

CONFIDENTIAL OFFERING MEMORANDUM

Continuous Offering

January 24, 2018

PURPOSE CREDIT OPPORTUNITIES FUND (the "Fund")

Series A Units Series F Units and Series I Units (the "Units")

This Confidential Offering Memorandum relates to the offering of Units by the Fund only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This offering is not, and under no circumstances is to be construed as, a public offering of Units or a prospectus or advertisement relating to the Units. No securities commission or similar regulatory authority in Canada has in any way passed upon the merits of the Units, nor has it reviewed this Confidential Offering Memorandum, and any representation to the contrary is an offence.

No person has been authorized to give any information or to make any representations in connection with the offering of Units other than those contained in this Confidential Offering Memorandum and, if given or made, any such information or representation must not be relied upon. This Confidential Offering Memorandum is confidential. By their acceptance thereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this Confidential Offering Memorandum or any information contained herein, included herewith or incorporated in this document.

An investment in Units is speculative. 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 is no market through which the Units may be sold and none is expected to develop. Transfer of the Units is subject to approval by the Manager and the Units also are subject to resale restrictions under applicable securities legislation. Persons who receive this Confidential Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation. Redemptions of Units may be suspended in certain circumstances. See "Redemption of Units". There are additional risks associated with investing in Units. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in Units. See the information under "Resale Restrictions" and "Risk Factors".

GLOSSARY OF TERMS

“**Business Day**” means each day on which there is a regular trading session of the TSX.

“**Declaration of Trust**” means the amended and restated master declaration of trust dated as of May 12, 2017 governing the Fund, as it may be further amended from time to time.

“**Fund**” means Purpose Credit Opportunities Fund.

“**Investment Objective**” means the investment objective of the Fund as described under “Purpose Credit Opportunities Fund - Investment Objective”.

“**Investment Strategies**” means the investment strategies of the Fund as described under “Purpose Credit Opportunities Fund - Investment Strategies”.

“**Management Agreement**” means the master management agreement dated as of September 30, 2013 pursuant to which the Manager acts as the manager of the Fund, as it may be amended from time to time.

“**Management Fees**” has the meaning ascribed thereto under the heading “Fees and Expenses - Management Fees”.

“**Manager**” means Purpose Investments Partners Inc. in its capacity as the manager of the Fund.

“**NAV per Series**” has the meaning ascribed thereto under the heading “Valuation of the Fund and Units”. “NAV per Unit” has the meaning ascribed thereto under the heading “Valuation of the Fund and Units”.

“**Net Asset Value**” or “**NAV**” means the net asset value per Unit calculated in the manner described under “Valuation of the Fund and Units”.

“**NI 81-102**” means National Instrument 81-102 *Investment Funds* of the Canadian securities regulators.

“**Performance Fee**” has the meaning ascribed thereto under the heading “Fees and Expenses - Performance Fees”.

“**Purchaser**” means a person who purchases Units of the Fund.

“**Redemption Date**” has the meaning ascribed thereto under the heading “Redemption of Units”.

“**Redemption Price**” means an amount equal to the applicable NAV per Unit determined as of the Redemption Date, less any costs of funding the redemption, including commissions.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tax Proposals**” means all specific proposals to amend the Tax Act and the regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof.

“**Trustee**” means Purpose Investments Partners Inc. in its capacity as the trustee of the Fund. “**TSX**” means the Toronto Stock Exchange.

“**Unitholder**” means a holder of one or more Units of the Fund.

“**Units**” means Series A units, Series F units and Series I units of the Fund.

“**Valuation Date**” means the 15th day (or, if the 15th day is not a Business Day, the Business Day immediately preceding the 15th day) and the last Business Day of each calendar month.

PURPOSE CREDIT OPPORTUNITIES FUND

Purpose Credit Opportunities Fund (formerly Redwood Credit Opportunities Fund) (the “**Fund**”) is an investment trust formed under the laws of the Province of Ontario on September 30, 2013. The Fund is governed by an amended and restated master declaration of trust dated as of May 12, 2017 (as it may be further amended from time to time, the “**Declaration of Trust**”). Purpose Investments Partners Inc. is the trustee (in such capacity, the “**Trustee**”) and the manager (in such capacity, the “**Manager**”) of the Fund.

The Fund has one class of units, issuable in series. The Fund currently offers Series A Units, Series F Units and Series I Units (together, the “**Units**”) for sale to investors. Although the Fund is a “mutual fund” as defined in applicable securities legislation, it is not required to (and does not) operate in accordance with the requirements of NI 81-102 and other regulations and policies of the Canadian securities regulators that are applicable only to public mutual funds.

The head office of the Fund and the Manager is currently located at 77 King Street West, Suite 2110, Toronto-Dominion Centre, Toronto, Ontario M5K 2A1.

Investment Objective

The investment objective (the “**Investment Objective**”) of the Fund is to maximize total returns for Unitholders, consisting of both distributions and capital appreciation. The Fund invests, directly or indirectly, primarily in debt and equity securities of non-investment grade rated issuers, both publicly-traded and privately-held.

Investment Strategies

The Fund currently pursues its investment objective by investing, directly or indirectly, primarily in debt and equity securities of non-investment grade rated issuers, both publicly-traded and privately-held using the investment strategies (the “**Investment Strategies**”) described below.

The Manager uses corporate credit investment and leveraged company strategies designed to maximize risk-adjusted returns and preserve capital in each phase of the credit cycle. Over the course of a credit cycle, the goal is to generate returns greater than the long-term performance of equity indices, but with the volatility and risk characteristics consistent with a diversified portfolio of corporate debt. The Manager employs hedging strategies, including shorting securities and holding cash, designed to generate positive returns and/or protect the Fund against the risk of losses from currency fluctuations, interest rate changes and market declines. The Manager also employs short selling strategies to take advantage of opportunities to generate returns based on investment research and insight into corporate capital structures. It is expected that a substantial proportion of the Fund’s investments will be denominated in foreign currencies (mostly U.S. dollars) that are hedged back to the Canadian dollar.

- *Managing Long/Short Positions.* The Manager manages the relative weightings of the Fund’s long and short positions to achieve the investment objective. The Fund’s net market exposure depends on, among other things, the Manager’s view of domestic and international economic and market trends. The Fund’s long positions will be primarily comprised of corporate debt (corporate bonds and/or bank loans) and equities.
- *Special Situations.* The Fund may invest in securities of issuers in special situations, including event-driven situations such as corporate restructurings, mergers, hostile takeovers, bankruptcies or leveraged buyouts.
- *Short Selling.* The Fund may engage in short selling of debt and/or equity securities which the Manager believes are overvalued based on its traditional fundamental research and analysis of such securities. These may include, in particular, securities of issuers with deteriorating fundamentals and weak balance sheets.
- *Pairs Trading.* The Fund may take a short position in securities of a particular issuer while taking a long position in securities of another issuer in an attempt to take advantage of relative valuation differences between the two issuers. The Fund will make such a “pairs trade” when the Manager believes that the fundamentals of the issuer in which the Fund includes a long position will become increasingly attractive as compared to those of the issuer in which the Fund includes a short position.
- *Inter-Capital Arbitrage.* The Fund may take a short position in securities of a particular issuer while taking a long position in different securities of the same issuer. The Fund will engage in “inter-capital arbitrage” when the Manager

believes that the fundamentals of a particular security in the issuer's capital structure are significantly more or less attractive than the fundamentals of another security in the same structure. The objective of "inter-capital arbitrage" is to earn a total return that is uncorrelated with general capital markets conditions, or earn a total return with favorable risk/reward characteristics.

- *Convertible Arbitrage.* The Fund may participate in convertible arbitrage situations by purchasing convertible securities of an issuer while short selling the underlying securities into which such convertible securities may be converted. In doing so, the Fund will attempt to take advantage of mispricing between the market price of the convertible securities and the underlying securities or will attempt to lower the volatility of the long convertible bond position by short selling the underlying common equity.
- *Merger Arbitrage.* The Fund may participate in merger arbitrage situations by purchasing securities of an issuer that is the target in a proposed merger and selling short the securities of the acquiror. Where the consideration offered to the securityholders of the target includes securities of the acquiror, the Fund may be able to take advantage of instances where the target's securities trade below the announced offer price, reflecting the time value of money and the possibility that the transaction may not be completed.
- *Derivatives.* The Fund may make use of options, swaps, and other derivatives including credit default swaps (insurance on corporate debt default) in order to enhance returns or synthesize returns where direct investments are not available or tax efficient. Derivatives may also be used to hedge other long or short positions to better manage risk.
- *Securities Lending.* In order to generate additional returns, the Fund may lend its securities. When doing so, the Fund will receive a negotiated lending fee and receive compensation payments relating to any distributions received by the borrower on the securities borrowed, and the Fund will receive prescribed collateral security.

While the Manager typically attempts to minimize risk in selecting investments, it should be understood that the risk management techniques utilized by the Manager cannot provide any assurance that the Fund will not be exposed to the risk of significant investment losses. See "Risk Factors".

VALUATION OF THE FUND AND UNITS

The net asset value ("**Net Asset Value**" or "**NAV**") of the Fund is calculated by the Manager as of 4:00 p.m. (Toronto time) on each Valuation Date. A "**Valuation Date**" is the 15th day (or, if the 15th day is not a Business Day, the Business Day immediately preceding the 15th day) and the last Business Day of each calendar month. A "**Business Day**" is each day on which there is a regular trading session of the Toronto Stock Exchange. The NAV is equal to the fair value of the assets of the Fund less the fair value of the liabilities of the Fund. The net asset value for each series of Units of the Fund ("**NAV per Series**") also is calculated as of 4:00 p.m. on each Valuation Date as (a) the fair value of the assets of the Fund attributable to such series, less (b) the fair value of (i) the portion of the Fund's liabilities not attributable to any particular series and (ii) all liabilities referable to that particular series.

The net asset value per Unit of each Series ("**NAV per Unit**") is calculated by the Manager as of 4:00 p.m. (Toronto time) on each Valuation Date as the amount determined by dividing the NAV per Series of that series of Units by the number of Units of that series outstanding on the Valuation Date, before giving effect to any subscriptions or redemptions of Units on that Valuation Date.

DESCRIPTION OF UNITS

The Fund is authorized to issue an unlimited number of Units, issuable in series, on a continuous basis. Each Unit represents an equal interest in the assets of the series of such Unit without distinction, preference or priority. The proportionate interest of each Unitholder is expressed by the number of Units and fractions thereof held by and registered in the name of each Unitholder.

Currently, the Fund offers prospective investors the opportunity to purchase Series A Units, Series F Units and Series I Units.

Series A Units are available to all qualified investors. A "qualified investor" is an investor who is able to purchase Units on a prospectus-exempt basis under applicable securities legislation.

Series F Units are intended for qualified investors who participate in fee-based programs through their dealer. These investors pay their dealer an annual investment advisory fee (which the investor negotiates with his or her dealer) for ongoing services. Since the Manager pays no trailer fees to dealers in these circumstances and the Fund's servicing costs are lower, the Manager charges a lower management fee to the Fund in respect of Series F Units than for Series A Units.

Series I Units are available only to institutional clients and investors who have been approved by the Manager and have entered into a Series I Account Agreement with the Manager. The criteria for approval may include the size of the investment, the expected level of account activity and the investor's total investment with the Manager. The minimum initial investment for Series I Shares is determined when the investor enters into a Series I Account Agreement with the Manager. No management or performance fees are charged to the Fund with respect to Series I Units. Instead, each investor negotiates a separate fee which is payable directly to the Manager. Series I Units also are available to directors and employees of the Manager and its affiliates.

See "Amendment of Declaration of Trust and Termination of the Fund", "Fees and Expenses" and "Sales Commissions and Trailer Fees" for additional information concerning certain attributes of the Units.

PURCHASE OF UNITS

Subscription Procedure

Prospective investors who wish to subscribe for Units must complete, execute and deliver to the Manager a completed version of the subscription agreement which accompanies this Confidential Offering Memorandum, together with a cheque (or other form of funds transfer acceptable to the Manager, including through the facilities of Fundserv) representing payment of the subscription price. Subscriptions received by 4:00 p.m. (Toronto time) on a Valuation Date will be processed on such Valuation Date. Subscriptions received after that time will be processed on the next Valuation Date.

Subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned, without interest or deduction.

Prospectus Exemptions

Units are being sold to investors resident in all provinces and territories of Canada, except Quebec and Newfoundland and Labrador, pursuant to available exemptions from the prospectus requirements under NI 45-106. Unless an investor can establish to the Manager's satisfaction that another exemption is available, this will generally require that each investor is investing as principal (and not for or on behalf of any other persons) and is either an "accredited investor" as defined in NI 45-106 or, outside of Alberta, is not an individual and is investing a minimum amount of \$150,000 (the "**Minimum Amount Exemption**"). **This minimum amount is net of any front end commissions paid by an investor to his or her agent.** 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 in connection with investors purchasing under this Offering Memorandum, nor is the Minimum Amount Exemption being relied on in Alberta, and investors purchasing under this Offering Memorandum do not have the benefit of certain additional protections that NI 45-106 gives to investors when an issuer relies on the Offering Memorandum Exemption.**

See the representations, warranties and certifications contained in the subscription agreement which accompanies this Confidential Offering Memorandum for the criteria to qualify as an "accredited investor".

Minimum Investment

Units will be issued at the NAV per Unit in effect on the applicable Valuation Date. The minimum initial investment in Units by a prospective investor is \$25,000. Each subsequent investment in the Fund must be for an amount not less than \$5,000. The Manager may, in its discretion, waive these minimum amounts from time to time.

Sales Commissions and Trailer Fees

There is no commission payable to the Manager in respect of Units purchased by a prospective investor directly through the Manager.

A prospective investor who purchases Units through a dealer other than the Manager may pay a commission to his or her dealer that is negotiated between the prospective investor and his or her dealer. The minimum subscription amounts described above are net of such commissions.

The Manager pays, out of its management fee, a trailer fee to dealers in respect of Series A Units. The trailer fee is calculated monthly and is equal to one-twelfth of 1% of the total client assets invested in Series A Units held by all of the dealer's clients throughout the month. The trailer fee is payable monthly or quarterly. The Manager may change or cancel trailer fees at any time. The Manager also may, from time to time, pay up to 10% of its Performance Fee as additional trailer fee to dealers in respect of Series A Units and/or Series F Units.

REDEMPTION OF UNITS

Subject to the provisions of applicable law and to the provisions set out in the Declaration of Trust, each Unitholder is entitled on each Valuation Date to require the Fund to redeem any or all Units registered in the name of such Unitholder at a price per Unit equal to the Redemption Price (as defined below) on such Valuation Date (the "**Redemption Date**"). Redemption requests must be received by the Manager not later than 4:00 p.m. (Toronto time) at least 5 Business Days prior to the Redemption Date, otherwise the redemption will be processed on the next following Valuation Date.

A Unitholder who surrenders a Unit for redemption will be entitled to receive an amount (the "**Redemption Price**") equal to the applicable NAV per Unit determined as of the Redemption Date, less any costs of funding the redemption, including commissions. Such Unitholder will receive payment of the Redemption Price on or before the 5th Business Day following the Redemption Date.

If the Manager has received requests to redeem 10% or more of the outstanding Units on any Redemption Date, the Manager may, in its sole discretion, defer the payment of the Redemption Price for some or all of the Units in respect of which redemption has been requested in order to permit an orderly liquidation of the Fund's assets in connection with such redemption. The Fund will pay any deferred Redemption Price on one or more dates, as determined by the Manager, during a period not exceeding 120 days after such Redemption Date.

The Manager may suspend the redemption of Units or payment of redemption proceeds for any period during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the Net Asset Value. The suspension shall apply to all requests for redemption received prior to the suspension, but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests will be advised that they have the right to withdraw their requests for redemption. The suspension will terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. Redemptions following the termination of a suspension of redemptions will be made utilizing the applicable NAV per Unit at the next scheduled Valuation Date, and payment to the redeeming Unitholders will be made within 5 Business Days thereafter.

A holder of a Unit surrendered to the Fund by way of a redemption request by such holder for redemption on a Redemption Date which is not redeemed shall continue to be entitled to exercise all of the rights of a Unitholder in respect of such Units. Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn at any time before such Unit is redeemed.

The Manager has the right to redeem some or all of the Units owned by a Unitholder on a Valuation Date at the applicable NAV per Unit thereof by providing written notice to the Unitholder at least 20 days before any Valuation Date, which right may be exercised by the Manager in its absolute discretion.

RISK FACTORS

An investment in Units is subject to certain risks. Summarized below are the principal risks associated with investing in Units of the Fund.

Changes in Net Asset Value

The NAV per Unit will change as the value of the investments held in the Fund changes. As a result, upon redemption, a Unitholder may receive less than the amount paid by the Unitholder for his or her Units. Units of the Fund are not guaranteed by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Achieving the Investment Objective

There is no assurance that the Fund will achieve its Investment Objective. An investment in Units may not earn any positive return and an investment in the Fund is appropriate only for investors who have the capacity to absorb the loss of some or all of their investment. Investors should review closely the Investment Objective and Investment Strategies to determine whether an investment in the Fund is suitable for them.

General Economic and Market Conditions

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

Limited History of the Fund

Although persons involved in the management of the Fund have had long experience in their fields of specialization, the Fund has a short history upon which prospective investors can evaluate the Fund's likely performance.

Dependence on Key Personnel

The Manager depends, to a great extent, on the services of Mr. Alexander (Sandy) Liang in the administration of its investment and trading activities. The loss of the services of Mr. Liang for any reason could impair the ability of Manager to perform its investment management and advisory activities for the Fund.

Liquidity

Liquidity is often described as the speed and ease with which an asset can be sold and converted into cash. It is expected that the Fund will be able to sell most of the securities it owns promptly and at a fair price and therefore those securities can be described as relatively liquid. However, the Fund also may invest in securities that are illiquid. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, or for other reasons. Sometimes, there may simply be a shortage of buyers. If the Fund has difficulty selling a security, it can lose value or incur extra costs. In addition, illiquid securities may be more difficult to value accurately and may experience larger price changes. This can cause greater fluctuations in the NAV per Unit.

Leverage

The Fund may use leverage in an effort to realize greater profits from its security selection. The instruments and borrowings utilized by the Fund to leverage investments may be collateralized by the Fund's assets. Accordingly, the Fund may pledge its assets in order to borrow additional funds or otherwise obtain leverage for investment or other purposes. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital.

The use of leverage will allow the Fund to borrow in order to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. The use of leverage will magnify the volatility of changes in the NAV per Unit. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to its investments could result in substantial losses to the Fund, which would be greater than if the Fund were not leveraged.

While leverage increases the buying power of the Fund and presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. For example, funds borrowed for leveraging will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Fund's portfolio. Leverage will increase the investment return of the Fund if an investment purchased with or utilizing leverage earns a greater return than the cost to the Fund of such leverage. The use of leverage will decrease the investment return if the Fund fails to recover the cost of such leverage.

The Fund may also invest in financial instruments, such as exchange traded funds, which themselves employ leverage, and may thereby indirectly assume the risks of employing leverage.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws and applicable securities laws, will not be changed in a manner which adversely affects the distributions received or to be made by the Fund or the manner in which the Fund may invest its assets.

Marketability and Transferability of Units

There is no market for the Units and their resale, transfer and redemption are subject to restrictions imposed by the Declaration of Trust, consent by the Manager, and applicable securities legislation. See "Resale Restrictions". Consequently, Unitholders may not be able to liquidate their investment in a timely manner. As well, Units may not be readily accepted as collateral for a loan.

Large Redemptions

Substantial redemptions of Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions of Units.

Not a Public Mutual Fund

Although the Fund is a "mutual fund" as defined in the securities legislation applicable in certain provinces, it is not required to (and does not) operate in accordance with the requirements of laws, regulations and policies and regulations of the Canadian securities regulators that are applicable only to public mutual funds, such as NI 81-102. As a result, the Fund is not subject to (among other matters) the investment restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's investments and the avoidance of financial leverage.

High Yield Securities

The Fund intends to invest in high yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter market place, which is less transparent than the exchange-traded marketplace. In addition, the Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. The market values of certain of these lower-rated and unrated debt securities tend to reflect changes in the issuer's own circumstances to a greater extent than do high-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are lower-rated securities. It is possible that a major economic recession could disrupt severely the market for such high-yield securities and may have an adverse impact on the value of such securities or the ability of the issuers of such securities to pay interest and repay principal thereon.

Distressed Securities

The Fund may invest in "distressed" securities, claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Distressed securities may result in significant returns to the Fund, but also involve a substantial degree of risk. The Fund may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the Fund's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such instruments may also be subject to abrupt and erratic market movements and above average price volatility. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Credit Default Swap Agreements

The Fund may be either the buyer or seller in a credit default swap transaction. The buyer in a credit default swap contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a “credit event” means bankruptcy, failure to pay or an obligation acceleration. Credit default swaps involve greater risk than investing in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk.

Hedging Strategies

Some of the Fund’s investments from time to time may be intended to hedge some of the risks associated with other investments of the Fund. Although a hedge is intended to reduce risk, it does not eliminate risk entirely. A hedging strategy may not be effective. The use of hedges, if used, involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Manager’s assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Fund if the Manager’s expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. The Manager may discontinue any hedging activities at any time in its sole discretion.

Short Selling

The Fund may engage in short selling securities as one of its Investment Strategies. A short sale of a security may expose the Fund to losses if the price of the security sold short increases since the Fund may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is unlimited, since there is no limit on how much the price of a security may appreciate before the short position is closed out. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. There is no assurance that the lender of the security will not require the security to be repaid before the Fund wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In the event that numerous lenders of the security in the market simultaneously recall the same security, a “short-squeeze” may occur, whereby the market price of the borrowed security may increase significantly. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy. In addition, there is no assurance that the security sold short can be repurchased due to supply and demand constraints in the marketplace.

Securities Lending

The Fund may enter into securities lending transactions (including repurchase transactions and reverse repurchase transactions) to generate additional income from securities held in the Fund. If the other party to the transaction becomes insolvent or otherwise cannot fulfill its agreement, the Fund may suffer losses.

Derivatives

The Fund may use derivatives. A derivative is a contract whose value is based on, or derived from, the value or performance of another investment, index or benchmark. Examples of derivatives include options, futures, swaps and forward contracts. Derivative contracts require or allow the Fund to purchase or sell assets such as stocks, currencies or commodities at a certain price now or in the future. Some of the most common risks associated with derivatives are the following:

- Derivatives may not prevent changes in the market value of the Fund’s investments or prevent losses if the market value of the investments falls.
- The Fund may not be able to purchase or sell a derivative to make a profit or limit a loss.
- Derivatives can limit the Fund’s ability to benefit from increases in the stock markets.
- There is no guarantee that the counterparty in a derivative contract will meet its obligations.

- If the counterparty in a derivative, or a third party holding assets of the Fund in connection with a derivative, goes bankrupt, the Fund could lose all or any part of a deposit or collateral it deposited and any gains made on the derivative.
- Some derivatives traded on foreign markets may be harder to trade and have higher credit risk than derivatives traded in North America.

Options

The Fund may write call and put options. Writing call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option. However, investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale by the Fund of an uncovered option, there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

Trading Costs

The Fund may engage in a high rate of trading activity, resulting in correspondingly high costs being borne by the Fund.

Foreign Currency Exposure

Certain of the investments in the Fund, at any time, may consist of securities denominated in currencies other than the Canadian dollar. Accordingly, the Net Asset Value will, when measured in Canadian dollars, be affected by fluctuations in the value of the Canadian dollar relative to the foreign currency in which the Fund's investments are denominated.

Foreign Market Exposure

The Fund may, at any time, hold securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and the United States companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or United States company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Calculation of Net Asset Value

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

To the extent that the value assigned to any such investment differs from the actual value, the NAV per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of his or her 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 Net Asset Value used for determining the redemption price of the Units redeemed. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the redemption price. In addition, there is risk that an investment in the Fund by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholder if the actual value of such investments is higher than the NAV per Unit used for determining the subscription price of the new Units. Further, there is risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the subscription price.

Prime Brokers

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

Loss of Limited Liability

The Fund is a trust and, as such, its Unitholders do not receive the protection of statutorily mandated limited liability in some provinces as is the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Fund. However, the Declaration of Trust provides that no Unitholder, in its capacity as such, will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons are to look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and only the Fund's property will be subject to levy or execution.

Pursuant to the Declaration of Trust, the Fund will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability. The Declaration of Trust also provides that the Trustee and the Manager shall use reasonable efforts to cause to be inserted in each material written agreement, undertaking and obligation signed by or on behalf of the Fund a provision to the effect that such agreement, undertaking or obligation will not be binding upon Unitholders personally.

As a result of the foregoing, it is considered that the risk of any personal liability of Unitholders is minimal in view of the nature of the Fund's activities. In the event that a Unitholder should be required to satisfy any obligation of the Fund, the Unitholder will be entitled to reimbursement from any available assets of the Fund.

TRUSTEE AND MANAGER

Pursuant to the Declaration of Trust, Purpose Investments Partners Inc., as Trustee, holds title to the Fund's investments on behalf of the Unitholders.

In carrying out its functions under the Declaration of Trust, the Trustee is required to exercise its powers and authorities and carry out its functions as Trustee honestly, and in good faith and in the best interests of the Fund and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Trustee may resign from the Fund by giving notice to the Unitholders and to the Manager not less than 60 days prior to the date when such resignation shall take effect. Generally, the resignation will take effect on the date specified in the notice unless prior to that date a successor Trustee has been appointed, in which case the resignation will take effect immediately upon the appointment of the successor Trustee or upon a date otherwise agreed to by the Manager and the successor Trustee. The Trustee may be removed by the Manager, with or without cause, at any time by notice to the Trustee not less than 60 days prior to the date that the removal is to take effect, provided that a successor Trustee is appointed.

Pursuant to the Management Agreement, Purpose Investments Partners Inc. is the Manager of the Fund and has exclusive authority to manage the operations and activities of the Fund, including to act as the portfolio advisor to the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund and the Unitholders to do so. In accordance with the requirements of the *Securities Act* (Ontario), the Manager is required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances.

The Management Agreement may be terminated at the request of the Manager upon 60 days' prior written notice to the Trustee. The Trustee may terminate the Management Agreement at any time if the Manager becomes bankrupt or insolvent under the *Bankruptcy Act* (Canada) or any other bankruptcy, insolvency or analogous laws, if the Manager's assets otherwise become liable to seizure or confiscation by any public or government authority or if the Manager becomes a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

Mr. Alexander (Sandy) Liang is the lead portfolio manager of the Manager responsible for managing the investment portfolio of the Fund. Mr. Liang has more than twenty years of experience in credit and equity investments. Previously, Mr. Liang was a portfolio manager with Aston Hill Asset Management Inc. which he joined after spending three years at Cobalt Capital Management (a significant hedge fund in New York) where he was responsible for the firm's fixed income investments. Mr. Liang also is a former Senior Managing Director at Bear, Stearns & Co. in New York, where he was voted on the Institutional Investor Magazine All-America Fixed Income Research Team (High Yield) for seven consecutive years. Mr. Liang's other investment experience includes proprietary high yield credit research and trading at Scotia Capital and Midland Walwyn (subsequently acquired by Merrill Lynch Canada), and equities research as a senior analyst at BMO Capital (formerly Nesbitt Thomson). Mr. Liang holds the Chartered Financial Analyst designation, and graduated from the University of Western Ontario with a Bachelor of Arts in Economics and McGill University with an Masters of Business Administration.

FEES AND EXPENSES

Management Fees

As compensation for its services rendered to the Fund, the Manager is entitled to receive annual management fees (the "**Management Fees**") calculated as a percentage of the NAV per Series for each series of Units. For Series A Units, the annual Management Fee percentage is 1.85% (out of which the Manager will be responsible for paying trailer fees to dealers whose clients hold Series A Units), and for Series F Units the annual Management Fee percentage is 0.85%. The Management Fees are calculated and paid monthly in arrears. No Management Fees are charged directly to the Fund in respect of Series I Units. Instead, investors in Series I Units are charged a management fee directly by the Manager that is negotiated between the investor and the Manager.

Performance Fees

In addition to the Management Fees, the Fund will pay to the Manager, a performance fee (the "**Performance Fees**") in respect of each outstanding Series A Unit and Series F Unit. The Performance Fee is calculated and accrued on each Valuation Date and is payable to the Manager on the last Business Day of each calendar quarter.

The Performance Fee for each Unit in each calendar quarter is equal to 20% of the amount (if any) by which its NAV per Unit on the last Valuation Date in the calendar quarter (excluding any accrued Performance Fee for such calendar quarter) exceeds its Highwater Mark for the calendar quarter. The "**Highwater Mark**" for a Unit in a calendar quarter is the greatest of (a) \$10.00, (b) the NAV per Unit of that Series on the most recent Valuation Date that a Performance Fee was payable to the Manager in respect of such Series (after payment of such Performance Fee), and (c) the NAV per Unit of that Series on the last Business Day of the immediately preceding calendar quarter (after payment of any Performance Fee for such previous calendar quarter). Where a Unit is redeemed on a Redemption Date other than the last Valuation Date of a calendar quarter, the Fund will pay the Manager a Performance Fee in respect of such redeemed Unit as if the Redemption Date was the last Valuation Date in the calendar quarter.

The Manager may make such adjustments to the NAV per Unit and the Highwater Mark as are determined by the Manager to be necessary to account for the payment of any distributions on Units, any Unit subdivisions or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of Performance Fees. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.

Formation and Operating Expenses

The Fund pays its own operating expenses and, over time, will pay for its costs of formation. These costs and expenses include legal, audit and custodial safekeeping fees, taxes, interest, operating and administrative costs, investor servicing costs and the costs for reports and offering documentation. The Fund also reimburses the Manager for all expenses incurred on behalf of the Fund in connection with its duties as Manager. Each year, the Fund will reimburse the Manager for a portion of the costs incurred by the Manager to form the Fund provided that the amount so reimbursed in any given year will not exceed 0.50% of the average Net Asset Value of the Fund during the year.

DISTRIBUTION POLICY

The current distribution policy of the Fund is to distribute annually to its Unitholders sufficient investment income and capital gains (net of applicable losses) so that it effectively will not pay any ordinary Canadian federal income tax under Part I of the *Income Tax Act* (Canada) (the “**Tax Act**”).

Distributions generally are paid, or made payable, on the last Business Day of each year. All distributions will be automatically reinvested in additional Units of the same series, without charge, at their NAV per Unit determined as of the date of distribution. Distributions may include distributions out of capital. A distribution of capital is a non-taxable return of part of the Unitholder’s original capital investment.

INCOME TAX CONSIDERATIONS

The following is a summary as of the date hereof of the principal Canadian federal income tax considerations with respect to acquiring, owning and disposing of Units of the Fund. This summary only applies to an investor who is an individual (other than a trust) that deals at arm’s length and is not affiliated with the Fund, who is resident in Canada and who holds Units of a Fund as capital property for the purposes of the Tax Act.

This summary is based on the current provisions of the Tax Act and regulations thereunder, specific proposals to amend the Tax Act and regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof and the published administrative practices and policies of Canada Revenue Agency. It has been assumed that such practices and policies will continue to be applied in a consistent manner. This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative, governmental or judicial action.

The Fund intends at all material times to be a “mutual fund trust” within the meaning of such term under the Tax Act.

This summary is of a general nature only, it is not exhaustive of all possible income tax considerations and does not take into account or consider the tax laws of any province or territory or of any jurisdiction outside of Canada.

This summary is not intended to be nor should it be construed to be legal or tax advice to a Unitholder or any prospective Unitholder. Prospective investors are advised to seek independent advice regarding the tax consequences to investments in Units based upon their own particular circumstances.

Taxation of the Fund

In each taxation year, the Fund is subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for that taxation year, including net taxable capital gains, less the portion thereof that it claims in respect of amounts paid or payable to its Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by a Fund or the Unitholder is entitled in that year to enforce payment of the amount. Generally, the Fund will distribute to its Unitholders in each calendar year enough of its net income and net realized capital gains so that the Fund should not be liable for ordinary tax under Part I of the Tax Act. The Fund is allowed to retain, without incurring a liability for tax, a portion of its net realized capital gains based on redemptions of its Units during the year.

In computing its income, the Fund will include interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year (except to the extent such interest was included in completing its income for a prior year), and dividends received in the year. Generally, gains and losses from using derivatives will be realized on income account rather than on capital account.

The portfolio of the Fund will include securities that are not denominated in Canadian dollars. Cost, proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate determined in accordance with the detailed rules in the Tax Act in that regard. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars. The Fund will derive income (including gains) from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid does not exceed 15% of such income and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax

paid by the Fund exceeds 15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

All of the Fund's deductible expenses, including expenses common to all series of the Fund, as well as Management Fees, Performance Fees and other expenses specific to a particular series of the Fund, will be taken into account in determining the income or loss of the Fund as a whole.

Losses incurred by the Fund cannot be allocated to Unitholders but may be carried forward and deducted by the Fund in future years.

The "suspended loss" rules in the Tax Act may prevent the Fund from recognizing capital losses on the disposition of securities in certain circumstances which may increase the amount of net realized capital gains of the Fund to be paid to Unitholders. As well, in certain circumstances losses of the Fund may be restricted under the Tax Act, and therefore would not be available to shelter capital gains or income.

Taxation of Unitholders

If a Unitholder holds Units outside of a Registered Plan, the Unitholder must include in computing his or her income for tax purposes the amount of the net income and the taxable portion of net capital gains paid or payable to the Unitholder by the Fund in the year, whether the Unitholder receives these distributions in cash or they are reinvested in additional Units.

The Fund intends to make appropriate designations so that distributions of net taxable capital gains, taxable dividends on shares of taxable Canadian corporations (including "eligible dividends") and foreign source income of the Fund paid or payable to Unitholders by the Fund will effectively retain their character in the Unitholder's hands and be subject to the special tax treatment applicable to income of that character.

To the extent that the distributions to a Unitholder by the Fund in any year exceed the Unitholder's share of the net income and net capital gains of the Fund allocated to the Unitholder for the year, those distributions (except to the extent that they are proceeds of disposition) will generally be a return of capital and will not be taxable to the Unitholder, but will reduce the adjusted cost base of Unitholder's Units in the Fund. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit.

Unitholders will be taxable on distributions of income and capital gains, even if the income and capital gains accrued or were realized by the Fund before the Unitholder acquired the Units and were reflected in the purchase price of the Units.

Management fees paid on Series I Units will not be deductible for tax purposes.

If a Unitholder disposes of Units (including by a redemption), the Unitholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, less any costs of disposition, are greater (or less) than the adjusted cost base of the Units. Generally, one-half of a capital gain is included in the Unitholder's income and the allowable portion of a capital loss may be used to offset taxable capital gains in accordance with the provisions of the Tax Act. For the purpose of determining the adjusted cost base of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all the Units of the same series that the Unitholder owned as capital property immediately before that time. The cost to the Unitholder of Units received on the reinvestment of a distribution of the Fund will be equal to the amount reinvested.

In general, the adjusted cost base of a Unitholder's Units of a series in the Fund equals:

- the Unitholder's initial investment in Units of that series of the Fund (including any sales charges paid)
- plus the cost of any additional investments in Units of that series of the Fund (including any sales charges paid)
- plus reinvested distributions paid on that series of Units (included in the Unitholder's income)
- minus the capital returned in any distributions paid on that series of Units
- minus the adjusted cost base of any previous redemptions of Units of that series.

If a Unitholder disposes of Units the Unitholder, the Unitholder's spouse or another person affiliated with the Unitholder (including a corporation controlled by the Unitholder) has acquired Units of the same series within 30 days before or after the Unitholder disposed of such Units (such newly acquired Units being considered "substituted property"), the Unitholder's capital loss may be deemed to be a "superficial loss". If so, the Unitholder will not be able to recognize the loss and it would be added to the adjusted cost base to the owner of the Units which are "substituted property".

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as dividends from taxable Canadian corporations or as net realized capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax under the Tax Act.

Eligibility for Investment

The Fund is a mutual fund trust under the Tax Act. As a result, Units of the Fund are "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account (collectively, "**Registered Plans**") and can be purchased inside such Registered Plans. Unitholders should consult with their own tax advisers as to whether Units would be a "prohibited investment" under the Tax Act if held in their Registered Plans, in their particular circumstances.

Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the "**IGA**"), and related Canadian legislation, the Fund and/or registered dealers are required to report certain information with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans such as RRSPs), to CRA. It is expected that the CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standard (the "**CRS**"), the Fund and/or registered dealers are required under Canadian legislation to identify and report to the CRA details and certain financial information relating to unitholders in the Fund who are residents in a country outside of Canada and the U.S. The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that has adopted the CRS.

REPORTING TO UNITHOLDERS

The fiscal year end of the Fund is December 31. Unitholders will be sent annual audited financial statements and semi-annual unaudited financial statements of the Fund in accordance with the requirements of applicable legislation unless they instruct the Fund otherwise.

CONFLICTS OF INTEREST

The services of the Manager are not exclusive to the Fund. The Manager may act as the manager of or portfolio advisor to other investment funds and clients which invest primarily in the same securities or which employ the same investment strategies and which could be considered competitors of the Fund. In addition, the directors and officers of the Manager may be directors, officers or securityholders of one or more issuers from which the Fund may acquire securities.

Since the Manager, in its capacity as the portfolio advisor to the Fund, will continue to manage the investments of its other clients, the Manager may acquire or dispose of the same investment for the Fund and one or more of its other clients. However, because of different investment policies, the Manager may be selling an investment for one client and buying the same investment for another client. Under the Management Agreement, the Manager has agreed, in accordance with its policies and procedures, to allocate opportunities to acquire and dispose of investments fairly among the Fund and its other clients that have similar investment objectives.

The Manager is entitled to receive from the Fund the Management Fees, Performance Fees (if any) and reimbursement of expenses as described under the heading "Fees and Expenses".

BROKERAGE SERVICES

The Manager determines the brokerage arrangements of the Fund. The decisions of the Manager as to the purchase and sale of portfolio securities and the execution of portfolio transactions for the Fund, including the selection of markets and dealers and

the negotiation of commissions, are based on elements such as price, speed of execution, certainty of execution and total transaction costs.

The Manager may receive research and order execution goods and services in return for directing brokerage transactions for the Fund to registered dealers. When the Manager does so, the Manager ensures that the goods or services are used by the Fund to assist with investment or trading decisions, or with effecting securities transactions, on behalf of the Fund. The Manager also makes a good faith determination that the Fund receives a reasonable benefit considering both the use of the goods and services and the amount of brokerage commissions paid.

CUSTODIAN AND AUDITOR

CIBC Mellon Trust Company serves as custodian for the Fund and is responsible for the safekeeping of the Fund's portfolio securities. The address of the custodian is 320 Bay Street, Toronto, Ontario M5H 4A6. Some or all of the assets may, from time to time, be held in margin accounts with dealers rather than with the custodian.

PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta, is the auditor of the Fund. As of February 1, 2018, and in accordance with applicable securities laws, the auditor of the Fund will be changed to Ernst & Young LLP, Chartered Accountants, Toronto, Ontario.

AMENDMENT OF DECLARATION OF TRUST AND TERMINATION OF THE FUND

Any provision of the Declaration of Trust may be amended, deleted, expanded or varied by the Trustee. No amendment may be made by the Trustee which would have a material adverse effect on the pecuniary value of the Units of Unitholders as a whole or of a series, 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 that series, as the case may be, duly called for the purpose of considering the proposed change (or by a written resolution signed by such majority of Unitholders); or
- (b) gives at least 30 days' written notice of the proposed change to the Unitholders in accordance with the Declaration of Trust and gives each Unitholder the opportunity to redeem all of such Unitholder's Units on or before the effective date of such change.

The Trustee may terminate the Fund on not less than 30 days' prior written notice to Unitholders. On termination of the Fund, the Trustee will distribute to Unitholders the net assets of the Fund, in cash or in kind, after paying all known liabilities of the Fund in accordance with the Declaration of Trust.

RESALE RESTRICTIONS

The Units offered by this Confidential Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements of applicable securities laws. Consequently, the resale of Units by investors is subject to restrictions. An investor should refer to applicable provisions in consultation with a legal advisor. Furthermore, no transfer of Units may be effected unless the Manager, in its sole discretion, approves the transfer and the proposed transferee. There is no market for these Units and no market is expected to develop; therefore it may be difficult or even impossible for the purchaser to sell the Units.

REPRESENTATIONS OF PURCHASERS

Each prospective purchaser who purchases Units will be deemed to have represented to the Fund and any dealer who sells the Units to such prospective purchaser that (among other matters): (a) the offering of the Unit was made exclusively through the Confidential Offering Memorandum and such purchaser is basing his or her investment decision solely upon the information contained in the Confidential Offering Memorandum; (b) such purchaser is purchasing as principal for its own account and not as agent or, if it is not purchasing as principal, it is deemed to be purchasing such Units as principal for accounts fully managed by it pursuant to a statutory exemption or an exemption order from relevant securities regulatory authorities in the applicable jurisdictions permitting such purchase; and (c) such Purchaser is entitled under applicable Canadian securities laws to purchase such Units without the benefit of a prospectus qualified under such securities laws. See the form of subscription agreement which accompanies this Confidential Offering Memorandum for additional representations, warranties and certifications to be made by a purchaser of Units.

PURCHASERS' RIGHTS OF ACTION

The rights of action and rescission required to be offered by securities legislation in the provinces and territories of Canada are described in Schedule A hereto.

SCHEDULE A

STATUTORY RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain provinces and territories of Canada provides purchasers (“**Purchasers**”) of the units which are offered under the attached Confidential Offering Memorandum (the “**Units**”) with, in addition to any other right they may have at law, rights of rescission or damages, or both, where this Confidential Offering Memorandum, any amendment thereto and, in some cases, advertising, and sales literature used in connection with the offering of Units, contains a misrepresentation. For the purposes of this section, “misrepresentation” means:

- (a) an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of Units (a “material fact”); or
- (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

In addition, securities legislation in certain provinces of Canada provides Purchasers with, in addition to any other right they may have at law, the right to withdraw their subscription for Units.

These rights must be exercised by Purchasers within the prescribed time limits under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province or territory for the full particulars of these rights or consult with their legal advisor.

The rights of action for rescission or damages provided under such securities legislation are in addition to and do not derogate from any other right that Purchasers may have at law.

The following is a summary of the rights of withdrawal and the rights of action provided under the applicable securities laws. Reference should be made to the full text of the provisions summarized below relating to statutory rights of withdrawal and rights of action. Prospective Purchasers should consult their own legal advisers with respect to their rights and the remedies available to them.

Saskatchewan

If this Confidential Offering Memorandum or any amendment thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every Purchaser of Units of the Fund resident in Saskatchewan has, without regard to whether the Purchaser relied on the misrepresentation, a right of action, in addition to any other rights they may have at law, for damages against:

- (a) the Fund;
- (b) every promoter and every director of the Fund at the time this Confidential Offering Memorandum or any amendment thereto was sent or delivered or at the time the advertising or sales literature was disseminated, as the case may be; and
- (c) every person or company that sells Units on behalf of the Fund under this Confidential Offering Memorandum or amendment thereto or in respect of which the advertising or sales literature was disseminated, as the case may be.

Alternatively, where the Purchaser purchased the Units from the Fund, the Purchaser may elect to exercise a right of rescission against the Fund and, when the Purchaser so elects, the Purchaser shall have no right of action for damages against the Fund.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum, or any advertising, or sales literature was sent or delivered, or disseminated, as the case may be, to the Purchaser without the person’s or company’s knowledge or consent and that, on becoming aware that it was sent and delivered or disseminated, the person or company promptly gave reasonable general notice that it was so sent and delivered or disseminated;

- (b) if the person or company proves that after the filing of this Confidential Offering Memorandum, or after the dissemination of the advertising or sales literature, and before the purchase of the Units by the Purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum, or to the advertising or sales literature and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum, or any advertising or sales literature 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) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In addition, where an individual makes a verbal statement to a Purchaser that contains a misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of the Units, the Purchaser has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

- (a) that individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation (this defence is also available to every person or company that sells Units on behalf of the Fund where there is a misrepresentation in the advertising or sales literature used in connection with the offering of Units under this Confidential Offering Memorandum); or
- (b) prior to the purchase of the Units by the Purchaser, that individual notified the Purchaser that the individual's statement contained a misrepresentation.

Neither the Fund nor any other person or company will be liable, whether for misrepresentations in this Confidential Offering Memorandum, advertising or sales literature or in a verbal statement:

- (a) if the Fund or such person or company proves that the Purchaser purchased the Units with knowledge of the misrepresentation; or
- (b) in an action for damages, for all or any portion of the damages that the Fund or such person or company proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied on.

In no case will the amount recoverable by a Purchaser for a misrepresentation in this Confidential Offering Memorandum, advertising and sales literature, or a verbal misrepresentation exceed the price at which Units were sold to the Purchaser.

A person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

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

In Saskatchewan, no action may be commenced to enforce a right of action for rescission or damages more than:

- (a) in the case of an action for rescission, 180 days after the date the Purchaser purchased the Units Fund; and
- (b) in the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the Purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the Purchaser purchased the Units.

Manitoba

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in Manitoba who purchases Units of the Fund offered by this Confidential Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has (a) a right of action for damages against (i) the Fund and (ii) every director of the Fund at the date of this Confidential Offering Memorandum; and (b) a right of rescission against the Fund. If the Purchaser chooses to exercise a right of rescission against the Fund, the Purchaser has no right of action for damages.

No person or company is liable if the person or company proves that the Purchaser had knowledge of the misrepresentation. No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (b) if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

The amount recoverable under the right of action for damages may not exceed the price at which the Units were offered under this Confidential Offering Memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

A person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

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

No action may be commenced to enforce the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the day on which the Purchaser purchases the Units; or
- (b) in any other case, the earlier of (i) 180 days after the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the day on which the Purchaser purchased the Units, whichever occurs earlier.

Ontario

A Purchaser of Units of the Fund who is resident in Ontario and to whom this Confidential Offering Memorandum was delivered may, if the amount of the purchase does not exceed the sum of \$50,000, rescind the contract to purchase such Units by sending written notice to the Fund within 48 hours from the time the Purchaser received the confirmation for the purchase of the Units. The amount the Purchaser is entitled to recover on exercise of the right to rescind may not exceed the net asset

value of the Units purchased at the time the right to rescind is exercised, but will be entitled to reimbursement from every registered dealer through whom such Units were purchased (if any) for the amount of sales charges and fees relevant to the investment of the Purchaser in the Fund in respect of the Units for which the notice of rescission was given.

In the event that this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in Ontario who purchases Units of the Fund offered by this Confidential Offering Memorandum during the period of distribution has, without regard to whether the Purchaser relied upon the misrepresentation, a right of action for damages against the Fund or, alternatively, while still the owner of the Units, for rescission against the Fund provided that:

- (a) if the Purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Fund;
- (b) the Fund will not be liable if it proves that the Purchaser purchased the Units with knowledge of the misrepresentation;
- (c) the Fund will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the Units were offered.

The Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

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

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

- (a) in the case of an action for rescission, 180 days after the date the Purchaser purchased the Units; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the Purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three (3) years after the date the Purchaser purchased the Units.

This Confidential Offering Memorandum is being delivered in connection with a distribution made in Ontario in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to above do not apply if this Confidential Offering Memorandum is delivered to a prospective Purchaser in Ontario in connection with a distribution made in Ontario in reliance on the accredited investor exemption if the prospective Purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

New Brunswick

If this Confidential Offering Memorandum or any information relating to the offering provided to the Purchaser of the Units thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every Purchaser of Units of the Fund resident in New Brunswick purchasing Units of the Fund pursuant to this Confidential Offering Memorandum shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and will have a right of action, in addition to any other rights they may have at law, for damages against the Fund. Alternatively, where the Purchaser purchased the Units from the Fund, the Purchaser may elect to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages against the Fund.

In addition, if advertising or sales literature is relied upon by a Purchaser in connection with a purchase of Units, the Purchaser shall also have a right of action for damages or rescission against every promoter or every director of the Fund at the time the advertising or sales literature was disseminated.

In addition, where an individual makes a verbal statement to a prospective Purchaser that contains a misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of the Units, the Purchaser shall be deemed to have relied upon the misrepresentation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

- (a) that individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation; or
- (b) no individual is liable if, prior to the purchase of the Units by the Purchaser, that individual notified the Purchaser that the individual's statement contained a misrepresentation.

Neither the Fund nor any other person referred to above will be liable, whether for misrepresentations in this Confidential Offering Memorandum, any advertising or sales literature or in a verbal statement:

- (a) if the Fund or such other person proves that the Purchaser purchased the Units with knowledge of the misrepresentation; or
- (b) in an action for damages, for all or any portion of the damages that the Fund or such other person proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied on.

No person, other than the Fund, is liable for misrepresentations in any advertising or sales literature if the person proves:

- (a) that the advertising or sales literature was disseminated without the person's knowledge or consent and that, on becoming aware of its dissemination, the person gave reasonable general notice that it was so disseminated,
- (b) that, after the dissemination of the advertising or sales literature and before the purchase of the Units by the Purchaser, on becoming aware of any misrepresentation in the advertising or sales literature the person withdrew the person's consent to it and gave reasonable general notice of the withdrawal and the reason for the withdrawal, or
- (c) that, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or an extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from, the document, and the person had reasonable grounds to believe and did believe that the statement was true.

No person, other than the Fund, is liable with respect to any part of the advertising or sales literature 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 such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

Any person who at the time the advertising or sales literature was disseminated, sells Units on behalf of the Fund with respect to which the advertising or sales literature was disseminated is not liable if that person can establish that the person cannot reasonably be expected to have had knowledge that the advertising or sales literature was disseminated or contained a misrepresentation.

A person will not be liable for a misrepresentation in forward-looking information if the person proves that:

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

In no case will the amount recoverable by a Purchaser exceed the price at which Units were sold to the Purchaser. In New Brunswick, no action may be commenced to enforce such right of action more than:

- (a) in the case of an action for rescission, 180 days after the date the Purchaser purchased the Units; or
- (b) in the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the Purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the Purchaser purchased the Units.

Nova Scotia

If this Confidential Offering Memorandum or any amendment thereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection therewith contains a misrepresentation, every Purchaser resident in Nova Scotia of Units of the Fund in reliance on an exemption under the *Securities Act* (Nova Scotia), the regulations thereunder or a decision of the Nova Scotia Securities Commission pursuant to this Confidential Offering Memorandum shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action, in addition to any other rights they may have at law, for damages against (i) the Fund, and (ii) every director of the Fund at the date of this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units of the Fund that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case such Purchaser shall have no right of action for damages.

Neither the Fund nor any other person or company will be liable if the Fund or such person or company proves that the Purchaser purchased the Units with knowledge of the misrepresentation.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent or delivered to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its delivery, the person or company promptly gave reasonable general notice that it was delivered without the person's or company's knowledge and consent;
- (b) if the person or company proves that after delivery of this Confidential Offering Memorandum, and before the purchase of the Units by the Purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, neither the Fund nor any other 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 upon.

In no case shall the amount recoverable under the right of action described herein exceed the price at which the Units were sold to the Purchaser.

A person will not be liable for a misrepresentation in forward-looking information if the person proves that:

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

No action shall be commenced to enforce these rights more than 120 days after the date on which payment was made for the Units.

Prince Edward Island

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in Prince Edward Island who buys Units of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund, and (ii) every director of the Fund at the date of this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units of the Fund that it purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person or company will be liable if the Fund or such person or company proves that the Purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person or company will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of the Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Units purchased by the Purchaser were offered.

In an action for damages, no person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware that it was sent, the person or company had promptly given reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (b) if the person or company proves that on becoming aware of the misrepresentation, the person or company had withdrawn the person's or company's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

A person will not be liable for a misrepresentation in forward-looking information if the person proves that:

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

In Prince Edward Island, no action may be commenced to enforce such right of action described above more than:

- (a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Units; or
- (b) in the case of any action, other than an action for rescission: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Units, whichever period expires first.

Northwest Territories

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in the Northwest Territories who buys Units of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund and (ii) every director of the Fund at the date of this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units of the Fund that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person will be liable if the Fund or such person proves that the Purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person will be liable for all or any portion of such damages if the Fund or such person proves that they do not represent the depreciation in value of the Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Units purchased by the Purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;
- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

A person will not be liable for a misrepresentation in forward-looking information if the person proves that:

- (a) this Confidential Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information,

and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (b) the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

In the Northwest Territories, no action may be commenced to enforce such right of action described above more than:

- (a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Units; or
- (b) in the case of any action, other than an action for rescission, the later of: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Units, whichever period expires first.

Nunavut Territory

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in the Nunavut Territory who buys Units of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund and (ii) every director of the Fund at the date of the Confidential Offering Memorandum, but may elect (while still the owner of any of the Units that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person will be liable if the Fund or such person proves that the Purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person will be liable for all or any portion of such damages if the Fund or such person proves that they do not represent the depreciation in value of the Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Units purchased by the Purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;
- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

A person will not be liable for a misrepresentation in forward-looking information if the person proves that:

- (c) this Confidential Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (d) the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

In the Nunavut Territory, no action may be commenced to enforce such right of action described above more than:

- (a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Units; or
- (b) in the case of any action, other than an action for rescission, the later of: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Units, whichever period expires first.

Yukon Territory

If this Confidential Offering Memorandum contains a misrepresentation when a Purchaser resident in the Yukon Territory who buys Units of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund and (ii) every director of the Fund at the date of this Confidential Offering Memorandum, but may elect (while still the owner of any of the Units of the Fund that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person will be liable if the Fund or such person proves that the Purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person will be liable for all or any portion of such damages if the Fund or such person proves that they do not represent the depreciation in value of the Units as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Units purchased by the Purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;
- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct an investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

A person will not be liable for a misrepresentation in forward-looking information if the person proves that:

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

In the Yukon Territory, no action may be commenced to enforce such right of action described above more than:

(a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Units; or

in the case of any action, other than an action for rescission, the later of: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Units, whichever period expires first.