") to value portfolios, determine Fund NAV and act as registrar of the Fund. The Manager has policies and procedures in place to address trade errors and corrections to Fund NAV. Errors in Fund NAV are corrected retroactively unless they are considered immaterial in accordance with industry standards.

Allocation of Expenses within the Fund

The Fund is responsible for payment of all expenses relating to the operation of the Fund and the carrying on of its activities. These expenses are a deduction from Fund assets in determining the amount of management and performance fees. This gives rise to a potential conflict if the Manager were to allocate expenses in a way that increased the amount of fees earned from a particular series of Units at the expense of another series.

To minimize this conflict expenses of the Fund will be allocated pro rata to each series of Units based on the relative net asset value of each series of Units, or as otherwise deemed equitable by the Manager in its sole discretion. Notwithstanding this, if an expense relates to one or more specific series of Units, it will be allocated solely to the applicable series.

Personal Trading

Directors, officers and staff members are allowed to operate personal trading accounts at other registered firms. The Manager has developed policies and procedures that govern the personal trading activities of all directors, officers and staff members. These policies are designed to reasonably prevent staff from trading in advance of orders for the Fund, or trading based of their knowledge of the Funds'

trading activities. The client's interest has precedence over any director, officer or staff member's personal interest. While there is no standard that applies in every case, in general, directors, officers and/or staff members will ensure that client orders take precedence before entering orders for personal accounts in the same security. The policies and procedures include a notification and pre-approval process to restrict any trading activity that would interfere with, or give the appearance of interfering with, a staff member's ability to act in the best interest of clients. Activity in personal trading accounts is monitored on a regular basis. Compliance with these requirements must be attested to by the staff member periodically in accordance with the Manager's Code of Ethics.

Gifts and Entertainment

When individuals employed by the Manager give or accept gifts or entertainment of more than minimal value in connection with services provided to clients there may be a perceived or potential conflict of interest that favours a client. The Manager has established policies and procedures that govern the provision of gifts and business entertainment to or from persons or entities with which it has an existing or potential business relationship and monitors staff members' adherence thereto.

Other Conflicts of Interest

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

ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LEGISLATION

The Manager is required to comply with all applicable laws, regulations and administrative pronouncements concerning money laundering and other criminal activities ("**Anti-Money Laundering Laws**"). In furtherance of those efforts, a subscriber for Units will be required to provide certain information and documentation and make a number of representations to the Manager regarding the source of subscription monies and other matters. The subscription agreement contains detailed guidance on whether identification verification materials will need to be provided with the subscription agreement and, if so, a list of the documents and information required.

A Unitholder will be required to promptly notify the Manager if, to the knowledge of the Unitholder, any of its representations with respect to Anti-Money Laundering Laws cease to be true and accurate. A Unitholder must agree to provide to the Manager, promptly upon receipt of the Manager's written request therefor, any additional information regarding the Unitholder or their beneficial owner(s) that the Manager deems necessary or advisable to ensure compliance with all Anti-Money Laundering Laws. If at any time it is discovered that a Unitholder's representations with respect to Anti-Money Laundering Laws are incorrect, or if otherwise required by Anti-Money Laundering Laws, the Manager may undertake appropriate actions to ensure that the Manager is in compliance with all such Anti-Money Laundering Laws. The Manager may release confidential information about a Unitholder and, if applicable, any underlying beneficial owner(s), to governmental authorities.

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 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 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

In addition to and without derogation from any right or remedy that a purchaser of the Units may have at law, securities legislation in certain jurisdictions of Canada provides that a purchaser has or must be granted rights of rescission or damages, or both, where the offering memorandum and any amendment thereto contains a misrepresentation. However, such rights 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 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 would reasonably be expected to have a significant effect on, the market price or value of the Units.

The following is a summary of the rights of rescission or damages, or both, available to investors under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation in their province for the particulars of the statutory rights available to them in their province or consult with a legal adviser.

Rights for Purchasers in Ontario

If this Offering Memorandum, together with any amendment 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 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 the acceptance of the purchaser's Subscription Agreement by the Manager; or
 - (ii) in the case of an action for damages, the earlier of:
 - (1) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or
 - (2) three years after the date of the acceptance of the purchaser's Subscription Agreement by the Manager.

The foregoing rights do not apply if the purchaser purchased Units under 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) above, 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 Saskatchewan

If this 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 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 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 Manitoba

If this 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 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 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 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 facts giving rise to the cause of action, 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 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 Offering Memorandum, the Misrepresentation is deemed to be contained in this Offering Memorandum.

Rights for Purchasers in Québec

Notwithstanding that the *Securities Act* (Québec) do not provide, or require the Company to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this presentation or an amendment hereto contains a misrepresentation, the Company hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

Rights for Purchasers in New Brunswick

If this Offering Memorandum, or any amendment hereto, contains a Misrepresentation, a purchaser resident in New Brunswick to whom this 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 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 Offering Memorandum or any amendment hereto contains a Misrepresentation, a purchaser resident in Nova Scotia to whom this 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 defenses, 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 Offering Memorandum or the amendment to this 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 Offering Memorandum or the amendment to this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, or amendment to

this Offering Memorandum, the person withdrew the person's consent to this Offering Memorandum, or the amendment to this Offering Memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

- (iii) with respect to any part of this 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 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 Offering Memorandum or an amendment to this Offering Memorandum, the Misrepresentation is deemed to be contained in this Offering Memorandum or an amendment to this Offering Memorandum.

Rights for Purchasers in Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that where this Offering Memorandum contains a misrepresentation, when a person or company purchases Units, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of rescission against the Fund or a right of action for damages against:

- (a) the Fund;
- (b) every director of the Fund at the date of this Offering Memorandum; and
- (c) every person or company who signed this Offering Memorandum.

If a misrepresentation is contained in a record incorporated by reference in, or considered to be incorporated into, this Offering Memorandum, the misrepresentation is considered to be contained in this Offering Memorandum.

Such rights of rescission and damages are subject to certain limitations and defences, including but not limited to the following:

(a) if a purchaser elects to exercise its right of rescission against the Fund, the purchaser shall have no right of action for damages against the Fund or against any aforementioned person or company;

(b) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser had knowledge of the misrepresentation;

(c) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation;

(d) no person or company, except for the Fund, will be liable in an action for rescission or damages if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, that person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(e) no person or company, except for the Fund, will be liable in an action for rescission or damages with respect to any part of this 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 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; and

(f) in no case shall the amount recoverable exceed the price at which the Units were offered.

Not all limitations and defences upon which a Fund or others may rely are described herein. Each purchaser should refer to the provisions of applicable securities laws for a complete text and/or consult with a legal advisor.

No action shall be commenced to enforce the above rights more than:

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

(b) in the case of an action, other than an action for rescission, the earlier of:

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; and

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

Rights for Purchasers in Northwest Territories, Nunavut or the Yukon

If this Offering Memorandum, or any amendments thereto, delivered to a purchaser of Units resident in the Northwest Territories, Nunavut or the Yukon contains a misrepresentation, a purchaser in such jurisdictions who purchases the Units during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for damages against (i) the Trust, (ii) the selling security holder on whose behalf the distribution was made, (iii) every director of the Trust at the date of the Offering Memorandum, and (iv) every person who signed the Offering Memorandum. Alternatively, the purchaser may elect to exercise a statutory right of action for rescission against the Trust or the selling security holder on whose behalf the distribution was made, in which case, the purchaser shall have no right of action for damages against the Trust, the selling security holder, the directors and persons who signed the Offering Memorandum. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, or any amendments thereto, the misrepresentation is deemed to be contained in the Offering Memorandum, or any amendments thereto, as the case may be.

All or any one or more of the persons who are found to be liable, or who accept liability, for a misrepresentation will be jointly and severally liable; provided, however, that the Trust, and every director of the Trust at the date of the Offering Memorandum who is not a selling security holder, will not be liable if the Trust does not receive any proceeds from the distribution of the Units and the misrepresentation was not based on information provided by the Trust, unless the misrepresentation was:

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

Any person, including the Trust and the selling security holder, will not be liable for a misrepresentation:

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

A person, other than the Trust and the selling security holder, will not be liable in an action for damages for a misrepresentation:

- (a) if the person proves that the Offering Memorandum, or any amendments thereto, was sent 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 Trust that it was sent without the knowledge and consent of the person;
- (b) if the person proves that the person, on becoming aware of the misrepresentation in the

Offering Memorandum, or any amendments thereto, withdrew the person's consent to the Offering Memorandum, or any amendments thereto, and gave reasonable notice to the Trust of the withdrawal and the reason for it; or

- (c) if, with respect to any part of the Offering Memorandum, or any amendments thereto, purporting to be made on the authority of an expert or purporting to be a copy of, or any extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the Offering Memorandum, or any amendments thereto,
 - (A) did not fairly represent the report, statement or opinion of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

In addition, a person, other than the Trust and the selling security holder, will not be liable in an action for damages for a misrepresentation with respect to any part of an Offering Memorandum, or any amendments thereto, not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion 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.

Any person, including the Trust and the selling security holder, will not be liable for a misrepresentation in forward-looking information (as defined in the *Securities Act* (Northwest Territories), the *Securities Act* (Nunavut) or the *Securities Act* (Yukon)) if the person proves that:

- (a) the Offering Memorandum, any amendments thereto, or other document contained, proximate to the forward-looking information, (A) reasonable cautionary language identifying the forward-looking information as such, and (B) identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information,
- (b) 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
- (c) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information;

provided, however, that the foregoing does not relieve a person of liability with respect to forward-looking information in a financial statement required to be filed under the securities laws of the Northwest Territories, Nunavut or the Yukon.

No action shall be commenced to enforce a right of action more than,

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

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

Rights for Purchasers in Alberta and British Columbia

In Alberta and British Columbia, similar rights for certain offering memoranda are set out in s.204 of the *Securities Act* (Alberta) and s.132.1 of the *Securities Act* (British Columbia), respectively. If a purchaser of Units resides in Alberta or British Columbia, such investor will be provided with the rights of action applicable to that province, but will in no event be afforded rights of action that are less than the rights afforded to Ontario residents.

Rights for Purchasers in Alberta (in Reliance on the Minimum Amount Investment Exemption)

Alberta Securities Commission Rule 45-511 Local Prospectus Exemptions and Related Requirements provides that the following statutory rights of action apply to information contained in an offering memorandum, such as this Offering Memorandum, that is provided to a purchaser of securities in respect of a distribution made in reliance only on the “minimum amount investment” exemption in section 2.10 of NI 45-106.

The rights of action for damages or rescission described herein is conferred by section 204 of the Securities Act (Alberta) (the “ASA”) and the time limits specified by section 211 of the ASA in which an action to enforce a right under section 204 must be commenced. If this Offering Memorandum, or any amendment to it, provided in connection with a distribution made in reliance on the “minimum amount investment” exemption contains a misrepresentation, a purchaser resident in Alberta who purchases under such exemption a security offered by this Offering Memorandum: (a) is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and, in addition to any other rights the purchaser may have at law, (b) has a right of action for damages against (i) the Trust Fund, and (ii) each person who signed this Offering Memorandum (each a “**Signatory**” and collectively, the “**Signatories**”). If a purchaser elects to exercise a right of rescission against the Trust Fund, the purchaser will have no right of action for damages against the Trust Fund or the Signatories.

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

No action may be commenced to enforce either right of action unless the right is exercised:

- (a) in the case of an action for rescission, on notice given to the Trust Fund not later than 180 days from the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, on notice given to the Trust Fund not later than the earlier of (i) 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) three years from the date of the transaction that gave rise to the cause of action,

and also provided that:

- (a) the Trust Fund or a Signatory will not be held liable under this paragraph if the Signatory or the Trust Fund proves the defendant purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, the Trust Fund or the Signatory will not be liable for all or any portion of those damages that they prove do not represent the depreciation in value of the Units as a result of the misrepresentation; and
- (c) in no case will the amount recoverable under this paragraph exceed the price at which the Units were sold to the purchaser.

Other Rescission Rights

In certain provinces a purchaser of Units may, where the amount of the purchase does not exceed the sum of \$50,000, rescind the purchase by written notice given to the registered dealer from whom the purchase was made (i) within 48 hours after receipt of the confirmation for a lump sum purchase, or (ii) within 60 days after receipt of the confirmation for the initial payment under a contractual plan. Subject to the registered dealer's reimbursement of sales charges and fees to the purchaser as described below, the amount a purchaser is entitled to recover on exercise of this right to rescind shall not exceed the Net Asset Value of the Units purchased, at the time the right is exercised. The right to rescind a purchase made under a contractual plan may be exercised only with respect to payments scheduled to be made within the time specified above for rescinding a purchase made under a contractual plan. Every registered dealer from whom the purchase was made must reimburse the purchaser who has exercised this right of rescission for the amount of sales charges and fees relevant to the investment of the purchaser in the Trust in respect of the Units for which the written notice of the exercise of the right of rescission was given.

Purchasers must exercise these rights within the prescribed time limits under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation in their province of residence to determine whether they have similar rescission rights or consult with their legal advisor for more details.

Contractual Rights of Action

Purchasers Resident in British Columbia or Québec or Purchasers Resident in Alberta in Reliance on the "Accredited Investor" Exemption

If this Offering Memorandum, or any amendments thereto, contains a misrepresentation, a purchaser resident in British Columbia or Québec who purchased Units under this Offering Memorandum, or a purchaser resident in Alberta who purchased Units under this Offering Memorandum in reliance on the "accredited investor" exemption under NI 45-106, will not be entitled to the statutory rights of action described above. However, in consideration of purchasing Units under this Offering Memorandum and upon acceptance by The Manager of the purchaser's subscription in respect thereof, purchasers in those jurisdictions are hereby granted a contractual right of action for damages or rescission that is the same as the statutory rights of action described above provided to purchasers resident in Ontario under the *Securities Act* (Ontario).