This confidential offering memorandum ("Offering Memorandum") constitutes an offering of the securities described herein only in those jurisdictions where they may be lawfully offered for sale and is not, and under no circumstance is to be construed as, a prospectus or an advertisement or a public offering of such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence. Under applicable laws, resale of the Units will be subject to indefinite restrictions. The securities, however, may be redeemed in accordance with their provisions as described in this Offering Memorandum.

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any information or representation which is given or received must not be relied upon.

The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act). In addition, VPC Specialty Finance Fund (the "Fund") has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "US Investment Company Act"), and the recipient of this document will not be entitled to the benefits of the US Investment Company Act. This document must not be distributed into the United States or to US Persons. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a US criminal offence.

Continuous Offering **November 7, 2017**

NEXT EDGE PRIVATE DEBT FUND

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NEXT EDGE CAPITAL

CONFIDENTIAL OFFERING MEMORANDUM

Offering of Class A, F, F1, G, H, I and J Units

Class A Units	NEC	448	Class F Units	NEC	449	Class F1 Units	NEC	442
Class G Units	NEC	443	Class H Units	NEC	444	Class I Units	NEC	445
Class J Units	NEC	446						

Next Edge Private Debt Fund (the "**Fund**") is an open-ended investment trust which has been formed and organized under the laws of the Province of Ontario pursuant to a trust agreement (the "**Trust Agreement**"), as may be amended and restated from time to time. An unlimited number of classes of transferable units (the "**Units**") may be established by the Fund. There are seven classes of Units (individually a "Class" or collectively, the "Classes") offered under this Offering Memorandum - Class A, Class F, Class F1, Class G, Class H Class I and Class J.

Units are offered continuously for sale in the relevant offering jurisdictions at their Class net asset value per Unit determined as of the most recent Valuation Date (as defined below), pursuant to exemptions from the prospectus requirements of applicable securities legislation.

Investment Objective: The investment objective of the Fund is to achieve consistent risk-adjusted returns with minimal volatility and low correlation to most traditional asset classes.

Investment Strategy of the Fund and the Partnership: The Fund intends to achieve its investment objective by investing all, or substantially all, of its net assets in the Next Edge Private Debt LP (the "**Partnership**") through the Next Edge Commercial Trust (the "**Sub Trust**"). To achieve its investment objective the Partnership will primarily allocate capital to a number of specialist loan originators and managers of credit pools ("**Credit Managers**"), to take advantage of opportunities in the private debt markets. Strategies that may be used include trade finance, consumer finance, invoice factoring, supply chain financing, syndicated loans, regulatory capital, mezzanine debt, structured credit and asset-based lending. The Partnership will invest in both senior and subordinated debt subject to the advice and recommendations of their Credit Managers with the intent of building a portfolio, either directly or indirectly, of private income generating securities.

In this Offering Memorandum "$" refers to Canadian dollars unless otherwise expressly specified.

SUBSCRIPTION PRICE: NET ASSET VALUE PER UNIT
MINIMUM SUBSCRIPTION: $10,000 for Class A, F, F1, G, H and J Units; $10 Million for Class I Units

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Management of the Fund: Next Edge Capital Corp. (the "**Manager**" or the "**Investment Manager**") is the trustee of the Fund and the manager and investment manager of the Fund, the Sub Trust and the Partnership and, therefore, is responsible for the day-to-day responsibilities for the investment and administrative affairs of the Fund. In consideration of the services provided to the Fund, the Sub Trust and the Partnership, the Manager are entitled to receive a management fee (the "**Management Fee**").

The Manager is a registered dealer participating in the offering of the Units to its clients for which it may receive an initial sales commission with respect to Class A, G and I Units and it may receive a trailing commission with respect to Class A, G and I Units. The Fund and any issuers that are managed by the Manager from time to time may be considered to be "connected issuers" of the Manager under applicable securities legislation. The Manager and the General Partner of the Partnership are controlled, directly or indirectly, by many of the same individuals. See "Corporate Governance – Conflicts of Interest".

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. The Fund is not an investment fund under Canadian securities laws and is not subject to rules and regulations that apply to investments funds. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. See "Risk Factors".

There is no guarantee that an investment in the Fund will earn any positive return. A subscription in the Fund is appropriate only for investors who have the capacity to absorb the loss of some or all of their investment. 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 are also subject to resale restrictions under applicable securities legislation. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to

the acquisition or disposition of Units under applicable securities legislation. There are certain additional risk factors associated with investing in the Units.

Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in Units. See "Resale Restrictions" and "Risk Factors".

The Units will be issued only on the basis of information contained in this Offering Memorandum and provided by the Fund in writing, and no other information or representation is authorized or may be relied upon as having been authorized by the Fund. Any subscription for Units made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale of Units shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Fund since the date of the sale to any other purchaser of the Units offered hereby, or that the information contained herein is correct as of any time subsequent to the date hereof.

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GLOSSARY OF TERMS

*"**ABL**"*	*means Asset Based Lending.*
*"**Accredited Investor**"*	*means an "accredited investor" as defined under National Instrument 45-106 – Prospectus and Registration Exemptions.*
"Accredited Investor Exemption"	*has the meaning given to it under "Purchase of Units – Minimum Investment".*
"allowable capital loss"	*has the meaning given to it under "Canadian Federal Income Tax Considerations Taxation of the Fund".*
*"**A/R**"*	*means Accounts Receivable.*
*"**Business Day**"*	*means any day, other than a Saturday or a Sunday, or a day on which commercial banks in Toronto remain closed.*
"Capital Gains Refund"	*means the amount by which the Fund is entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year.*
*"**Class**"*	*means any class of Units of the Fund authorized from time to time.*
*"**Classes**"*	*means the seven Classes of the Fund - Class A, Class F, Class F1, Class G, Class H, Class I and Class J.*
*"**Class A Unit**"*	*means a Class A Unit of the Fund that carries a front-end load sales commission of up to 3.00% of the subscription amount.*
*"**Class F Unit**"*	*means a Class F Unit of the Fund which may be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program and who are subject to an annual asset-based fee.*
*"**Class F1 Unit**"*	*means a Founders Class F Unit of the Fund which may be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program and who are subject to an annual asset-based fee.*
*"**Class G Unit**"*	*means a Founders Class G Unit of the Fund that carries a front-end load sales commission of up to 3.00% of the subscription amount.*
*"**Class H Unit**"*	*means a Founders Class H Unit of the Fund which may be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program and who are subject to an annual asset-based fee.*
*"**Class I Unit**"*	*means a Class I Unit of the Fund which is offered primarily to Institutional Investors at a minimum initial purchase amount of $10 million, unless otherwise determined in the sole discretion of the Manager, and may carry a front-end load sales commission of up to 3.00% of the subscription amount; Class I Units are also available to Registered Dealers for investment through their personal accounts at a minimum initial purchase amount negotiated between the Manager and the Registered Dealer.*

*"**Class J Unit**"*	*means a Class J Unit of the Fund which may be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program at Industrial Alliance and who are subject to an annual asset-based fee.*
*"**Class Net Asset Value**"*	*means the portion of the Net Asset Value attributable to each of the Classes of Units calculated as described under "Valuation".*
*"**Class Net Asset Value per Unit**"*	*means the Net Asset Value attributable to each Unit of a Class calculated as described under "Valuation".*
"Clients"	*means the approximately 300 clients which LCC and its Network currently service. The Clients receive trade financing from LCC based primarily on the credit quality of the Clients' customers, rather than (uniquely) their own credit, particularly as defined by their own balance sheets. These Clients are generally companies that have A/R in excess of their ability to support conventional bank financing using only their own balance sheets, and/or have market opportunities for growth beyond that which can be supported by their own balance sheets.*
"CRA"	*means the Canada Revenue Agency.*
*"**Credit Managers**"*	*means a number of specialist loan originators and managers of credit pools.*
*"**Custodian Agreement**"*	*means the agreement entered into for custodial services with RBC Investor Services Trust located in Toronto, Ontario, dated May 7, 2016, as may be amended from time to time.*
*"**Customers**"*	*means the approximately 3,000 Customers of the Clients. It is these Customers that provide repayment of the funds that LCC advances to finance factored invoices and PO's provided by the Clients. The factored invoices and PO's are assigned to LCC, which manages the trade finance transaction, so that it receives repayment directly from the Customer.*
*"**ETFs**"*	*means Exchange Traded Funds, which the Fund may invest in to provide returns to an underlying benchmark.*
*"**Franchisees**"*	*means the Liquid Capital Franchisees who enter into a license agreement with either Liquid Capital of America Corp. (if the franchisee is located in the United State) or Liquid Capital Canada Corp. (if the franchisee is located in Canada). The license agreement grants a franchisee the right to operate the factoring business.*
*"**Fund**"*	*means Next Edge Private Debt Fund.*
*"**General Partner**"*	*means Next Edge General Partner (Ontario) Inc.*
*"**HST**"*	*means Harmonized Sales Tax which combines the respective provincial sales tax with the federal goods and services tax.*
*"**Hurdle Rate**"*	*means a return of 6%.*
*"**Incentive Allocation**"*	*means allocations from the Partnership to the General Partner equal to a percentage of net new profits above the Hurdle Rate.*
*"**Information**"*	*means a purchaser of Units name and other specified personally identifiable information that the purchaser of Units acknowledges that the Fund and its respective agents and advisers may each collect, and disclose,* i*ncluding the amount of the Units that it has purchased for purposes of meeting legal, regulatory and audit requirements and as otherwise permitted or required by law or regulation.*

*"**Initial Limited Partner**"*	*means the Sub Trust*
*"**Institutional Investor**"*	*means an organization whose primary purpose is to invest its own assets or those held in trust by it for others, which includes pension funds, investment companies, insurance companies, universities and banks, and is subject to a minimum initial investment in the Fund of $10 million, or such other amount as the Manager may accept.*
*"**Investment Application**"*	*means the subscription booklet, investment application forms and any ancillary agreements required to be completed for a purchase of Units, in the form prescribed by the Manager from time to time.*
*"**Investment Manager**"*	*means Next Edge Capital Corp., a corporation incorporated under the laws of the Province of Ontario, or any successor thereto appointed pursuant to the terms of the Partnership Agreement.*
*"**LC**"*	*means a Letter of Credit.*
*"**LCAC**"*	*means Liquid Capital Acceptance Corp. which makes reverse factoring advances on behalf of Credit Insured Clients.*
*"**LCC**"*	*means Liquid Capital Corporation; the first Credit Manager identified by the Manager.*
*"**LCEC**"*	*means Liquid Capital Exchange Corporation; which along with LCEI receives refactoring advances from LCAC and in turn advances those funds to Liquid Capital Franchisees that are in good standing.*
*"**LCEI**"*	*means Liquid Capital Exchange Inc.; which along with LCEC receives refactoring advances from LCAC and in turn advances those funds to Liquid Capital Franchisees that are in good standing.*
*"**LCTF**"*	*means Liquid Capital Trade Finance.*
*"**Limited Partner**"*	*means a limited partner of the Partnership.*
*"**Limited Partnership Agreement**"*	*means the agreement made between the General Partner and the Initial Limited Partner which governs the Partnership.*
*"**Long Term Loans**"*	*means collectively, private commercial loans (including but not limited to first and second lien senior loans, term mezzanine debt and bridge loans consisting of senior and subordinated debentures plus participation rights).*
*"**Management Fee**"*	*means a management fee calculated and payable monthly to the Manager which is a percentage of the Class Net Asset Value, in respect of each Class of Units.*
*"**Manager**"*	*means Next Edge Capital Corp., a corporation incorporated under the laws of the Province of Ontario, or any successor thereto appointed pursuant to the terms of the Partnership Agreement.*
"Material Fact"	*means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Units*.
"Misrepresentation"	*means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in the Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made*.

*"**Net Asset Value**"*	*means the net asset value of the Fund calculated as described under "Valuation of the Fund and the Partnership".*
"NI 81-106"	*means National Instrument 81-106- Investment Fund Continuous Disclosure.*
*"**OECD**"*	*means the Organization for Economic Cooperation and Development.*
*"**Offering Jurisdictions**"*	*means each of the provinces and territories of Canada.*
*"**Partnership**"*	*means Next Edge Private Debt LP.*
*"**Partnership Act**"*	*means Limited Partnerships Act (Ontario).*
*"**Partnership Agreement**"*	*means the Partnership Agreement, as amended, restated or supplemented from time to time.*
*"**Partnership Units**"*	*means units of Next Edge Private Debt LP.*
"Personal Information"	*has the meaning given to it under "Personal Information".*
"PO"	*means purchase orders. Letters of Credit and advances against purchase orders to Client suppliers are only against finished goods destined for credit-approved Customers. The purchase orders are repayable through a factoring facility or by an outside factor.*
"Portfolio"	*means the investments of the Partnership which will include investments in both senior and unsubordinated debt subject to the advice and recommendations of seasoned Credit Managers.*
*"**PFP**"*	*means Purchase Finance Program.*
*"**PPSA**"*	*means Personal Property Security Act (Ontario).*
*"**Purchase Order Financing**"*	*means* the *precursor of factoring that allows a Client to purchase from suppliers (that are unwilling to provide trade credit) finished or nearly finished goods for immediate resale to Customers.*
*"**Redemption Amount**"*	*means the amount of the Units redeemed at the Net Asset Value per Unit:* *(i) under Scenario 1, 95% of the Class Net Asset Value of a Unit for the applicable class calculated as of the first Valuation Date immediately preceding the Redemption Date; or* *(ii) under Scenario 2, 100% of the Class Net Asset Value of a Unit for the applicable class calculated as of the Redemption Date.*
*"**Redemption Date**"*	*(i) the date that the redemption Notice is received by the Manager, or (ii) the Valuation Date that is at least 90 calendar days following the date that the Notice is received by the Manager*
*"**Redemption Fee**"*	*means a redemption fee payable to the Manager by the redeeming Unitholder deducted by the Manager from the amount otherwise receivable by the redeeming Unitholder.*
*"**Redemption Price**"*	*means, in respect of the redemption of a Class of Units, the NAV per Unit of that Class as at the relevant Valuation Date less, if applicable, the Redemption Fee payable in connection with early redemption of Units.*
*"**Registered Dealer**"*	*means dealers, brokers, portfolio managers or other firms registered under applicable securities laws in the Offering Jurisdictions where such registration is required, or such*

	other persons who may be permitted under applicable securities laws, to sell or purchase Units.
"Registered Plans"	*means collectively qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act.*
*"**Regulations**"*	*means the current provisions of the Tax Act and the regulations thereunder.*
*"**Relationship Agreement**"*	*means the agreement dated August 6, 2014 between the Manager and LCC, in which LCC agrees to provide administrative, credit and other operational, oversight services and certain other services to the Partnership.*
"Reinvested Units"	*means a distribution which rather than being payable by way of a cash distribution is payable and paid to such holders in the form of additional Units.*
"Refactoring Advances"	*means advances which are made by LCAC to Liquid Capital Exchange Corp. and Liquid Capital Exchange Inc. who, in turn, advance those funds to Liquid Capital Franchisees that are in good standing, permitting these franchisees to access funds to facilitate their businesses.*
"Reverse Factoring"	*means advances which are made on behalf of credit insured Clients by Liquid Capital Acceptance Corp. LCAC to pay the suppliers of the Client for the goods and services provided, accepted and irrevocably approved for payment by the Client.*
"RRIF"	*means a Registered Retirement Income Fund.*
"RRSP"	*means a Registered Retirement Savings Plan.*
*"**Shorting**"*	*means selling a security short, which involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date.*
"SIFT Trust"	*means a specified investment flow-through trust.*
"SIFT Partnership"	*means a specified investment flow-through partnership.*
"Special Distribution"	*means a distribution that will, if necessary, be made automatically in each year to Unitholders of record on December 31st of that year in order that the Fund will generally not be liable to pay income tax in respect of that year.*
*"**Sub Trust**"*	*means Next Edge Commercial Trust, an unincorporated open-ended limited purpose trust used to be established under the laws of the Province of Ontario prior to the closing of the Offering*
*"**Sub Trust Units**"*	*means units of the Sub Trust.*
*"**Task Force**"*	*means the Fund Risk Classification Task Force of The Investment Funds Institute of Canada.*
"taxable capital gains"	*has the meaning given to it under "Canadian Federal Income Tax Considerations - Taxation of the Fund".*
*"**Tax Act**"*	*means the Income Tax Act (Canada) as now or hereafter amended, or successor statutes, and shall include regulations promulgated thereunder.*

"Termination Date"	*means the date at which the Manager may terminate and dissolve the Fund by giving to the Trustee and to each Unitholder of the Trust at that time written notice of its intention to terminate at least thirty (30) days before the date on which the Trust is to be terminated.*
"TFSA"	*means a Tax-Free Savings Account.*
*"**Trade Finance Investments**"*	*means trade finance transactions originated by Liquid Capital Corporation on behalf of the Partnership.*
*"**Trust Agreement**"*	*means the trust agreement of the Fund.*
*"**Trustee**"*	*means Next Edge Capital Corp., a corporation incorporated under the laws of the Province of Ontario, or any successor thereto appointed pursuant to the terms of the Partnership Agreement.*
*"**Underlying Funds**"*	*means the collective investment of the Partnership in investment funds, exchanged-traded funds and mutual funds.*
*"**Unitholder**"*	*means the holder of one or more Units.*
*"**Units**"*	*means the units of each Class of Units of the Fund which can be purchased on a monthly basis.*
*"**Valuation Agent**"*	*means RBC Investor Services Trust, or such other entity as is appointed by the Manager as the party responsible for calculating the Net Asset Value of the Fund.*
*"**Valuation Date**"*	*means the last Business Day of each month, or if not a Business Day, the following Business Day, or such other day or days as determined from time to time by the Manager.*
*"**$**"*	*means Canadian dollars, unless otherwise expressly specified.*

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that the Fund believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Fund) are forward-looking statements. These forward-looking statements reflect the current expectations, assumptions or beliefs of the Manager based on information currently available to such persons. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Fund to differ materially from those discussed in the forward-looking statements; and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Fund. Factors that could cause actual results or events to differ materially from current expectations include, among other things, volatility in financial markets, fluctuations in currency exchange rates and interest rates, tax consequences, changes in applicable laws and other risks associated with investing in securities and those factors discussed under the section entitled "Risk Factors" in this Offering Memorandum.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Fund disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Manager believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Subscribers are encouraged to consult with their independent legal and tax advisers prior to signing the subscription agreement to purchase Units and to carefully review the Declaration of Trust of the Fund.

THE FUND

Next Edge Private Debt Fund (the "**Fund**") is an open-ended investment trust which has been formed and organized under the laws of the Province of Ontario pursuant to a trust agreement (the "**Trust Agreement**"), as may be amended and restated from time to time. The address of the Fund's principal office and Manager is 1 Toronto Street, Suite 200, Toronto, Ontario, Canada M5C 2V6.

An investment in the Fund is represented by an unlimited number of authorized trust units (the "**Units**"). There are seven classes of Units (individually a "**Class**" or collectively, the "**Classes**") offered under this Offering Memorandum - Class A, Class F, Class F1, Class G, Class H, Class I and Class J. All of the Classes have the same investment objective, strategy and restrictions but differ in respect of one or more of their features, including but not limited to management fees, expenses, or commissions as further set out in this Offering Memorandum. Additional classes may be offered at the Manager's discretion.

Each Unit of a Class represents an undivided ownership interest in the assets attributable to that Class of Units. Units are transferable on the register of the Fund only by a registered Unitholder or his/her legal representative, subject to compliance with applicable securities laws.

The only undertaking of the Fund is the investment of its assets as described herein. Substantially all of the assets of the Fund are invested in securities of the Sub Trust.

The Fund has no fixed term. The Fund may be terminated if the Manager determines that it is in the best interest of the Unitholders to do so and may occur on 30 days written notice by the Manager to each Unitholder.

The fiscal year end of the Fund is December 31. There is no minimum or maximum offering of the Fund.

Prospective investors are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Fund. In this Offering Memorandum "$" refers to Canadian dollars, unless otherwise expressly specified.

The Manager

The Trustee and General Partner have engaged Next Edge Capital Corp. (the "**Manager**") to direct the day-to-day business, operations and affairs of the Fund, the Sub Trust and the Partnership including management of the Fund, Sub Trust and Partnership's portfolio on a discretionary basis and the distribution of the Units of the Fund, the Sub Trust and the Partnership. The Manager may delegate certain of these duties from time to time. See "Management Agreements".

The Manager is a corporation formed under the laws of Ontario. The principal place of business of the Manager is 1 Toronto Street, Suite 200, Toronto, Ontario, Canada M5C 2V6**.** Certain senior officers and directors of the Manager and/or its affiliates and associates may purchase and hold Units of the Fund and the securities of related issuers.

The Sub Trust

The Sub Trust is an unincorporated open-ended limited purpose trust to be established under the laws of the Province of Ontario prior to the closing of the Offering by the Sub Trust Agreement. All of the issued and outstanding Sub Trust Units are held by the Trust. The Sub Trust's sole function is to own units of the Partnership following the closing of the Offering and substantially all of the assets of the Sub Trust are invested in securities of the Partnership. Next Edge Capital Corp. is the trustee of the Sub Trust and will continue in that capacity until it resigns or is replaced by the Fund in accordance with the provisions of the Sub Trust Indenture.

The amount and payment of distributions by the Sub Trust on the Sub Trust Units are determined in the discretion of the Manager. The Manager intends to cause the Sub Trust to make quarterly distributions, funded by distributions received from the Partnership to the Sub Trust so as to facilitate the Fund's quarterly cash distributions to the Unitholders.

The Partnership

The Sub Trust is the sole limited partner of Next Edge Private Debt LP (the "**Partnership**"). The Partnership will initially issue two classes of Partnership Units ("**Partnership Units**"), Class A and Class B. The Sub Trust became a limited partner of the Partnership (a "**Limited Partner**") by indirectly acquiring interests in the Partnership through Class B Partnership Units. The Partnership will issue one (1) Class A (voting) Partnership Unit to Next Edge General Partner (Ontario) Inc. (the "**General Partner**").

The Partnership was formed under the laws of Ontario and become a limited partnership by filing a Declaration of Limited Partnership under the *Limited Partnerships Act (Ontario)* (the "**Partnership Act**"). The Partnership is governed by a limited partnership agreement (the "**Limited Partnership Agreement**") made between the General Partner and the Sub Trust (the "**Initial Limited Partner**"). The principal place of business of the Partnership and the General Partner is 1 Toronto Street, Suite 200, Toronto, Ontario, Canada M5C 2V6. A copy of the Limited Partnership Agreement is available from the Manager upon request.

The Partnership will have no fixed term. Dissolution may only occur on 30 days written notice by the General Partner and/or Manager to each Limited Partner, or 60 days following the removal of the General Partner. The fiscal year end of the Partnership is December 31.

The General Partner

The General Partner is incorporated under the *Business Corporations Act (Ontario)*. The General Partner may act as general partner of other limited partnerships, but does not presently carry on any other business operations and currently has no significant assets or financial resources.

The General Partner is generally responsible for management and control of the business and affairs of the Partnership in accordance with the terms of the Limited Partnership Agreement. The General Partner has engaged the Manager to carry out its duties, including management of the Partnership on a day-to-day basis, management of the Partnership's portfolio and distribution of the Partnership Units, but remains responsible for supervising the Manager's activities on behalf of the Partnership.

The Market for Private Debt Opportunities

The private debt market covers the wide range of lending activities performed outside of the auspices of regulated deposit-taking institutions. This market, excluding insurance companies and pension funds had assets under management of $80 trillion in 2014 (Source: Financial Stability Board, Global Shadow Banking Monitoring Report 2015), having grown at 5.6% per year during the preceding 4 years, even as the total banking system's assets remained flat.

The tightening of banking regulations in 2010 by way of Basel III and the Dodd Frank Act have driven most banks to scale back their lending activities in order to meet updated regulatory and capital control regimes. This 'scaling back' has 1) reduced the flexibility of lending structures, 2) increased the length of time it takes to issue debt, and 3) narrowed the profile of companies deemed eligible for bank debt.

These factors leave many small to medium sized companies unable to gain access to capital through these normal bank channels, providing a growing opportunity for alternate private debt providers.

The Fund intends to capitalize on this gap in the market by providing premium-priced debt facilities to solve some or all of these three issues for prospective borrowers.

INVESTMENT OBJECTIVE AND STRATEGIES

Investment Objective of the Fund

The investment objective of the Fund is to achieve consistent risk-adjusted returns with minimal volatility and low correlation to most traditional asset classes.

There can be no assurance that the Fund's investment objectives will be achieved. Investment results may vary substantially over time.

Investment Strategies of the Fund

The Fund intends to achieve its investment objective by investing substantially all of its net assets in the Partnership through the Sub Trust. The Manager may from time to time determine that the investment objective of the Fund can be best achieved through direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Fund makes direct investments, it will apply the investment strategies of the Partnership set out below.

Investment Objective of the Partnership

The investment objective of the Partnership is to achieve consistent risk-adjusted returns with minimal volatility and low correlation to most traditional asset classes by investing primarily in a portfolio of private debt securities.

Investment Strategies and Guidelines of the Partnership

To achieve its investment objective the Partnership will primarily allocate capital to a number of specialist loan originators and managers of credit pools ("**Credit Managers**") to take advantage of opportunities in the private debt markets. Strategies that may be used will include:

1. trade finance
2. consumer finance
3. invoice factoring
4. supply chain financing
5. syndicated loans
6. regulatory capital
7. mezzanine debt
8. structured credit
9. asset-based lending

The Partnership will invest in both senior and subordinated debt subject to the advice and recommendations of seasoned Credit Managers with the intent of building a portfolio (the "**Portfolio**"), either directly or indirectly, of private income generating securities. The Manager may from time to time determine that the investment objective of the Partnership can be best achieved through either direct investment in underlying securities and/or investment in other pooled investment vehicles. To the extent the Partnership makes direct investments, it will apply the investment strategies of the Partnership set out below.

The Partnership will focus on identifying opportunities primarily through the Credit Managers who make working capital advances and debt investments in companies and other entities/vehicles that are otherwise unable to access financing. These entities are often overlooked or underappreciated by the general financial community due to size, perceived risk and complexity or timing. Integral to the investment strategy of the Partnership is capital preservation through senior liens on collateral assets with visible short-term cash flows and/or liquidation or break-up values, the purchase of invoices and other secure strategies to invest in the private debt markets.

The Partnership will focus on lending to entities with the following features:

- acceptable leverage and historical profit margins
- well defined working capital expenditure requirements
- ample cash flow in order to operate with the grant of a facility
- good growth prospects
- reputable and seasoned management
- the ability for the Partnership to obtain acceptable collateral or security

The foundation of the strategy is rigorous, bottom-up fundamental analysis that emphasizes accounts receivable level credit analysis, asset-level security based on liquidation value, identifying entities that are overlooked or out-of-favour, and diversification based on asset-type, investment size, as well as company and industry exposures. The Manager will attempt to limit overexposure to any one industry or asset type. However, the Partnership has no geographic, industry sector, asset class or market capitalization restrictions.

The investments and/or underlying assets and contracts may have varying terms with respect to overcollateralization, seniority or subordination, purchase price, convertibility, interest term, and maturity, but will primarily consist of non-participating positions, those being positions whereby the Partnership or its Credit Managers do not have any management influence by way of its investment except in those circumstances where required to ensure orderly repayment of advances.

The Partnership may be invested in first and second lien senior loans, term mezzanine debt and bridge loans, consisting of secured senior and subordinated debentures. The Partnership may participate in investments on a syndicated basis, as well as receive equity sweeteners as a potential return source on its investments.

During periods when the Manager cannot find suitable secure opportunities, the Partnership will hold secure cash instruments. The Partnership may hold cash in short-term debt instruments, money market funds or similar temporary instruments, pending full investment of the Partnership's capital and at any time deemed appropriate by the Manager. Should cash positions ever exceed 50% of the Partnership's net asset value for greater than a three-month period, then some cash distributions will be made back to the Limited Partners and the Fund Unitholders.

The Partnership may invest in investment funds, exchange-traded funds and mutual funds (collectively referred to as the "**Underlying Funds**") which may or may not be managed by the Manager or one of its affiliates or associates. However, there will be no duplication or double counting of fees if an investment is made into an Underlying Fund which is managed by the Manager or one of its affiliates or associates.

Derivatives may be used to limit or hedge potential losses associated with currencies, specific securities, stock markets and interest rates. Derivatives may include forward currency agreements and options. Short sale positions may be used to hedge the Partnership's long positions.

Investments may be made by the Partnership through intermediary vehicles, including, without limitation, special purposes or joint ventures, general or limited partnerships, and limited liability companies. The Partnership may seek to fully control any such intermediary vehicles, but may also hold investments through joint ventures where the Partnership will seek to retain control over management, sale, and financing of the venture's assets or alternatively will have a viable mechanism for exiting the venture, within a reasonable period of time. Unless otherwise provided for in this Offering Memorandum, an investment into an intermediary vehicle should be treated as if it were direct investment made by the Partnership in the assets of the intermediary vehicle and is therefore not subject to the individual investment concentration investment restriction below.

The Partnership will follow the Investment Strategies and Guidelines for the Partnership set forth in the Partnership Agreement. The Investment Strategies and Guidelines of the Partnership may be changed from time to time by the General Partner to adapt to changing circumstances and the Limited Partners shall be provided not less than 30 days prior written notice of any material changes to the Investment Strategies and Guidelines. For the purposes of the Investment Guidelines listed below, all amounts and percentage limitations will be determined on the date of the

relevant investment, and any subsequent change in any applicable percentage resulting from changing Net Asset Values will not require the disposition of any investment from the Portfolio.

Investment Restrictions

The Partnership is invested in accordance with the Partnership's investment objectives and the investment restrictions:

1. The Partnership shall not invest more than 25% of the Net Asset Value of the Partnership in any one investment subject to investment in special purpose entities as described under "Investment Strategies and Guideline and the Partnership". This investment restriction need not be complied with during the initial 12-month period following the date of the Partnership's first investment provided that the Manager endeavours to ensure at all times an appropriate level of diversification of risk within the Portfolio.

   However, this restriction shall not apply to investments in liquid assets or securities issued or guaranteed by a member state of the Organization for Economic Cooperation and Development ("**OECD**") or by its local authority or by supranational institutions and organizations with regional or worldwide scope. For the purposes of the foregoing paragraph, "liquid assets" means cash or cash equivalents including, *inter alia* and without limitation, investments in units of money market Funds, time deposits and regularly negotiated money market instruments, the remaining maturity of which is less than 12 months, treasury bills and bonds issued by OECD countries or their local authorities or by supranational institutions and organizations with worldwide scope as well as bonds admitted to official listing on a stock exchange or dealt on a regulated market, issued by first-class issuers and highly liquid.

2. Notwithstanding, restriction 1 above, the Sub Trust will not purchase or hold securities of the Partnership unless at the time of the purchase of securities of the Partnership, the Partnership holds no more than 10% of its net assets in securities of other investment funds other than securities (a) of a "money market fund" (as defined in NI 81-102), or (b) that are "index participation units" (as defined in NI 81-102) issued by an investment fund.

Loan Facilities

The Partnership may enter into loan facilities with one or more lenders. The Manager views the loan facilities as having three potential uses:

(a) to provide liquidity in the event of Unitholder redemptions. There is no secondary market for many private debt investments, so there is relatively little immediate liquidity for the Partnership to meet large redemption requests, except for income-generating securities, if any, and cash or cash equivalents held by the Partnership. The loan facilities could be used to fund redemptions and would be repaid as cash flow within the Partnership permits or as new Units are issued; and

(b) to smooth the timing difference between the closing of potential new private debt investments and cash availability in the Partnership. The Partnership's Portfolio is constructed over time and with various maturities and repayment schedules. However, there may be times when a new investment opportunity is available when the Partnership does not have sufficient available cash to invest in such opportunity at the time. The loan facilities could enable the Partnership to draw upon such facilities to invest in the new opportunity with a view to repaying the advance as cash flow within the Partnership permits or as new Units are issued.

c) to maintain liquidity in accordance with its investment objective and investment strategies of the Partnership;

The Manager expects the terms, conditions, interest rate, fees and expenses of the loan facilities will be typical for loans of this nature. In connection with any such loan advances, the Partnership may grant security over the assets of the Partnership to secure repayment of such loan advances. The Partnership may enter into such loan facilities with one or more lenders that may include affiliates of the Sub-Advisor.

General

The above-described investment strategies and operating policies which may be pursued by the Partnership are not intended to be exhaustive and other strategies and/or policies may also be employed. The actual strategies or policies utilized by the Manager will depend upon its assessment of market conditions and the relative attractiveness of the available opportunities. The Manager may, in its sole and absolute discretion, use strategies or policies other than those described above, or discontinue the use of any strategy or policy without advance notice to the Partnership. Changes to the investment strategies and operating policies of the Partnership can be made without prior approval of the Limited Partners. If at any time a government or regulatory authority having jurisdiction over the Fund or any property of the Partnership enacts any law, regulation or requirement which is in conflict with any investment or operating policy of the Partnership then in force, such policy will be deemed to have been amended to the extent necessary to resolve any such conflict.

There can be no assurance that the Partnership's investment objectives will be achieved. Investment results may vary substantially over time.

Credit Managers

An investment goal of the Manager is to make prudent investments in private debt securities. To help address this goal the Manager will employ specialists ("**Credit Managers**") who each have expertise in different areas of private debt investing.

Credit Managers will be selected by the Manager for their perceived: (i) investment underwriting skills; (ii) ability to identify and execute investments suitable for the Partnership; (iii) ability to guide and manage an attractive portfolio of primarily middle-market companies in which the Partnership will either directly or indirectly finance via commercial loans or other debt securities; and (iv) ability to determine the appropriate time and terms upon which to exit their investments.

The Manager will invest the Partnership's assets in investment products, separately managed accounts or vehicles managed by Credit Managers which it believes have disciplined investment philosophies that are similar to its own. Specifically, the Manager would expect a Credit Manager's philosophy, portfolio construction and portfolio management to involve an assessment of the overall macro-economic environment and financial markets and company-specific research and analysis. The Manager would expect a Credit Manager's investment approach to emphasize capital preservation, low volatility and minimization of downside risk. In addition to engaging in due diligence from the perspective of a long-term investor, the Manager would seek a Credit Manager that would focus on:

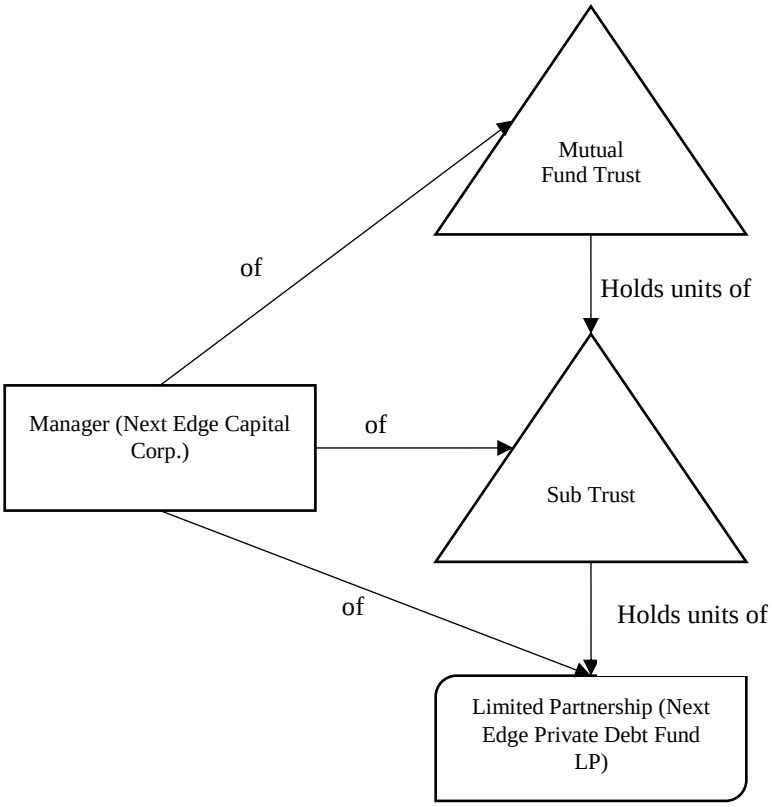
a) entities with strong franchises and sustainable competitive advantages;
b) industries with positive long-term dynamics;
c) businesses and industries with cash flows that are dependable and predictable;
d) management teams with demonstrated track records and appropriate economic incentives;
e) rates of returns commensurate with the perceived risks; and
f) securities or investments that are structured with appropriate terms and covenants.

In return for their services some Credit Managers may also receive administration and origination fees which are collected from the borrower – or may charge a management fee for their services. In the cases where the Manager might participate in such fees which are collected from any borrower, such fees will be used to reduce the Partnership Management Fees and Incentive Allocations or will be returned to the assets of the Partnership.

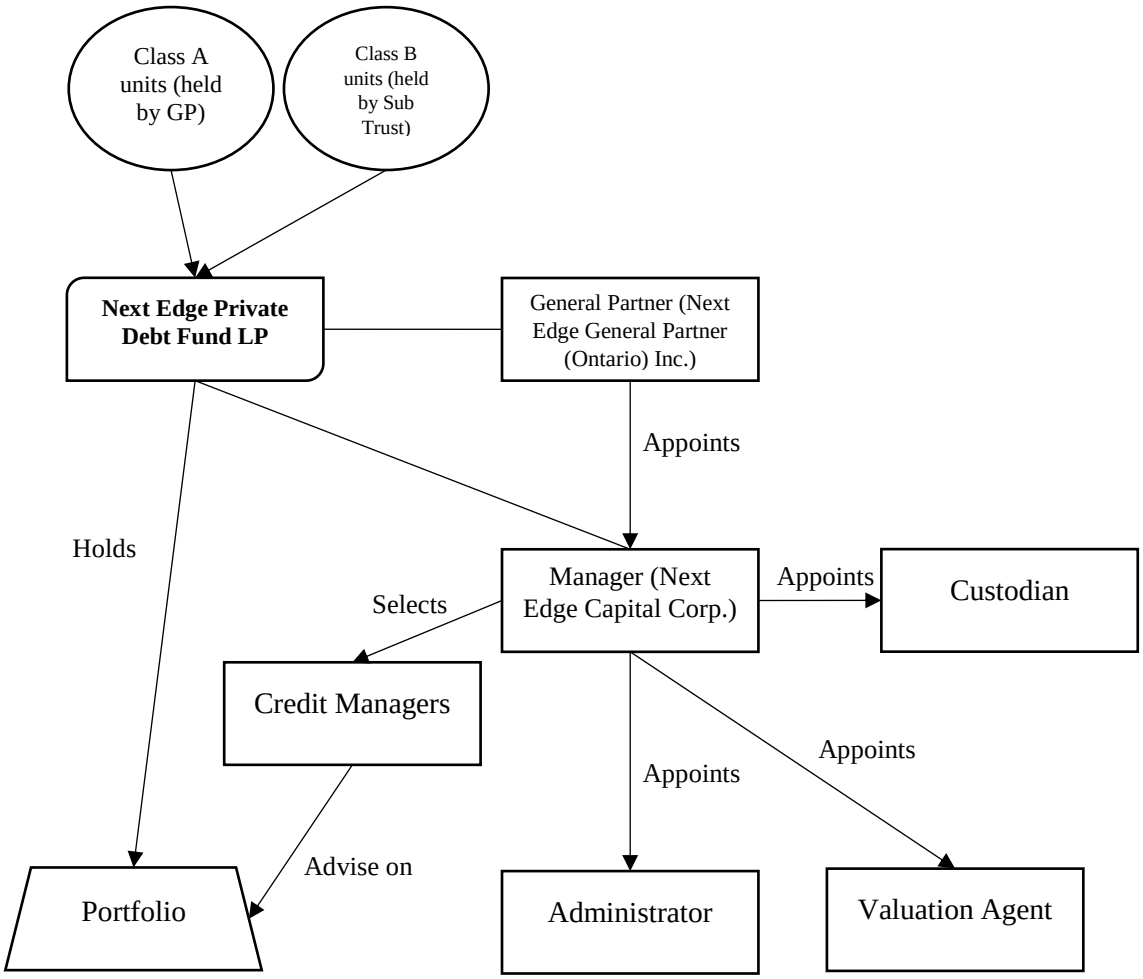
Each Credit Manager is monitored on a continual basis by the Manager's internal and external third party credit teams which may be engaged by the Manager. New Credit Managers can be added to the Portfolio and Credit Managers may be removed from the Portfolio at any time without notice to Unitholders being required.

Investment Structure

Next Edge Private Debt Fund Investment Structure



Next Edge Private Debt Fund LP Investment Structure



LIQUID CAPITAL CORPORATION

The first such Credit Manager identified by the Manager is Liquid Capital Corporation ("**LCC**"). LCC was incorporated pursuant to the *Business Corporations Act* (Ontario) on November 13, 1999. The principal business address is 5734 Yonge Street, Suite 400, Toronto, Ontario, M2M 4E7.

LCC is in the factoring and trade finance business. It originates trade finance transactions ("**Trade Finance Investments**") while selling franchise licenses and providing back office services and support to its franchisees both in Canada and the USA through its wholly owned subsidiaries, Liquid Capital Canada Corp. and Liquid Capital of America Corp. Presently there are 80 franchised Liquid Capital offices in North America with a master franchisee operating in Mexico ("**Franchisees**")" as well as a network of other lenders, in combination (the "**Network**").

LCC's system produced a factoring volume of approximately $310 million in calendar 2014. LCC's factoring volume for 2013 was approximately $290 million. This is an ongoing recovery and expansion from 2009, a recession year, during which LCC's factoring volume declined to approximately $150 million. During this recession, LCC tightened its credit criteria and underwriting policies, rejecting weaker applications from prospective clients and was aggressive in its collection and realization efforts. As a result of these successful actions, LCC did not suffer any material increase in bad debts. Unlike many competitors, LCC continued to fund its active clients on a timely basis throughout the recession.

LCC, has the following directors and officers:

Name	Position	Principal Occupation and Related Experience
Sol Roter, Toronto, Ontario	Chief Executive Officer and Director	Business executive; since 1999, chief executive officer of LCC, Toronto, Ontario
Brian Birnbaum, Toronto, Ontario	Chief Operating Officer and Director	Business executive; since 1999, chief operating officer of LCC, Toronto, Ontario
Barnett Gordon, CGA Toronto, Ontario	Chief Financial Officer and Director	Certified General Accountant; since 1999, chief financial officer of LCC, Toronto, Ontario
Robert Thompson-So, Mississauga, Ontario	Executive Vice-President, Chief Strategy Officer	Chief Strategy Officer of LCC, Toronto, Ontario

Sol Roter is Chief Executive Officer of Liquid Capital Canada Corp. and has been active in finance and related business including factoring since 1974. He is President and a director of Liquid Capital Corp. and has been since June 1, 1999. From 1992 to June 1999 he was President and a Director of Peak Equity Corp.

Brian Birnbaum is Chief Operating Officer of Liquid Capital Canada Corp. and has been active in finance and factoring since 1972. He is Vice-President, Chief Operating Officer and Director of Liquid Capital Corp. and has been since June 1, 1999. From July 1997 to June 1, 1999 he was the Managing Director of First Congress International Inc. and from September 15, 1995 to July 1997 he was the Vice-Chairman and CEO of GalaVu Entertainment Inc.

Barnett Gordon is Secretary and Chief Financial Officer of Liquid Capital Canada Corp. and has been active in finance and controllership since 1974. He is Secretary, Director and Chief Financial Officer of Liquid Capital Corp. and has been since June 1, 1999. From 1992 to June 1999, he was Vice-President and Director of Peak Equity Corp.

Robert Thompson-So is the Vice President and Chief Strategy Officer of Liquid Capital Corporation since May of 2013. During his career, Robert has been active in various aspects of corporate finance, capital markets, insolvency, and restructuring since 1990. Robert has held a variety of positions with a variety of alternative investment and financing companies in his career.

The Trade Finance Business

Factoring

Factoring is the purchase of Accounts Receivable ("**A/R**") from Clients at a discount. LCC and its Network provide a full range of factoring services including "spot" factoring, small account full factoring, and large account full factoring.

LCC and its Network currently service approximately 300 clients ("Clients"). The Clients receive trade financing from LCC based primarily on the credit quality of the Clients' customers, rather than (uniquely) their own credit, particularly as defined by their own balance sheets. Each Client must pass a rigorous due diligence process and be approved by LCC. These Clients are generally companies that have A/R in excess of their ability to support conventional bank financing using only their own balance sheets, and/or have market opportunities for growth beyond that which can be supported by their own balance sheets.

The Clients themselves have approximately 3,000 customers ("Customer"). It is these customers that provide repayment of the funds that LCC advances to finance factored invoices and PO's provided by the Clients. The factored invoices and PO's are assigned to LCC, which manages the trade finance transaction, so that it receives repayment directly from the Customer.

LCC typically only factors A/R when there is full notification to the Client's Customer and when the Client or a credit insurer is at full recourse for any and all non-payment or protracted payment delay losses.

Small account full factoring is the ongoing, revolving purchase of all or most of a Client's A/R. A full factoring facility is typically arranged in advance by LCC and the Client. Typically, most of the Clients are small and medium sized enterprises operating in diverse industries with sales revenue usually in the range of $ 25,000 - $ 300,000 per month. However, a number of Clients exceed this range considerably. This particular market segment provides the largest source of current trade finance transactions for LCC and its Network. Usually LCC creates a general reserve, typically 20% of the outstanding amount of the A/R. This general reserve is meant to absorb any Customer losses or dilution of value, due typically to disputed invoices. The Portfolio is exposed to this segment by providing Refactoring advances to Liquid Capital Franchisees and by participating with Liquid Capital Franchisees in specific transactions.

LCC also manages and underwrites larger factoring accounts, particularly those that are rate sensitive and beyond the capital capabilities of Liquid Capital Franchisees. Through the Network, LCC is able to source these larger factoring transactions for inclusion in the Portfolio, many of which it currently refers to other larger factoring companies. As with small factoring accounts, a general reserve is maintained. LCC anticipates that this segment is expected to constitute ta large part of the Trade Finance Investments. Factoring is a part of broader category of financing commonly referred to as Asset Based Lending ("**ABL**"). LCC plans on expanding its offerings of ABL products to small and medium sized businesses.

Purchase Order Financing

("**Purchase Order Financing**") is a precursor of factoring that allows a Client to purchase from suppliers (that are unwilling to provide trade credit) finished or nearly finished goods for immediate resale to Customers. The suppliers, for the most part, are outside North America and located in the Far East, Europe, or Latin America. LCC provides the Client's supplier a Letter of Credit (an "**LC**") that provides comfort to enable the start of production or fabrication. Once fabricated and ready for shipment, and once all the terms of the LC have been satisfied, LCC allows the LC to be drawn, thus paying the supplier and releasing the goods for shipment. The proceeds from factoring the invoice to credit insured Customers once the goods are accepted by the Customer, repays the Purchase Order ("**PO**") finance advance. PO financing may be provided only when there is a bona-fide PO issued by a qualifying credit insured Customer and the Client is also a factoring Client.

Alternatively, through Liquid Capital Trade Finance ("**LCTF**") and the Purchase Finance Program ("**PFP**") product exclusive to Liquid Capital, the company will engage in trade finance transactions that have the same/similar characteristics of a purchase order transaction and where LCTF will have a direct credit insurable obligation over the Client utilizing funds. The PFP program generally has no letter of credit component and the goods need not be in a finished state.

Reverse Factoring

("**Reverse Factoring Advances**") are advances made on behalf of credit insured Clients by Liquid Capital Acceptance Corp. ("**LCAC**") to pay the suppliers of the Client for the goods and services provided, accepted and irrevocably approved for payment by the Client. Reverse factoring Clients are periodically invoiced by LCAC for the amount of these payments plus the fees charged for the provision of the services. LCAC may also earn early payment discounts equivalent to factoring discounts by paying the suppliers who elect to use the early payment option prior to the due date of the supplier invoices.

Refactoring Advances

("**Refactoring Advances**") are advances made by LCAC to Liquid Capital Exchange Corp. ("**LCEC**") and Liquid Capital Exchange Inc. ("**LCEI**") who, in turn, advance those funds to Liquid Capital Franchisees that are in good standing, permitting these franchisees to access funds to facilitate their businesses. Refactoring Advances are secured by a first position charge on the franchisees' factoring portfolio as well as the guarantees of the owners of the franchise. The Refactoring Advances will not exceed the lesser of a) 70% of eligible receivables and PO Finance or PFP transactions, b) 85% of the advances made to Clients by the Franchisee or c) the face value of credit insured factored invoices. LCAC will, in addition, maintain from time to time portfolio diversification guidelines that are approved by the Manager that are to be adhered to by Franchisees that wish to obtain Refactoring Advances. LCEC and LCEI are permitted to maintain and access bank lines for deployment in Trade Finance Investments, and grant a first ranking security interest to a maximum of three times the amount of funds deployed in Refactoring Advances.

The Franchisees

All Liquid Capital Franchisees are required to enter into a license agreement with either Liquid Capital of America Corp. (if the franchisee is located in the United State) or Liquid Capital Canada Corp. (if the franchisee is located in Canada). The license agreement grants a franchisee the right to operate the factoring business. The initial term of such agreement is five years and contains certain specific performance criteria and other covenants the franchisee must comply with. In return for the licensing fee, the franchisee is provided with training, back-office support, and the right to participate in the Network.

Client Approvals

The Partnership is acquiring Trade Finance Investments as recommended by LCC. The Partnership is not itself soliciting Clients. The Clients will remain those of LCAC, LCC and/or its Franchisees, as the case may be. None of LCAC, LCC and/or its Franchisees will directly or indirectly have a proprietary interest in a Client. LCC approves Clients according to a number of criteria.

The trade finance transactions generally require the Client to be at full recourse, i.e. the Client is responsible for any and all funds advanced. LCC completes a credit review of each Client before proceeding. Each Client must complete some or all of the following (depending on the legal jurisdiction of the Client and the nature of the facility), namely: a factoring agreement, a general security agreement, pledges or hypothecations, an assignment of book debts, a purchase and sale agreement, applicable postponements and/or subordination agreements, personal guarantees, and fiduciary or fidelity certificates. LCC uses its proprietary standard form agreements whenever possible and its solicitors provide an opinion on the validity of the security registration and perform the required security searches and registrations prior to completion of any transaction.

Trade Finance Documents

Note that the standard form documents used for the Trade Finance Investments provide recourse to both the Customer and the Client. As security for their obligations, each of the trade finance transactions, at a minimum, is perfected by registration under the appropriate legal regime governing the Client like the Personal Property Security Act of each province or territory (the "**PPSA**"). Other security, including personal covenants, may be provided by a Client and Customer, as required in accordance with LCC's underwriting criteria. Factoring, Refactoring and PO transactions are done with full recourse to the Client, full notification to the Customers and control over payment receipts. Standard security consists of a factoring agreement and/or purchase order agreement, assignment of book debts, general security agreement, personal guarantees of principals, and postponements or subordinations of other lenders with an interest in the collateral. Other security, including fidelity certificates, personal covenants, and collateral charges on outside security may be provided by a Client and Customer, as required.

The transaction documents are generally made to LCEC in Canada and LCEI in the United States. The main purpose of LCEC and LCEI are to hold the security and documents as a "bare trustee" for the benefit of the Partnership and any other participants in the trade finance transactions. The security for each trade finance transaction is registered in the name of LCEC or LCEI as the case may be.

Documentation prior to making Trade Finance Investments includes the written analysis of the risk framework, the completion of a pre-proposal checklist, the completion of a credit approval request, and supplementary information. The key process control document supporting each investment is a comprehensive outline of each of the steps in the investment, monitoring and collateral tracking procedures. For Trade Finance Investments, LCC considers the following factors:

1. eligible factorable receivables deemed credit worthy and typical aged under 90 days over which there can be a first position security granted to LCC;
2. appropriate additional security, which can include corporate guarantees, personal guarantees, cross-collateralization with machinery, equipment and/or real estate. Liquid Capital, as a practice, is not relying primarily on this security for repayment but uses it for enhancement of the collateral position;
3. exit strategy;
4. viability of the business;
5. integrity of management;
6. service delivery of the business;
7. return on capital; and
8. ability to implement action plan.

Trade Finance Investments

The Trade Finance Investments, consisting of Factoring Advances, Purchase Order Advances, PFP Advances, Refactoring Advances, Reverse Factoring Advances, ABL and such other extensions of credit to Clients or Liquid Capital Franchisees. The products are designed to facilitate and enable Client trading transactions (in contrast to fixed asset acquisition, mortgage or venture capital investment) and are short-term investments by their nature, lasting approximately 8 weeks on average, before repayment. The average annual turnover rate of the funds invested in the Trade Finance Investments is approximately 6.5 times. Income may be earned through discount rates applied, interest, and service and other fees.

Policies and investment criteria similar to those that LCC uses have been instituted for the Trade Finance Investments. These include the use of credit insurance to secure certain assets in the Portfolio supplemented by guarantees of net realizable value from creditworthy intermediaries for Portfolio assets not amenable to Credit Insurance.

INVESTMENT GUIDELINES FOR THE MANAGER REGARDING LCC TRADE FINANCE INVESTMENTS

The Manager, with LCC, has established general criteria for the Portfolio of Trade Finance Investments (the "**Portfolio**"). The Manager is responsible for assessing the Portfolio criteria and making recommendations to the Manager for changes to the Portfolio. These investment guidelines need not be complied with during the initial 12-month period following the date of the Partnership's first investment provided that the Manager endeavours to ensure at all times that there is an appropriate level of diversification of risk within the Portfolio.

Amount(s): The maximum amount that may be advanced is determined by concentration and underwriting rules.

Clients: No more than 25% of the Portfolio may be advanced to any one Client.

Customers: No more than 20% of the Portfolio may be exposed to any one Customer. This criteria may be relaxed in cases where the debtor is the Government of Canada or the Government of the United States of America, or any of their provinces and states including their agencies and crown or government-owned corporations. In such cases the maximum exposure percentages increase to 35%.

Credit - Customers: Advances can only be made within approved credit insured limits plus Client reserves for domestic customers or against credit insured accounts for customers outside North America where there are estoppel or other similar acceptance instruments in place to minimize exposure to disputes.

Credit - Clients: Advances can only be made where the Partnership has first position security on the underlying collateral and full recourse to the Client for disputed amounts and the Credit Insurer for credit related collection issues.

Purchase Orders: Letters of Credit and advances against PO's to Client suppliers must be only against finished goods destined for credit-approved Customers. The PO's are to be repayable through a factoring facility or by an outside factor. Suppliers must be of good reputation with adequate capacity to deliver on time and within specifications. Independent inspection firms are used to evaluate compliance of suppliers with terms of underlying contracts. PFP advances will only be made to credit insured clients.

Use of Funds: Advances to Clients must be used in their business only, and may not be used to repay any shareholder or related party. Shareholder or related-party debt must be subordinated.

The foregoing criteria for the Portfolio may be varied from time to time as the Manager considers advisable in accordance with good business judgment.

On behalf of the Manager, LCC constantly monitors the trade credit of its Clients and their Customers. Thus, the amounts that may be advanced in any Trade Finance Investment or group of such transactions with any Client and/or Customer will change, from time to time, according to LCC and the Manager's review and the amount of credit insurance available. In addition, to financial statements and the ratings provided by credit agencies, the information that LCC typically considers includes payment histories, trade credit reports, reports by customers, suppliers and other third parties, bank references, trade references, and limits set by the Credit Insurer.

RELATIONSHIP AGREEMENT

On August 6, 2014, the Manager and LCC agreed to the terms of a Relationship Agreement ("**Relationship Agreement**") and the Manager and LCC subsequently amended and restated the Relationship Agreement on February 10, 2017. The material terms of this Relationship Agreement are that LCC will provide administrative, credit and other operational, oversight services and certain other services to the Partnership. The Relationship Agreement may be amended from time to time.

In return for its services, LCC will retain the administration and origination fees which are collected from the borrower. In the cases where the Manager might participate in such fees which are collected from any borrower, such fees are used to reduce the Partnership Management Fees or returned to the assets of the Partnership.

THE MANAGER OF THE FUND, THE SUB TRUST AND THE PARTNERSHIP – NEXT EDGE CAPITAL CORP.

The General Partner has appointed the Manager to be responsible for the day-to-day undertaking of the Partnership, including providing or arranging for the provision of investment management and certain administrative services required by the Partnership. The Trustee has appointed the Manager to be responsible for the day-to-day undertaking of the Fund and the Sub Trust, including providing or arranging for the provision of investment management and certain administrative services required by the Fund and the Sub Trust. The Manager was incorporated on March 22, 2006 pursuant to the *Canada Business Corporations Act* and is registered with the Ontario Securities Commission as an investment fund manager, a portfolio manager and an exempt market dealer. The Manager is also registered an investment fund manager in Québec and Newfoundland and Labrador, as a portfolio manager and an exempt market dealer with the Alberta Securities Commission and as an exempt market dealer with the other provincial securities regulatory authorities except Newfoundland and Labrador and Prince Edward Island. The principal office of the Manager is located 1 Toronto Street, Suite 200, Toronto, Ontario, Canada M5C 2V6.

The names, municipalities of residence, position with the Manager and principal occupation of the directors and officers of the Manager are as follows:

Name and Municipality of Residence	**Position with the Manager**	**Principal Occupation**
Toreigh N. Stuart Gravenhurst, Ontario	Managing Director, Chief Executive Officer and Director	Managing Director, Chief Executive Officer of the Manager
David Scobie Toronto, Ontario	Managing Director, Chief Operating Officer and Director	Managing Director, Chief Operating Officer of the Manager
Robert Anton Oakville, Ontario	Managing Director, Head of Sales and Product Development and Director	Managing Director, Head of Sales and Product Development of the Manager

The following is a brief description of the background of the directors of the Manager and employees of the Manager who are responsible for the management of the Fund:

Toreigh N. Stuart, Managing Director, Chief Executive Officer and Director

Mr. Stuart is the Managing Director, Chief Executive Officer and Director for Next Edge Capital Corp.

Prior to the formation of Next Edge Capital Corp. via a management spin-out of the business, Mr. Stuart was the Chief Executive Officer of Man Investments Canada Corp. ("MICC"), responsible for building the firm's distribution channels and joint venture relationships, as well as guiding the daily management and overall supervision of the Canadian sales operation since its inception in 2000.

In 1992, Mr. Stuart joined Richardson Greenshields of Canada as an Investment Manager. In 1997, Mr. Stuart joined TD Evergreen (now TD Waterhouse) in the role of Investment Manager and Supervising Portfolio Manager. Subsequently, Mr. Stuart held the position of President and Chief Executive Officer of BluMont Capital Corp., a Toronto-based hedge fund company, which, under his leadership, saw significant growth from 2000 through 2006. During his time at BluMont Capital Corp., Mr. Stuart established the successful joint venture relationship with Man Investments.

Mr. Stuart earned his Bachelor of Arts degree in Economics from University of Toronto, and is a Chartered Financial Analyst and a Chartered Alternative Investment Analyst.

David Scobie, Managing Director, Chief Operating Officer and Director

Mr. Scobie is a Managing Director and Chief Operating Officer for Next Edge Capital Corp. David is responsible for the day to day operations of the firm. David is a director and founding partner of Next Edge Capital Corp.

Prior to the formation of Next Edge Capital Corp. via a management spin-out of MICC. Mr. Scobie was a managing director and a director of MICC, and was responsible for the day to day operations of MICC. Mr. Scobie joined MICC in 2009.

Prior to joining MICC, Mr. Scobie held numerous positions from 2000 to 2009 in the sales, operations and client service departments of BluMont Capital Corp. culminating in his appointment as a managing director in 2005 and as the Chief Operating Officer and a director in 2007.

Prior to joining BluMont Capital Corp., Mr. Scobie spent five years with the Toronto-Dominion Bank Financial Group. Mr. Scobie has a B.A. and a B.Ed. from Acadia University.

Robert Anton, Managing Director, Head of Sales and Product Development and Director

Mr. Anton is a Managing Director and Head of Sales and Product Development for Next Edge Capital Corp. Mr. Anton is a director and founding partner at Next Edge Capital Corp.

Prior to the formation of Next Edge Capital Corp. via a management spin-out of the business, Mr. Anton was the Executive Vice President, Sales for MICC, responsible for the distribution of the firm's hedge fund products through various channels and joint venture relationships in Canada. Mr. Anton was also responsible for a variety of sales management functions. Mr. Anton began employment with MICC in March of 2006 to aid in the set-up of the Canadian office. Mr. Anton was also active as a member of the Man Canada charity board in addition to sitting on outside charity committees.

Prior to joining MICC, he held the position of Executive Vice President, National Sales Manager of BluMont Capital Corp., a Toronto-based hedge fund company. Having joined the company in 2001 as a start-up operation, the company saw significant asset growth until his departure.

In 1993, Mr. Anton entered the financial business joining Richardson Greenshields and shortly thereafter became an Investment Advisor. He continued his Investment Advisor role at RBC Dominion Securities and Goepel McDermid Securities. In 1991 Mr. Anton earned his Bachelor of Arts degree from Wilfrid Laurier University in Waterloo. He also holds a Chartered Alternative Investment Analyst (CAIA) designation, has been an instructor for the Canadian Securities Institute and taught the Due Diligence on Hedge Funds course from 2007 to 2009.

CORPORATE GOVERNANCE

General

The General Partner and the Trustee have delegated to the Manager the authority to manage and direct the business, operations and affairs of the Fund, the Sub Trust and the Partnership, subject to applicable law and the terms of the Management Agreements. The Manager has established appropriate policies, procedures and guidelines to ensure the proper management of the Fund, the Sub Trust and the Partnership. The systems implemented monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Fund, the Sub Trust and/or Partnership while ensuring compliance with regulatory and corporate requirements.

Conflicts of Interest

The services of the Manager and its affiliates are not exclusive to the Fund, the Sub Trust or the Partnership and nothing in the Management Agreements prevents the Manager or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies or criteria are similar to those of the Fund) or from engaging in other activities. The Manager therefore, will have conflicts of interest in allocating investment opportunities, management time, services and functions among the Fund, the Sub Trust and the Partnership and such other persons for which it provides services. However, the Manager will undertake to act in a fair and equitable manner as between the Fund, the Sub Trust and the Partnership and its other clients and at all times the Manager will ensure a fair and equitable allocation of its management time, services, functions and investment opportunities between the Fund, the Sub Trust and the Partnership and any other such persons it provides services to.

The Management Agreements acknowledge that the Manager may provide services to the Fund, the Sub Trust and the Partnership in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund, the Sub Trust and the Partnership than those which would be obtained from arm's length parties for comparable services.

Securities held by the Partnership or the Fund may also be held by other funds or clients for which the Manager or its affiliates provide investment advice. Because of different investment objectives or other factors, a particular security may be bought for one or more funds or clients when one or more other funds or clients are selling the same security. If opportunities for purchase or sale of securities by the Manager of the Partnership or the Fund or for other funds or clients for which the Manager renders investment advice arise for consideration at or about the same time, transactions in such securities are effected, insofar as feasible, for the respective funds or clients on an equitable basis, in accordance with the Manager's trade allocation policy in effect from time to time.

Also, the Administrator or other service provider engaged to calculate the Net Asset Value of the Fund, the Sub Trust and/or Partnership may consult from time to time with the Manager, and defer to the Manager who may in turn consult with a Credit Manager, when valuing a specific security to which the general valuation rules cannot or should not be applied (See "Net Asset Value"). This can create a conflict of interest for the Manager, as the Manager's remuneration is dependent upon the Net Asset Value of the Fund, the Sub Trust and the Partnership. However the Manager must discharge its duties according to a standard of care that requires it to act in the best interests of the Fund, the Sub Trust and the Partnership, and are held accountable under the Management Agreements if it fails to do so on an on-going basis, by sourcing investment opportunities for its own account or the account of others.

A Credit Manager may enter into agreements with the Partnership and the Fund and may be entitled to earn a fee for providing services to the Partnership or the Fund and to earn various fees from borrowers on loans under its administration. It is expected that a Credit Manager will render its services under an agreement honestly and in good faith and must use reasonable commercial efforts to perform its duties and responsibilities under such an agreement in a conscientious, reasonable and competent manner. However, a Credit Manager, its directors and officers, its affiliates, may at any time engage in promoting or managing other entities or their investments that may compete directly or indirectly with the Fund or the Partnership, may be an investor in the Fund or the Partnership or may be an affiliated or related party to the Manager, Fund, Partnership or any of the affiliates or beneficial owners of the Manager. A Credit Manager may establish other investment vehicles which may involve transactions which conflict with the interests of the Partnership and the Fund. Whenever a conflict of interest arises to between the Partnership and the Fund, on the one hand, and a Credit Manager on the other hand, the parties involved, in resolving that conflict or determining any action to be taken or not taken, are entitled to consider the relative interests of all of the parties involved in the conflict or that are affected by such action, any customary or accepted industry practices, and such other matters as the parties deem appropriate in the circumstances.

The Manager has been engaged to direct the business, operations and affairs of the Fund, the Sub Trust and the Partnership and are paid fees for its services as set out herein. In addition, the Manager a registered dealer participating in the offering of the Units to its clients for which it may receive an initial sales commission with respect to Series A, G and I Units and it will receive a trailing commission with respect to Series A, G and I Units. The Fund, the Sub Trust and the Partnership and any related issuers that are managed by the Manager from time to time may be considered to be "connected issuers" and "related issuers" under applicable securities legislation.

Proceeds of Crime (Money Laundering) Legislation

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Manager may require additional information concerning investors. The Investment Application contains detailed guidance on whether identification verification materials will need to be provided with the Investment Application and, if so, a list of the documents and information required.

If, as a result of any information or other matter which comes to the Manager's attention, any director, officer or employee of the Manager, or its professional advisers, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise**.**

FUND FEES AND EXPENSES

Fund Management Fee

The Fund will pay the Manager a management fee (the "**Fund Management Fee**") which will also include any applicable federal and provincial taxes ("**HST**") and is calculated, accrued and paid monthly on the last Business Day of each month (a "**Valuation Date**") in respect of Class A Units at a rate equal to 1/12 of 1.50% (approximately 1.50% per annum) of the Net Asset Value of the Class; in respect of Class F Units at a rate equal to 1/12 of 0.50% (approximately 0.50% per annum) of the Net Asset Value of the Class; in respect of Class G Units at a rate equal to 1/12 of 0.75% (approximately 0.75% per annum) of the Net Asset Value of the Class; and in respect of Class I Units at a rate equal to 1/12 of 0.50% (approximately 0.50% per annum) of the Net Asset Value of the Class.

There are no Fund Management Fees charged by the Fund in respect of Class F1, Class H, or Class J Units. The effective overall management fee (i.e. the total of the fund management fee and partnership management fee combined) paid by holders of Class F1 Units will be 0.50%, the effective overall management fee paid by the holders of Class J Units will be 0.35% and the effective overall management fee paid by the holders of Class H Units will be 0.00%. Any Classes of Units offered by the Manager at a future date may be subject to a Fund Management Fee.

Fund and Sub Trust Operating Expenses

The Fund and the Sub Trust are responsible for the payment to the Manager of all administrative fees and expenses relating to its operation, including but not limited to: (i) all regulatory filing fees, registrar and transfer agent fees and expenses, audit fees, accounting fees, administration fees including advertising, marketing, and promotional expenses, insurance premiums, fees associated with the Fund and Sub Trust's bank accounts, operational expenses, record keeping and legal fees and expenses, custody, prime broker and safekeeping charges, Unitholder communication, mailing, printing and servicing costs (including proxy solicitation material, financial and other reports, as well as conducting and convening meetings of Unitholders), all costs and expenses associated with the qualification for sale of the Units in the Offering Jurisdictions, including filing fees, if any, all taxes, assessments or other governmental charges levied against the Fund and/or Sub Trust, interest expense, if any, the cost of consulting and other professional fees relating to particular investments of the Fund and/or Sub Trust, third party investment due diligence and monitoring expenses, data, statistical services, research, organizational costs, distribution costs, and all reasonable extraordinary or non-recurring expenses which are directly related to the maintenance and management of the Fund and the Sub Trust along with all reasonable extraordinary or non-recurring expenses; and (ii) fees and expenses relating to the portfolio investments of the Fund and the Sub Trust, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, banking fees and interest expenses. In addition, the Fund and the Sub Trust are responsible for the payment of all expenses associated with ongoing investor relations and education relating to the Fund and the Sub Trust.

The Fund and Sub Trust are responsible for, and the Manager is entitled to reimbursement from the Fund and the Sub Trust for, all costs associated with the creation and organization of the Fund and the Sub Trust including the costs of creating and organizing the Fund and the Sub Trust, the costs of printing and preparing this Offering Memorandum, legal, audit. marketing, consulting, research and accounting expenses of the Fund and the Sub Trust, and other reasonable expenses incurred by the Manager of the Fund and the Sub Trust during the setup period. Such set up costs

are charged to the Fund and the Sub Trust over a maximum period of five years after the launch of the Fund and the Sub Trust.

The Fund and Sub Trust are generally required to pay HST on most administration expenses that it pays.

The Manager may cap the operating expenses of the Fund and the Sub Trust on an annual basis and may, on its own accord, pay for certain operating expenses of the Fund and the Sub Trust in order to maintain the operating expenses at a reasonable level.

Each Class of Units is responsible for the expenses specifically related to that Class and a proportionate share of expenses that are common to all Classes.

PARTNERSHIP FEES AND EXPENSES

Partnership Management Fee

The Partnership will pay the Manager a management fee (the "**Partnership Management Fee**") which will also include any applicable federal and provincial taxes ("HST") and is calculated, accrued and paid monthly on the last Business Day of each month (a "**Valuation Date**"): at a rate equal to 1/12 of 0.50% (approximately 0.50% per annum) of the Net Asset Value of the Partnership Units.

The effective partnership management fee (i.e. net of any partnership management fee rebates) paid by the holders of Class F1 Units, Class J Units and Class H Units will be 0.50%, 0.35% and 0.00% respectively.

Incentive Allocation

The General Partner is entitled to receive from the Partnership an annual incentive allocation (an "**Incentive Allocation**"). If the difference by which the return in the Net Asset Value per Class Partnership Unit (before calculation and accrual for the Performance Fee) from January 1 (or inception date of the class of Partnership Units) to December 31 exceeds 6% (the "**Hurdle Rate**") for the same period (or prorated for partial periods of less than 12 months), and such return is between 6% and 7.5% on an annualized basis, any amount in excess of the Hurdle Rate shall be payable to the General Partner as an Incentive Allocation. If the difference by which the return in the Net Asset Value per Partnership Unit of the particular class of Partnership Units (before calculation and accrual of the Performance Fee) in the particular year exceeds the Hurdle Rate and is 7.5% or more on an annualized basis, then 20% of such return are payable to the General Partner as an Incentive Allocation.

If the performance of the Partnership in any year is positive but less than the Hurdle Rate, then no Incentive Allocation is payable in that year, however, the difference between such return of the Partnership and the Hurdle Rate is not carried forward. If the performance of the Partnership in any year is negative, the absolute value of such negative return will be added to the subsequent year's Hurdle Rate when calculating the Incentive Allocation for the Partnership. An Incentive Allocation is calculated and accrued monthly and is payable annually. In any partial year for the Partnership the Hurdle Rate and Incentive Allocation is determined on a pro-rata basis.

Partnership Operating Expenses

The Partnership is responsible for the payment to the Manager of all administrative fees and expenses relating to its operation, including but not limited to: (i) all regulatory filing fees, registrar and transfer agent fees and expenses, audit fees, accounting fees, administration fees including advertising, marketing, and promotional expenses, insurance premiums, fees associated with the Partnership's bank accounts, operational expenses, record keeping and legal fees and expenses, custody, prime broker and safekeeping charges, Unitholder communication, mailing, printing and servicing costs (including proxy solicitation material, financial and other reports, as well as conducting and convening meetings of Limited Partners), all costs and expenses associated with the qualification for sale of the Partnership Units in the Offering Jurisdictions, including filing fees, if any, all taxes, assessments or other governmental charges levied against the Partnership, interest expense, if any, the cost of consulting and other professional fees relating to particular investments of the Partnership, third party investment due diligence and monitoring expenses, data, statistical services, research, organizational costs, distribution costs, and all reasonable extraordinary or non-recurring expenses which are directly related to the maintenance and management of the Partnership along with all reasonable extraordinary or non-recurring expenses; and (ii) fees and expenses relating to the portfolio investments of the Partnership, including

the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, banking fees and interest expenses. In addition, the Partnership is responsible for the payment of all expenses associated with ongoing investor relations and education relating to the Partnership.

The Partnership is responsible for, and the Manager is entitled to reimbursement from the Partnership for, all costs associated with the creation and organization of the Partnership including the costs of creating and organizing the Partnership, the costs of printing and preparing this Offering Memorandum, legal, audit, marketing, consulting, research and accounting expenses of the Partnership, and other reasonable expenses incurred by the Manager of the Partnership during the Partnership setup period. Such set up costs will be charged to the Partnership over a maximum period of five years after the launch of the Partnership.

The Partnership is generally required to pay HST on most administration expenses that it pays.

The Manager may cap the operating expenses of the Partnership on an annual basis and may, on its own accord, pay for certain operating expenses of the Partnership in order to maintain the Partnership's operating expenses at a reasonable level.

The Manager and the General Partner must provide to the Unitholders and to the Limited Partners, respectively, not less than 90 days' notice of any proposed change to the method of calculation of such fees for either the Fund or the Partnership, if as a result of such change, such fees will be paid more frequently or could result in increased fees being paid by the Fund or the Partnership.

Rebate or Reduction in Fees

For any individual Unitholder or Class of Units of the Fund or the Partnership, the Manager and/or the General Partner may reduce or rebate the Fund Management Fee, Partnership Management Fee or Incentive Allocation that it otherwise would be entitled to receive from the Fund or the Partnership with respect to a Unitholders' or Limited Partners' investment in the Fund or the Partnership.

DEALER COMPENSATION

Sales Commissions

An upfront sales commission of up to 3.00% may be deducted from a purchase order for Class A, Class G or Class I Units and is paid by the investor to the registered dealer (a "**Registered Dealer**") through whom the investor purchases Units. The sales commission is negotiated between the investor and the Registered Dealer.

There is no sales commission payable in respect of a purchase of Class F, Class F1, Class H, or Class J Units of the Fund. Class F, Class F1 and Class H Units may only be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program and who are subject to an annual asset-based fee. Class I Units are offered primarily to Institutional Investors, unless otherwise determined in the sole discretion of the Manager, and are also offered to Registered Dealers for investment through their personal accounts. Class J Units may only be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program at Industrial Alliance and who are subject to an annual asset-based fee.

Sales commissions may be modified or discontinued by the Manager at any time.

Servicing Commissions

In respect of Class G Units, the Manager will pay to the Registered Dealers a servicing commission, out of the Effective Overall Management Fee, based on the aggregate market value of their clients' investment in those Units of the Fund, at an annualized rate of up to 1.25% of the aggregate value of Units held by clients of such Registered Dealers. In respect of Class A Units, the Manager will pay to the Registered Dealers a servicing commission, out of the Fund Management Fee, based on the aggregate market value of their clients' investment in those Units of the Fund, at an annualized rate of up to 1.00% of the aggregate value of Units held by clients of such Registered Dealers. In respect of Class I Units, the Manager will pay to the Registered Dealers, out of the Fund Management Fee, a servicing commission based on the aggregate market value of their clients' investment in Class I Units of the Fund, at an

annualized rate of up to 0.50%. Servicing commissions are accrued monthly and paid on a quarterly basis in arrears approximately 45 days after calendar quarter-end. A Registered Dealer is entitled to such fees in respect of Class A, Class G and Class I Units for so long as its clients hold those Units.

As well, in respect of Class A, Class G and I Units, the General Partner may, from time to time, pay a portion of the Incentive Allocation to the Manager for payment to certain registered dealers.

There is no standard servicing commission payable in respect of a purchase of Class F, Class F1, Class H and Class J Units.

In respect of a purchase of Units of any Class, the Manager may agree to pay an additional sales commission or servicing commission, in an amount to be negotiated on a case-by-case basis, to the Registered Dealer and/or other person legally eligible to accept any sales commission or servicing commission. Notwithstanding the foregoing, servicing commissions may be modified or discontinued by the Manager at any time.

UNITS OF THE FUND

An investment in the Fund is represented by units (the "**Units**"). Investors will subscribe for Units that can be purchased and redeemed on a monthly basis (or on any Valuation Date) as described below under "Purchases of Units" and "Redemption of Units".

The Fund is permitted to have an unlimited number of classes of Units having such terms and conditions as the Manager may determine. There are seven Classes of Units offered under this Offering Memorandum - Class A, Class F, Class F1, Class G, Class H, Class I and Class J Units. All of the Classes have the same investment objective, strategy and restrictions but differ in respect of one or more of their features, including, but not limited to, management fees, expenses, or commissions as further set out in this Offering Memorandum. The Net Asset Value per Unit of each Class will not be the same as a result of the different fees and expenses allocable to each class of Units. Additional classes may be offered at the Manager's discretion.

Class A, Class G and Class I Units may carry a front-end load sales commission of up to 3.00%. Class F, Class F1 and Class H Units may be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program and who are subject to an annual asset-based fee. Class F1, Class G and Class H Units are offered for a limited period of time to founding investors who invest during the fund's launch. Class I Units are primarily offered to "Institutional Investors". An "Institutional Investor" is an organization whose primary purpose is to invest its own assets or those held in trust by it for others which includes pension funds, investment companies, insurance companies, universities and banks, and is subject to a minimum initial investment of $10 million, or any other amount at the Manager's discretion. Class I Units are also offered to Registered Dealers for investment through their personal account. Class J Units may only be purchased by investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program at Industrial Alliance and who are subject to an annual asset-based fee.

Each Unit of a Class represents an undivided ownership interest in the assets of that Class of Units with all Units of the same Class having equal rights and privileges. Units are transferable on the register of the Fund only by a registered Unitholder or his/her legal representative, subject to compliance with applicable securities laws.

The Manager, in its discretion, determines the number of Classes of Units and establishes the attributes of each Class, including the designation of each Class, the initial offering price for the first issuance of Units of the Class, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Class, sales or redemption charges payable in respect of the Class, redemption rights and any additional Class specific attributes. The Manager may add additional Classes of Units at any time. The Manager may also, upon providing a Unitholder with 30 days prior written notice, re-designate Units of a Class issued to the Unitholder as Units of another Class having an aggregate equivalent Class Net Asset Value per Unit.

All Units of the same Class are entitled to participate *pro rata*: (i) in any payments or distributions made by the Fund to the Unitholders of the same Class; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Class of net assets of the Fund remaining after satisfaction of outstanding liabilities of such Class. All Units are fully paid and non-assessable when issued. There are no pre-emptive rights attaching to Units. Units are transferable on the register of the Fund only by a registered Unitholder or his or her legal representative, subject to compliance

with securities laws. Fractional Units carry the same rights and are subject to the same conditions as whole Units in the proportion which they bear to a whole Unit. Outstanding Units of any Class may be subdivided or consolidated in the Manager's discretion on 21 days prior written notice.

PURCHASES OF UNITS

The offering is made to eligible investors resident in all the provinces and territories of Canada (the "**Offering Jurisdictions**") pursuant to exemptions from prospectus requirements contained in the securities legislation of the Offering Jurisdictions or granted by securities regulatory authorities. See "Securities Law Exemptions" below.

The Manager reserves the right to accept or reject orders, to change the minimum amounts for investments in the Fund and to discontinue the offering of Units of the Fund at any time and from time to time.

Minimum Investment

The Fund will accept subscriptions from investors purchasing Units as principal who meet the criteria to be considered an "accredited investor" under National Instrument 45-106 *Prospectus Exemptions* (the "**Accredited Investor Exemption**"). There is no regulatory minimum purchase amount requirement under the Accredited Investor Exemption; however, the Manager has established that the minimum initial purchase amount for "accredited investors" is $10,000. The criteria for qualification as an "accredited investor" are set out in Appendix 1 to the Investment Application.

The above minimums apply for all Classes of Units, except Class I Units. The Manager has established a minimum initial purchase amount in respect of an investment in Class I Units of $10 million (or such lesser amount that the Manager may accept).

At the discretion of the Manager, subscriptions for lesser amounts may be accepted for purchases of any Class which comply with available exemptions from prospectus requirements under applicable securities legislation. The Manager reserves the right to change the minimum amounts for investments in the Fund at any time and from time to time.

The Manager, in its discretion, may prescribe a minimum aggregate balance to be maintained by Unitholders of Units of a Class, and may require a Unitholder to redeem all of such person's Units if the minimum balance is not maintained.

Additional Investments

For Unitholders who purchased Units under the Accredited Investor Exemption, additional investments in the Fund are permitted subject to a $10,000 minimum.

At the time of making each additional investment in the Fund, the Unitholder is deemed to have repeated to the Fund all representations contained in the Investment Application documents delivered by the investor to the Fund at the time of the initial purchase. As per the representations and warranties contained in the Investment Application, the investor has the duty to notify the Manager of any change.

The Manager reserves the right to change the minimum amount for additional investments in the Fund at any time, and from time to time.

Securities Law Exemptions

Units of the Fund are only being offered to investors in the Offering Jurisdictions pursuant to exemptions from the requirements to prepare and deliver a prospectus under applicable securities legislation or granted by securities regulatory authorities. The Manager is responsible for completing any necessary securities regulatory filings for sales of Units.

Subscribing for Units

Units are offered for sale continuously at their Class Net Asset Value per Unit as at the forthcoming Valuation Date. Fractional Units are issued up to three decimal places. All subscriptions are irrevocable.

Subscribers may purchase Units by delivering to their Registered Dealer a completed and executed Investment Application, along with payment for the Units so subscribed. Payment must be provided via an electronic order system such as FundSERV or by cheque or bank draft, or, in the discretion of the Manager, wire transferred Funds, in an

amount equal to the aggregate amount which the investor wishes to invest in Units. If the subscription order request is received by the Manager on or before the third Business Day immediately preceding a Valuation Date such subscriber will then be admitted at the Class Net Asset Value per Unit for that Valuation Date. If the subscription order request is received by the Manager after the third Business Day immediately preceding a Valuation Date such subscriber will then be admitted at the Class Net Asset Value per Unit for the following Valuation Date. In other words, the subscription book for the Valuation Date will reopen on the next Business Day after the third Business Day immediately preceding a Valuation Date. Investors may be required to complete or assist the Manager in completing all forms necessary to ensure compliance with applicable Canadian securities laws and anti-money laundering legislation.

All subscriptions for Units are made through the purchase of interim subscription units at a fixed net asset value per Unit of $10. Following the calculation of the Net Asset Value of each Class of Units, the interim subscription Units are automatically switched into the appropriate number of Units of the applicable Class as per each Unitholder's Investment Application received. The number of Units of the applicable Class are the net subscription proceeds divided by the Valuation Date Class Net Asset Value per Unit of that Class determined as at the Valuation Date in which the Investment Application was accepted. Consequently, the initial purchase confirmation will confirm purchase of the interim subscription units while a subsequent confirmation will confirm purchase of the final Units purchased by the Unitholder. The number of interim subscription units will be different from the final number of Units purchased.

The Manager may in its sole discretion accept or reject any subscriptions for Units in whole or in part, and will do so within three Business Days of the receipt of the subscription order. Settlement of Funds for the subscription shall be as set out in the Investment Application. The Fund shall, as of the first Business Day following the determination of the Net Asset Value as at the Valuation Date following the acceptance of the subscription proceeds, issue Units based upon the Class Net Asset Value per Unit. Subscriptions for Units shall not be accepted during any period when the Fund is unable to calculate a Net Asset Value. In the event of a rejection of a subscription, the Manager shall forthwith return any subscription Funds without interest or deduction.

A book-based system of registration is maintained for the Fund and therefore Unit certificates will not be issued. The register for the Units of the Fund is kept at the office of the registrar and transfer agent. Within five Business Days, unless requested otherwise by the Registered Dealer with which the Units are registered, Unitholders will receive an initial purchase confirmation which will refer to the interim subscription units. Within five Business Days of the publication of the Class Net Asset Value per Unit for the Valuation Date in respect of which the Units were issued, the Manager will, unless requested otherwise by the investor's Registered Dealer, forward to the applicable Unitholder a confirmation indicating the number of Units purchased, the Class Net Asset Value per Unit at which Units were purchased and the opening and closing number of outstanding Units held by the Unitholder.

Currency Hedging

Some investments in the underlying debt instruments are denominated in US dollars or other foreign currencies. However, the Fund is denominated in Canadian dollars. The Manager will aim to partially hedge some of the Fund's exposure to US Dollars and other foreign currencies. There is no guarantee that it will be possible to remove all currency exposure. Any distributions or redemptions from the Fund will be in Canadian dollars.

REDEMPTION OF UNITS

How to Redeem Units

Redemption at the Option of Unitholders

An investment in Units is intended to be a long-term investment. However, Units are redeemable at any time and from time to time on demand by the Unitholders thereof. Any Unitholder who wishes to redeem his, her or its Units is required to deliver to the Fund at its head office a duly completed and properly executed notice, in a form reasonably acceptable to the Manager (the "**Notice**"), requesting redemption on either one of the following dates: (i) the date that the Notice is received by the Manager ("**Scenario 1**"), or (ii) the Valuation Date that is at least 90 calendar days following the date that the Notice is received by the Manager ("**Scenario 2**") (each a "**Redemption Date**"). The Notice must specify the number of Units to be redeemed and must be accompanied by the certificates, if any, representing the Units to be redeemed.

On the applicable Redemption Date, all rights to and under the Units tendered for redemption shall immediately cease, provided that the Unitholders thereof shall retain the right to receive distributions thereon which have been declared payable to Unitholders of record prior to the Redemption Date and the right to receive a price per Unit (the "**Redemption Price**") equal to one of the following amounts, whichever is applicable:

(i) under Scenario 1, 95% of the Class Net Asset Value of a Unit for the applicable class calculated as of the first Valuation Date immediately preceding the Redemption Date; or

(ii) under Scenario 2, 100% of the Class Net Asset Value of a Unit for the applicable class calculated as of the Redemption Date (or, at the written request of a Unitholder, but subject to the sole and absolute discretion of the Manager, as of a Valuation Date that falls between the time that Notice is received by the Manager and the Redemption Date so long as such redemptions are made to all Unitholders on a pro-rata, fair and equitable basis).

The aggregate Redemption Price payable by the Fund in respect of any Units tendered for redemption shall be paid no later than:

(i) under Scenario 1, the last day of the calendar month following the calendar quarter in which the Redemption Date occurred; and

(ii) under Scenario 2, the last day of the calendar month following the Redemption Date,

in each case, by cheque drawn on a Canadian chartered bank or trust company in lawful money of Canada payable to the Unitholder who exercised the right of redemption or by such other manner of payment permitted by the Manager.

Notwithstanding the above, under Scenario 1, where the total amount payable by the Trust in respect of the redemption of Units in any calendar quarter exceeds $100,000, the Manager may, in its discretion, and subject to all necessary regulatory approvals, pay and satisfy all or a portion of the Redemption Price for each Unit tendered for redemption by way of a distribution *in specie* of the assets of the Fund or by the issuance of unsecured, interest-bearing promissory notes of the Fund, as determined by the Manager in its discretion. Any assets of the Fund which may be distributed *in specie* to Unitholders or any promissory note of the Fund issued to Unitholders in connection with a redemption of Units may be illiquid and are not expected to be qualified investments for Registered Plans. See "Eligibility for Investment".

Notwithstanding the above, under Scenario 2, if, in any rolling three-month period, the Manager has received Notices to redeem Units representing in the aggregate 10% or more of the outstanding Units (as at the beginning of the three-month period), the Manager may, in its discretion, choose to redeem such Units in equal Unit amounts over a period of up to 12 months beginning on the first Valuation Date which is at least 90 calendar days following receipt of such Notice. Each such redemption shall be made on a Valuation Date. The Redemption Price payable to Unitholders is adjusted by changes in the Net Asset Value of a Unit for the applicable class during this period and calculated as of each Valuation Date in respect of the redemption to be made on that date.

Redemptions within 12 months of initial purchase are subject to a redemption fee, at the sole discretion of the Manager, equal to 2% of the Net Asset Value of such Units redeemed calculated as of the applicable Valuation Date which is deducted from the redemption proceeds and retained by the Fund for the benefit of existing unitholders.

Notwithstanding the above, under Scenario 2, if agreed in writing by both the Unitholder and the Manager (but at the sole and absolute final discretion of Manager), Units may be redeemed for 100% of the Class Net Asset Value of a Unit for the applicable class at an earlier Valuation Date than as described herein.

Payments made by cheque will be sent to the Unitholder at his, her or its last address as shown in the register of Unitholders or to such other address or account as the Unitholder may direct in writing. Any payment referred to above, unless such payment is not honoured, will discharge the Fund, the Manager and their delegates from all liability to the redeeming Unitholder in respect of the payment and the Units redeemed.

Units will be redeemed in accordance with the order in which Notices are received.

The Manager may suspend or limit the redemption of Units during any period in which (i) valuation of the Portfolio is unable to be calculated; (ii) there exists a state of affairs under which liquidation by the Fund of part or all of its investments is not reasonable or practicable or would be prejudicial to the Fund; or (iii) if not postponing or suspending such effective date would materially adversely affect the existing Unitholders. In no case, however, may any such period last longer than one year. The redemption price will be adjusted by changes in the applicable Class Net Asset Value per Unit during the period of suspension or limitation and calculated as at the Valuation Date on which the redemption occurs.

The suspension will terminate on the first day on which the condition giving rise to the suspension ceases to exist, provided that no other condition under which a suspension is authorized to be imposed then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of a suspension of redemptions made by the Manager is conclusive.

Subscriptions for Units (including Units of any affected Class) may be accepted during any period when the ability of the Fund to redeem Units is suspended.

Mandatory Redemptions

Partial redemptions that reduce the aggregate Net Asset Value of a Unitholder's Units below the minimum balance of $5,000 may result in the Manager requiring a mandatory redemption of all Units held by such Unitholder. The Manager may also require the mandatory redemption of Units under other circumstances. Any such mandatory redemption will be made at the applicable Redemption Price per Unit on the next Redemption Date following the issuance of a notice of the mandatory redemption to the affected Unitholder.

VALUATION OF THE FUND AND THE PARTNERSHIP

Net Asset Value

The Net Asset Value of the Fund and the Partnership and of each Class of Units of the Fund and of each Class of Partnership Units of the Partnership is determined by the Valuation Agent retained by the Manager in accordance with the Manager's authority under the Management Agreements. A separate Class Net Asset Value is calculated for each Class of Units and each Class of Partnership Units. The Net Asset Value of the Fund and the Net Asset Value of the Partnership and the Class Net Asset Value for each Class of Units of the Fund and each Class of Partnership Units of the Partnership, as at the relevant Valuation Date, is calculated by the Valuation Agent on or about the fifth Business Day following the last business day of each month. The last Business Day of each month will be the Valuation Date (or on any other date as determined by the Manager).

The Class Net Asset Value per Unit of any Class of Units of the Fund and of any Class of the Partnership Units on a Valuation Date will be obtained by dividing (i) the then fair market value of the assets of the Fund and the Partnership less the aggregate amount of its accrued liabilities, in each case attributable to that Class of Units or Class of Partnership Units, by (ii) the total number of Units or Partnership Units of the Class outstanding at the time the calculation is made on the Valuation Date. The result is adjusted to a maximum of four decimal places. The Net Asset Value of the Fund and the Partnership and of each Class are also calculated as of any such other day or days as determined from time to time by the Manager.

Valuation Principles

The assets and liabilities in the Fund and the Partnership are carried at fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties under no compulsion to act. However, in determining the fair value of the assets of the Fund and the Partnership by the Manager (or third party engaged by the Manager), subject to the Trust Agreement and the Partnership Agreement, will generally apply the following principles to each of the Fund and the Partnership:

(a) the value of any cash on hand, deposit or call, prepaid expenses, cash dividends declared and interest accrued but not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any

such deposit or call loan is not worth the face amount thereof, in which event, the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof;

(b) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Manager;

(c) short-term investments including notes, money market instruments and the type of short-term loans contemplated herein which the Manager, or third party engaged by the Manager, believes approximates fair value, provided there are no impairments shall be valued at cost plus accrued interest. The Manager, or third party engaged by the Manager, will consider, but not be limited in considering, the following as part of its assessment for any impairments in the value of such investments: market interest rates, credit spreads for similar loans, and the creditworthiness and status of a borrower, including its payment history, the value of underlying security securing the short-term loans, overall economic conditions, and other conditions specific to the underlying holding;

(d) the value of any security or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the Valuation Date or, if there is no closing sale price, the average between the closing bid and the closing asking price on the Valuation Date, as reported by any report in common use or authorized as official by a recognized stock exchange or any other period-end market quotation that is deemed appropriate, unless this average is greater than a 10% price variance from the last sale price in which case the last sale price will be used, provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;

(e) private commercial loans (including but not limited to first and second lien senior loans, term mezzanine debt and bridge loans consisting of senior and subordinated debentures plus participation rights) (collectively "**long term loans**") do not trade in the actively quoted markets. The Manager, or third party engaged by the Manager, may use certain valuation techniques, including but not limited to discounted cash flows, in estimating the fair value of such private commercial loans. The process of valuing investments for which no published market exists will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. Determination of fair value will take into consideration a variety of factors including, but not limited to, the term to maturity of the loan, the market interest rate of similar loans, the value of any participation rights, whether it has a fixed or floating rate, any known impairment, the creditworthiness and status of a borrower, including its payment history and the value of any property securing the long term loans, overall economic conditions and other conditions specific to the underlying holding;

(f) the value of any bond or other debt security, other than a short-term security, shall be determined by using prices supplied by the Fund's pricing agents which reflect broker/dealer supplied valuations and electronic data processing techniques. If it is not possible to value a particular debt security pursuant to these valuation methods, then the value of such security shall be the most recent bid quotation supplied by a suitable dealer in such securities, as determined by the Manager, or third party engaged by the Manager;

(g) the value of any bond, time note, debt-like security, share, unit, subscription right, clearing corporation options, options on futures, over-the-counter options or other security or other property which is not listed or dealt on a stock exchange shall be determined on the basis of such price quotations which, in the opinion of the Manager, or third party engaged by the Manager, best reflect its fair value. If no quotations exist for such securities, value shall be the fair value thereof as determined from time to time in such manner as the Manager, or third party engaged by the Manager, may determine;

(h) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;

(i) all Fund and the Partnership property valued in a foreign currency and all liabilities and obligations of the Fund and the Partnership payable by the Fund and the Partnership in foreign currency shall be converted into Canadian dollars by applying the rate of exchange obtained from the best available sources to the Manager;

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

(k) the value of any security or property to which, in the opinion of the Manager, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Manager from time to time provides.

The liabilities of the Fund and the Partnership shall be deemed to include:

a) all bills, notes and accounts payable;

b) all expenses incurred or payable by the Fund and the Partnership;

c) all contractual obligations for the payment of money or property, including the amount of any declared but unpaid distributions;

d) all allowances and reserves applicable to the valuation of the pool of mortgages and loans in consideration of overall credit worthiness of said pool, including potential or known default, as determined by the Manager, or third party engaged by the Manager, from time to time;

e) all allowances authorized or approved by the Manager for taxes or contingencies; and

f) all other liabilities of the Fund and the Partnership or series of the Fund and the Partnership of whatsoever kind and nature, except liabilities represented by outstanding Units and the balance of any undistributed net income or capital gains.

The Manager has the discretion to deviate from the Fund and the Partnership's valuation principles set out above if the Manager, or third party engaged by the Manager, believes these principles do not result in fair value.

DISTRIBUTIONS

The Fund will make quarterly distributions to Unitholders. The amount of any such distributions is in the discretion of the Manager but for the calendar year beginning January 1, 2016, the Manager proposes to make four quarterly distributions of $0.20 per Unit (representing 2.0% per quarter of the initial net asset value per unit of $10). In addition, at the end of each financial year of the Fund additional distributions of net income and net realized capital gains may be made to Unitholders to ensure that the Fund is not liable to pay any income tax.

INVESTMENT RISK LEVEL AND ASSET CLASSIFICATION

The Manager has identified the investment risk level of the Fund as an additional guide to help prospective investors decide whether the Fund is right for the investor. The Manager's determination of the risk rating for the Fund is guided by the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the "Task Force"). The Task Force concluded that the most comprehensive, easily understood form of risk measurement is the historical volatility of a fund as measured by the standard deviation of its performance. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of a fund's relative volatility and related risk. Standard deviation is widely used to measure volatility of return. A fund's risk is measured using rolling one, three and five-year standard deviation and comparing these values against other funds and an industry standard framework. The standard deviation represents, generally, the level of volatility in returns that a fund has historically experienced over the set measurement periods. For new funds or funds which have a historical performance of less than three to five years, an appropriate benchmark index is used to estimate the expected volatility and therefore risk level of the fund.

However, investors should be aware that other types of risk, both measurable and non-measurable, may exist. Additionally, just as historical performance may not be indicative of future returns, the Fund's historical volatility may not be indicative of its future volatility.

The Manager considers the asset classification to be deemed "High Yield Fixed Income" and, in accordance with the methodology described above, the Manager has rated the Fund as medium risk.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Thorsteinssons LLP, counsel to the Fund, the Sub Trust and the Partnership, the following is a general summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to an individual (other than a trust) who acquires Units as beneficial owner pursuant to this Offering and who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with the Fund, and holds the Units as capital property (respectively, a "**Unitholder**").

The Units will generally be considered to be capital property to a Unitholder unless the Unitholder holds the Units in the course of carrying on a business of buying and selling securities, or acquires the Units in a transaction or transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold his or her Units as capital property may, in certain circumstances, be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to have his or her Units and every other "Canadian security" (as defined in the Tax Act) owned by him or her in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Unitholders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their particular circumstances.

This summary assumes that the Unitholder will not enter into a "derivative forward agreement", as that term is defined for purposes of the Tax Act, with respect to the Units.

This summary assumes that none of the Fund, Sub Trust or Partnership is a "tax shelter" or "tax shelter investment", each as defined in the Tax Act, and that interests in each of the Fund, Sub Trust and Partnership that represent, in each case, more than 50% of the fair market value of all interests therein are not held by "financial institutions" as defined for purposes of the "mark-to-market properties" rules in the Tax Act.

Further, this summary assumes that none of the investments made by the Fund will be an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" as defined in section 94 of the Tax Act (or a partnership which holds such an interest).

This summary further assumes that the Fund will at no time be subject to a "loss restriction event" within the meaning of the Tax Act.

The tax consequences may be materially and adversely different from those described below in the event that one or more of these assumptions is not accurate. However, no assurances can be provided in this regard.

This summary is based on the facts set out in this Offering Memorandum, representations made to counsel by duly-authorized representatives of the Fund, the Sub Trust and the Partnership as to certain factual matters, the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof but not withdrawn and assumes that they will be enacted substantially as proposed, although no assurance in this regard can be provided. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action (which may apply retroactively without notice and/or without "grandfathering" or other relief) and does not take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder. This summary is not exhaustive of all possible Canadian federal income

tax considerations applicable to an investment in Units and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units. Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Units having regard to their particular circumstances.

Tax Classification of the Fund

This summary assumes that the Fund will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. In order to qualify as a "mutual fund trust", (a) the Fund must be a Canadian resident "unit trust" for purposes of the Tax Act; (b) the only undertaking of the Fund must be (i) the investing of its funds in property (other than real property or interests in real property), (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interests in real property) that is capital property of the Fund, or (iii) any combination of the activities described in (i) and (ii); and (c) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units. An additional condition to qualify as a "mutual fund trust" for the purposes of the Tax Act is that the Fund may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than "taxable Canadian property" within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition). If the Fund does not qualify or ceases to qualify as a "mutual fund trust" under the Tax Act, the tax consequences would be materially and adversely different from those described below.

The Tax Act imposes tax on certain earnings of a specified investment flow-through trust ("SIFT trust") at a rate comparable to the combined federal and provincial corporate tax rate for a public corporation. In order to qualify as a SIFT trust, among other things, "investments" (as that term is defined in the Tax Act) in the trust must be listed or traded on a stock exchange or other public market. Assuming the Units will not be listed or traded on a stock exchange and that there is no trading system or other organized facility on which the Units will be listed or traded, and further assuming that no other "investments" (as that term is defined in the Tax Act) in the Fund will be listed or traded on a stock exchange and that there is no trading system or other organized facility on which any such "investments" will be listed or traded, the Fund should not constitute a SIFT trust and thus should not be liable to tax under the SIFT trust rules. It is noted that the definition of "investments" in this regard is broad. If the SIFT trust rules were to apply to the Fund, the tax consequences would be materially and adversely different from those described below. See "Risk Factors - Canadian Income Tax Risks".

Taxation of the Fund

The taxation year of the Fund is the calendar year. The Fund is subject to tax in each taxation year on its income for the year, including any net realized taxable capital gains. The Fund is required to compute its income (or loss) in accordance with the provisions of the Tax Act for each taxation year as though it were an individual resident in Canada. In computing its income for tax purposes, the Fund is required to include the net income of the Sub Trust (including net taxable capital gains) that is paid or payable to the Fund in a taxation year, except to the extent that such income was included in the Fund's income for a preceding taxation year.

The Fund will generally be entitled to deduct the costs and expenses of this Offering, which have been paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days. The Fund will also generally be entitled to deduct current administrative and other expenses that are incurred to earn income, to the extent that those expenses are reasonable in the circumstances and that no portion thereof can reasonably be considered to be paid on behalf of the Sub Trust or the Partnership.

To the extent that the Fund has any income for a taxation year, the provisions of the Tax Act permit the Fund to deduct all amounts which are paid or become payable by it to Unitholders in the year. An amount will be considered to become payable by the Fund to a Unitholder in a taxation year if it is paid to the Unitholder in the year or if the Unitholder is entitled in the year to enforce payment of the amount.

Under the Trust Agreement of the Fund, an amount equal to all of the income of the Fund for each taxation year, together with the taxable and non-taxable portion of any capital gains realized by the Fund in the year (excluding any

capital gains realized by the Fund on a redemption of units of the Sub Trust ("**Sub Trust Units**") or on a distribution *in specie* of the assets of the Fund in connection with a redemption of Units where such gains are designated by the Fund to the redeeming Unitholders), net of the Fund's expenses and any "non-capital losses" as defined in the Tax Act of the Fund that may be deducted in computing the taxable income of the Fund for such year, will be payable to the Unitholders by way of distributions of cash or additional Units. Under the Trust Agreement, income of the Fund may be used to finance cash redemptions of Units and for certain other limited purposes; accordingly such income so utilized will not be payable or paid to Unitholders by way of cash distributions but rather will be payable and paid to such holders in the form of additional Units ("**Reinvested Units**"). For purposes of the Tax Act, counsel has been advised by a duly-authorized representative of the Fund that the Fund intends to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund (described below). However no assurances can be given in this regard.

On a redemption of Units by a Unitholder, the Fund may satisfy the redemption price of the Units by distributing, *in specie*, property of the Fund to the redeeming Unitholder. The Fund will be considered to have disposed of its property for proceeds of disposition equal to the fair market value of such property. The Fund may realize a capital gain on the redemption of Sub Trust Units or the disposition of the Fund's property to a redeeming Unitholder, as the case may be, to the extent that the proceeds of disposition of the Sub Trust Units or the Fund's property exceed the adjusted cost base of such units or property to the Fund. The Trust Agreement provides that where Unitholders request to have their Units redeemed by the Fund in particular year, the taxable portion of any capital gain realized by the Fund (being one half thereof) in connection with such redemptions may be treated as income paid to, and designated as a taxable capital gain of, the redeeming Unitholders. Any amount so designated must be included in the income of the redeeming Unitholders and will be deductible by the Fund.

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

The non-taxable portion of any net realized capital gain of the Sub Trust (being one half thereof) that is paid or payable to the Fund in a taxation year will not be included in computing the Fund's income for the year. Any other amount in excess of the net income of the Sub Trust that is paid or payable to the Fund in a year will generally be treated as a distribution or payment of capital and should not be included in the Fund's income for the year. An amount paid or payable to the Fund (other than as proceeds of disposition in respect of the redemption of Sub Trust Units) will reduce the adjusted cost base of the Sub Trust Units held by the Fund, except to the extent that the amount was included in the income of the Fund or was the non-taxable portion of net capital gains of the Sub Trust (the taxable portion of which was designated by the Sub Trust in respect of the Fund). To the extent that the adjusted cost base of a Sub Trust Unit would otherwise be less than zero, the Fund will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of such unit to the Fund will be reset at nil.

Status of the Sub Trust

This summary assumes that the Sub Trust will qualify at all times as a "unit trust" within the meaning of the Tax Act. If the Sub Trust does not qualify or ceases to qualify as a unit trust under the Tax Act, the tax consequences would be materially and adversely different from those described below.

This summary also assumes that the Sub Trust will at no times qualify as a SIFT Trust for the purposes of the Tax Act. In order to qualify as a SIFT trust, among other things, "investments" in the trust must be listed or traded on a stock exchange or other public market. Assuming that the Sub Trust Units are not listed or traded on a stock exchange and that there is no trading system or other organized facility on which the Sub Trust Units will be listed or traded, the Sub Trust should not constitute a SIFT Trust and thus should not be liable to tax under the SIFT Trust rules. If the SIFT trust rules were to apply to the Sub Trust, the tax consequences would be materially and adversely different from those described below.

This summary further assumes that the Sub Trust will at no time be subject to a "loss restriction event" within the meaning of the Tax Act.

Taxation of the Sub Trust

The taxation year of the Sub Trust is the calendar year. The Sub Trust is subject to tax in each taxation year on its income for the year, including any net realized taxable capital gains. The Sub Trust will be required to compute its income (or loss) in accordance with the provisions of the Tax Act for each taxation year as though it were an individual resident in Canada. In computing its income for a taxation year, the Sub Trust will be required to include its share of the income of the Partnership (including any taxable capital gains) that is allocated to the Sub Trust for the fiscal period of the Partnership ending in the year.

The Sub Trust will generally be entitled to deduct current administrative and other expenses that are incurred to earn income, to the extent that those expenses are reasonable in the circumstances and that no portion thereof can reasonably be considered to be paid on behalf of the Fund or the Partnership.

To the extent that the Sub Trust has any income for a taxation year, the provisions of the Tax Act permit the Sub Trust to deduct all amounts which are paid or become payable by it to the Fund (as the sole unitholder of the Sub Trust) in the year. An amount will be considered to become payable by the Sub Trust to the Fund in a taxation year if it is paid to the Fund in the year or if the Fund is entitled in the year to enforce payment of the amount.

Under the trust agreement for the Sub Trust, an amount equal to all of the income of the Sub Trust for each taxation year, together with the taxable and non-taxable portion of any capital gains realized by the Sub Trust in the year, net of the Sub Trust's expenses and any "non-capital losses" as defined in the Tax Act of the Sub Trust that may be deducted in computing the taxable income of the Sub Trust for such year, will be payable in the year to the Fund (as the sole unitholder of the Sub Trust). For purposes of the Tax Act, counsel has been advised by a duly-authorized representative of the Sub Trust that the Sub Trust intends to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Sub Trust will not be liable for income tax under Part I of the Tax Act for each year. However, no assurances can be given in this regard.

The adjusted cost base of the Partnership interest held by the Sub Trust will be increased by the income of the Partnership that is allocated to the Sub Trust, and will be reduced by all distributions of cash or other property made by the Partnership to the Sub Trust. If at the end of a fiscal period of the Partnership, the adjusted cost base of the Partnership interest held by the Sub Trust would otherwise be less than zero, the Sub Trust will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of the Sub Trust's Partnership interest will be reset at nil.

Status of the Partnership

This summary assumes that the Partnership will qualify at all times as a "Canadian partnership" for the purposes of the Tax Act. A Canadian partnership is a partnership all of the members of which are resident in Canada. If the Partnership does not qualify or ceases to qualify as a Canadian partnership under the Tax Act, the tax consequences would be materially and adversely different from those described below.

As is the case with SIFT trusts, the Tax Act imposes tax on certain earnings of a specified investment flow-through partnership ("**SIFT partnership**") at a rate comparable to the combined federal and provincial corporate tax rate for a public corporation. This summary assumes that the Partnership will at no times qualify as a SIFT partnership. In order to qualify as a SIFT partnership, among other things, "investments" in the partnership must be listed or traded on a stock exchange or other public market. Assuming that the Partnership interests are not listed or traded on a stock exchange and that there is no trading system or other organized facility on which the Partnership interests will be listed or traded, the Partnership should not constitute a SIFT Partnership and thus should not be liable to tax under the SIFT Partnership rules. If the SIFT partnership rules were to apply to the Partnership, the tax consequences would be materially and adversely different from those described below.

Taxation of the Partnership

The Partnership will not be liable for income tax but will be required to compute its income (or loss) in accordance with the provisions of the Tax Act for each of its fiscal periods as if it were a separate person resident in Canada and to allocate any income (or loss) and taxable capital gains (or allowable capital losses) of the Partnership for a particular fiscal period to each partner of the Partnership, including the Sub Trust, to the extent of the partner's share thereof. The profit (or loss) of the Partnership for accounting purposes may differ from the income (or loss) for income tax purposes. For this reason, distributions to a partner of the Partnership, including the Sub Trust, on account of its share of profits from the Partnership may differ from income allocated to such partner for purposes of the Tax Act.

In computing the income of the Partnership for tax purposes, the Partnership will be entitled to deduct current administrative and other expenses incurred for the purpose of earning income, to the extent that those expenses are reasonable in the circumstances and that no portion thereof can reasonably be considered to be paid on behalf of the Fund or the Sub Trust.

If the Partnership incurs a loss for tax purposes, the Tax Act contains "at-risk" rules which may, in certain circumstances, restrict the deduction of a partner's share of the loss of the Partnership to the partner's "at-risk amount". In general, the "at-risk amount" of a partner in respect of the Partnership, including the Sub Trust, will be the adjusted cost base of the partner's Partnership interest immediately before the end of the Partnership's fiscal period, plus its share of any Partnership income for the fiscal period, less any amount owing by the partner to the Partnership or to persons who do not deal at arm's length with the Partnership and any amount or benefit granted to reduce the impact, in whole or in part, of any loss the partner may sustain by virtue of being a member of the Partnership or of holding or disposing of its Partnership interest.

For purposes of the Tax Act, the Partnership is required to compute all amounts, including proceeds, cost of property and interest, in Canadian dollars. As a result, the amount of income or expenses may be affected by changes in the value of the U.S. dollar or other foreign currency relative to the Canadian dollar.

Taxation of Unitholders

Fund Distributions

In computing the income of a Unitholder for a taxation year, the Unitholder will generally be required to include, as income from property, the portion of the net income of the Fund, including net realized taxable capital gains, that is paid or payable to the Unitholder in the year, whether that amount is received in cash, Reinvested Units or otherwise. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Fund and the Sub Trust, such portion of their net taxable capital gains and foreign source income as is paid or payable to a Unitholder, and the amount of foreign taxes paid or deemed to be paid by the Fund and the Sub Trust, if any, will effectively retain their character and be treated as such in the hands of the Unitholders for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of the Fund (being one half thereof) that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in a year will generally be treated as a distribution or payment of capital and should not be included in the Unitholder's income for the year. An amount paid or payable to a Unitholder (other than as proceeds of disposition in respect of the redemption of Units) will reduce the adjusted cost base of the Units held by such Unitholder, except to the extent that the amount was included in the income of the Unitholder or was the Unitholder's share of the non-taxable portion of the net capital gains of the Fund (the taxable portion of which was designated by the Fund in respect of the Unitholder). To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of such Unit to the Unitholder will be reset at nil.

The Class Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time the Units are acquired by a Unitholder. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired, notwithstanding that such amounts will have been reflected in the price paid by the Unitholder for the Units. In such an instance, an investor who acquires Units at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units.

Disposition of Units

On the disposition or deemed disposition of Units by a Unitholder, whether on a redemption or otherwise, the Unitholder will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, less any reasonable costs of disposition and excluding any amount payable by the Fund which must be included in the Unitholder's income, exceed (or are exceeded by) the Unitholder's adjusted cost base of the Units.

The adjusted cost base of a Unit acquired pursuant to this Offering will include the subscription price of the Unit, subject to certain adjustments under the Tax Act. Reinvested Units issued to a Unitholder in lieu of a cash distribution of income will have a cost to the Unitholder equal to the amount of the Fund's income that is distributed by the issuance of such Units. For the purposes of determining the adjusted cost base of Units of a particular class held by a Unitholder, when additional Units of that class are acquired by the Unitholder (whether by way of purchase, receipt of Reinvested Units or otherwise), the adjusted cost base of the newly acquired Units of that class are averaged with the adjusted cost base of all Units of the same class owned by the Unitholder as capital property immediately before that time. A new average adjusted cost base must be calculated in the same manner at the time of each subsequent purchase, receipt of Reinvested Units or other acquisition of Units of a particular class by a Unitholder.

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

In computing a Unitholder's income for tax purposes, one half of the amount of any capital gain (and the amount of any net taxable capital gains designated by the Fund in respect of the Unitholder) (each a "**taxable capital gain**") will be included in income. Subject to and in accordance with the provisions of the Tax Act, one half of the amount of any capital loss realized by a Unitholder on the disposition of Units (an "**allowable capital loss**") may generally be deducted against taxable capital gains realized in the taxation year. Allowable capital losses in excess of taxable capital gains for a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year to the extent and under the circumstances permitted by the Tax Act.

Alternative Minimum Tax

Taxable capital gains, resulting from either a disposition of Units by a Unitholder or the designation by the Fund of net taxable capital gains in respect of such Unitholder, may give rise to alternative minimum tax depending on the Unitholder's circumstances.

ELIGIBILITY FOR INVESTMENT

In the opinion of Thorsteinssons LLP, Canadian tax counsel to the Fund, based on representations of the Manager of the Fund as to certain factual matters and subject to the qualifications and assumptions set out under "Canadian Federal Income Tax Considerations" above, the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("RRSP"), registered retirement income funds ("RRIF"), deferred profit sharing plans, registered education savings plans ("RESP"), registered disability savings plans ("RDSP") and tax-free savings accounts ("TFSA"), each as defined in the Tax Act (collectively, "Registered Plans"). However, if the Fund does not

qualify or ceases to qualify as a "mutual fund trust" under the Tax Act at any particular time, the Units will not be qualified investments under the Tax Act for Registered Plans.

Promissory notes issued by the Fund on a redemption of Units, or property of the Fund received as a result of a redemption *in specie* of Units, may not be qualified investments for Registered Plans, and this may give rise to adverse consequences to a Registered Plan or the holder of or the annuitant under that plan. Accordingly, Registered Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

The Tax Act imposes a penalty tax in respect of "prohibited investments" (described below) held by RRSPs, RRIFs or TFSAs. Proposals released by the Minister of Finance in the Federal Budget on March 22, 2017 propose to extend the application of these provisions to RESPs and RDSPs, with effect from March 22, 2017. Notwithstanding that the Units may be qualified investments for a RRSP, RRIF, RESP, RDSP or TFSA, an annuitant under a RRSP or RRIF, the subscriber of a RESP, or a holder of a RDSP or TFSA, as the case may be (each a "Controlling Individual"), will be subject to a penalty tax if the Units held in the RRSP, RRIF, RESP, RDSP or TFSA are a "prohibited investment" as defined in the Tax Act for the RRSP, RRIF, RESP, RDSP or TFSA. The Units will generally not be a "prohibited investment" for trusts governed by a RRSP, RRIF, RESP, RDSP or TFSA if the Controlling Individual: (a) deals at arm's length with the Fund for the purposes of the Tax Act; and (b) does not have a "significant interest", as defined in the Tax Act, in the Fund. Generally, a Controlling Individual will have a significant interest in the Fund if the Controlling Individual, either alone or together with persons and partnerships with whom the Controlling Individual does not deal at arm's length, holds Units that have a fair market value of 10% or more of the fair market value of all of the Units issued by the Fund. Also, a benefit that is income (including a capital gain) that is reasonably attributable to a "prohibited investment" in respect of a RRSP, RRIF, RESP, RDSP or TFSA will be subject to a tax on that "advantage" payable by the Controlling Individual. Prospective investors who intend to hold Units in a RRSP, RRIF, RESP, RDSP or TFSA should consult their own tax advisors in regards to the application of these rules in their particular circumstances.

REPORTING TO UNITHOLDERS

Unless otherwise requested by Unitholders or their Registered Dealers, each Unitholder will receive a semi-annual investor account statement showing the Units held and any transactions for the preceding period. Such statements will contain any amounts invested for the Unitholder during the preceding period, the number of Units purchased or redeemed on behalf of the Unitholder and the most recently determined Class Net Asset Value of the Units immediately preceding the date of the statement.

The Fund will prepare annual audited financial statement and interim financial reports for each of the Fund, the Sub Trust and the Partnership. The Fund will deliver to Unitholders financial statements of the Fund in accordance with the provisions of National Instrument 81-106 ("**NI 81-106**"). The Fund is relying on the exemption pursuant to section 2.11 of NI 81-106 in not filing its financial statements with the Ontario Securities Commission.

Pursuant to NI 81-106, Unitholders will be sent audited annual financial statements within 90 days of the Fund's year-end and unaudited semi-annual financial statements within 60 days after June 30th in accordance with their instructions. Under NI 81-106, Unitholders are given the option to receive or not receive annual and interim financial statements and have the ability to change their selection at any time by contacting the Manager.

Unitholders will receive the applicable required tax form(s) within 60 days of the end of the tax year to which such forms relate.

Unitholders will also have the right, upon request, to receive from the Manager interim and annual financial statements of both the Sub Trust and the Partnership.

The Manager will keep or will cause to be kept adequate books and records reflecting the activities of the Fund. A Unitholder or its duly authorized representative will have the right to examine the books and records of the Fund during normal business hours. Notwithstanding the foregoing, a Unitholder shall not have access to any information which, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

MATERIAL AGREEMENTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- the Limited Partnership Agreement described below under "The Limited Partnership Agreement";
- the Trust Agreement and Sub Trust Agreement described below under "The Trust Agreement and Sub Trust Agreement";
- the Management Agreements described below under "Management Agreements"
- the Administrative Agreement described below under "Administrative Agreement"
- the Custodian Agreement described below under "Custodian Agreement"

THE LIMITED PARTNERSHIP AGREEMENT

AUTHORITY AND DUTIES OF THE GENERAL PARTNER

The General Partner has the full power and authority to do such acts and things and to execute and deliver such documents as it considers necessary or desirable in connection with the offering and sale of the Partnership Units and for carrying on the activities of the Partnership for the purposes described herein, and in the Partnership Agreement.

The General Partner shall exercise the powers and discharge its duties honestly, in good faith, and with a view to the best interests of the Partnership and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The General Partner has assigned its powers and obligations under the Partnership Agreement to the Manager to the extent necessary to permit the Manager to carry out its duties under the Management Agreement. However, the Manager is not and is not intended to be a Partner. This summary reflects the assignment of powers, obligations and authority by the General Partner to the Manager.

THE PARTNERSHIP UNITS

An investment in the Partnership is represented by the Partnership Units. Investors will subscribe for Units that can be purchased on a monthly basis.

The Partnership will initially issue two classes of Partnership Units, Class A Partnership Units and Class B Partnership Units.

The Partnership may issue an unlimited number of Partnership Units having such terms and conditions as the Manager may determine. The respective rights of the holders of each Class of Partnership Units will be proportionate to the Net Asset Value of such Class relative to the Net Asset Value of each other Classes. A person wishing to become a Limited Partner shall subscribe for Partnership Units by means of a subscription form and power of attorney. The acceptance of any such subscription in whole or in part shall be subject to the Manager in its sole discretion. Notwithstanding the foregoing, until amended by the Limited Partners, the Partnership shall have one Limited Partner, being the Sub Trust.

Each Partnership Unit of a Class represents an undivided ownership interest in the assets of that Class of Partnership Unit with all Partnership Units of the same Class having equal rights and privileges. Partnership Units may not be transferred, sold, assigned, encumbered or otherwise disposed of without the consent of the General Partner and Partnership Units will be subject to a number of resale restrictions, including a restriction on transfer

The Manager, in its discretion, determines the number of Classes of Partnership Units and establishes the attributes of each Class, including the designation of each Class, the initial offering price for the first issuance of Units of the Class, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Class, sales or redemption charges payable in respect of the Class, redemption rights and any additional Class specific attributes. The Manager may add additional Classes of

Partnership Units at any time. The Manager may also, upon providing a Limited Partner with 30 days prior written notice, re-designate Partnership Units of a Class issued to the Limited Partner as Units of another Class having an aggregate equivalent Class Net Asset Value per Unit.

All Partnership Units of the same Class are entitled to participate *pro rata*: (i) in any payments or distributions made by the Partnership to the Limited Partners of the same Class; and (ii) upon liquidation of the Partnership, in any distributions to Limited Partners of the same Class of net assets of the Partnership remaining after satisfaction of outstanding liabilities of such Class. All Partnership Units are fully paid and non-assessable when issued. There are no pre-emptive rights attaching to Partnership Units. Partnership Units are transferable on the register of the Partnership only by a registered Limited Partners or his or her legal representative, subject to compliance with securities laws. Fractional Partnership Units carry the same rights and are subject to the same conditions as whole Partnership Units in the proportion which they bear to a whole Partnership Unit. Outstanding Partnership Units of any Class may be subdivided or consolidated in the Manager's discretion on 21 days prior written notice.

Allocation of Income and Loss

Net income for taxation purposes, dividends and taxable capital gains of the Partnership in each fiscal year will be allocated as at the last day of such year to: (i) the General Partner generally equal to the distributions received by it and payable in that year; and (ii) to Limited Partners who held Partnership Units at any time during such year (and in certain cases to Limited Partners who held Partnership Units at any time in the previous fiscal year) generally based on the number and class held by such Limited Partners, the dates of purchase and/or redemption of Partnership Units, the respective Net Asset Values of each class of Partnership Units, the fees paid or payable in respect of each class of Partnership Units, distributions if any paid to the General Partner and/or the Limited Partners in respect of each class of Partnership Units, and the date of realization of each such item of income, gain or loss, as the case may be. The Limited Partners will be allocated 99.999% of net losses; the remaining 0.001% shall be allocated to the General Partner.

The Manager may adopt and amend an allocation policy from time to time intended to fairly and equitably allocate income or loss given the particular circumstances.

Distributions

Distributions of allocated income may be made to Limited Partners from time to time at the discretion of the Manager. Net profit of the Partnership allocated to the Limited Partners for any fiscal period may be distributed in whole or in part from time to time or at any time in the sole discretion of the Manager. No payment may be made to a Limited Partner from the assets of the Partnership if the payment would reduce the assets of the Partnership to an insufficient amount to discharge the liabilities of the Partnership to persons who are not the General Partner or a Limited Partner.

The General Partner will receive distributions from the Partnership based on the increase in the Net Asset Value of each Class on the last Valuation Date in each year and upon the redemption of such Class Unit, Distributions payable to the General Partner may differ from class to class. Such distributions will be deducted from the Net Asset Value of such Unit (or, in the case of a redemption, from the redemption proceeds). The General Partner will not be required to repay any distributions if distributions received on a redemption of Partnership Units in a fiscal year exceed the Partnership's net profits in that year.

Redemptions of the Partnership Units

An investment in Partnership Units is intended to be a long-term investment. However, Partnership Units are redeemable at any time by the Limited Partners thereof. Any Limited Partner who wishes to redeem his, her or its Partnership Unit is required to deliver to the Partnership a duly completed and properly executed notice (the "**Notice**"), in a form reasonably acceptable to the Manager, requesting redemption on a Valuation Date that is at least 90 calendar days following the date that the Notice is received by the Manager (a "**Redemption Date**").

If in any rolling three-month period, the Manager has received Notices to redeem Partnership Units representing in the aggregate 10% or more of the outstanding Partnership Units (as at the beginning of the three-month period), the

Manager may, in its discretion, choose to redeem such Partnership Units in equal Partnership Unit amounts over a period of up to 12 months beginning on the first Valuation Date which is at least 90 calendar days following receipt of such Notice. Each such redemption shall be made on a Valuation Date. The Redemption Price payable to Limited Partners will be adjusted by changes in the Net Asset Value of a Partnership Unit for the applicable class during this period and calculated as of each Valuation Date in respect of the redemption to be made on that date.

Notwithstanding the above, if agreed in writing by both the Limited Partner and the Manager (but at the sole and absolute final discretion of Manager), Units may be redeemed for 100% of the Class Net Asset Value of a Unit for the applicable class at an earlier Valuation Date than as described herein.

The Manager may suspend or limit the redemption of Partnership Units during any period in which (i) valuation of the Portfolio is unable to be calculated; (ii) there exists a state of affairs under which liquidation by the Partnership of part or all of its investments is not reasonable or practicable or would be prejudicial to the Partnership; or (iii) if not postponing or suspending such effective date would materially adversely affect the existing Limited Partners. In no case, however, may any such period last longer than one year. The redemption price will be adjusted by changes in the applicable Class Net Asset Value per Unit during the period of suspension or limitation and calculated as at the Valuation Date on which the redemption occurs.

Expenses

The Fund or Partnership, as applicable, are responsible for all costs incurred in connection with the organization and ongoing activities of the Partnership as described above under the heading "Partnership Fees and Expenses".

Power of Attorney

The Partnership Agreement contains a limited power of attorney in favour of the General Partner in connection with all matters related to the operation of the Partnership, and authorizes the General Partner to, for example, execute documents on behalf of each Limited Partner (including tax elections and amendments to the Partnership Agreement).

Management Fee and Performance Fees

The Partnership Agreement provides that the Partnership shall pay to the Manager an ongoing Management Fee and to the General Partner an Incentive Allocation calculated and payable as a percentage of the Net Asset Value of the Partnership, or of any class of Partnership Units, as the General Partner and Manager may agree. Such fees are described above under "Partnership Fees and Expenses". The Manager and the General Partner must give to the Limited Partners not less than 90 days' notice of any proposed change to the method of calculation of such fees, if, as a result of such change, such fee will be paid more frequently or could result in increased fees being paid by the Partnership.

Liability

Subject to the provisions of the Limited Partnership Act (Ontario), the liability of each Limited Partner for the liabilities and obligations of the Partnership is limited to the amount the Limited Partner contributes or agrees in writing to contribute to the Partnership, less any such amounts properly returned to the Limited Partner. A Limited Partner may lose his, her or its status as a limited partner and the benefit of limited liability if such Limited Partner takes part in the control of the business of the Partnership or if certain other provisions of the Limited Partnership Act (Ontario) are contravened. Where a Limited Partner has received the return of all or part of the Limited Partner's contributed capital, the Limited Partner is nevertheless liable to the Partnership or, following the dissolution of the Partnership, to its creditors for any amount, not in excess of the amount returned with interest (calculated at a rate per annum equal to the prime commercial lending rate of the Partnership's bankers), necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the contributed capital.

Furthermore, if after a distribution or redemption payment the Manager determines that a Limited Partner was not entitled to all or some of such distribution or redemption payment, the Limited Partner shall be liable to the Partnership to return the portion improperly distributed or paid, together with interest at a rate per annum equal to the prime commercial lending rate of the Partnership's bankers if repayment of such excess amount is not made by the Limited Partner within 15 days of receiving notice of such overpayment. The Manager may set off and apply any sums otherwise payable to a Limited Partner against such amounts due from such Limited Partner, provided that there shall be no right of set-off against a Limited Partner in respect of amounts owed to the Partnership by a predecessor of such Limited Partner.

The General Partner shall be liable for the debts, obligations and any other liabilities of the Partnership in the manner and to the extent required by the Limited Partnership Act (Ontario) and as set forth in the Partnership Agreement to the extent that Partnership assets are insufficient to pay such liabilities.

The General Partner will indemnify and hold harmless each Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by such Limited Partner that result from or arise out of such Limited Partner not having unlimited liability as set out in the Partnership Agreement, other than any liability caused by or arising out of any act or omission of such Limited Partner(s).

Reports to Limited Partners

Within 90 days after the end of each fiscal year, the Manager will forward to each Limited Partner an annual report for such fiscal year consisting of: (i) upon request, audited financial statements for such fiscal year together with a report of the auditors on such financial statements; (ii) a report on allocations to the Limited Partners' Contributed Capital accounts and taxable income or loss and distributions of cash to the General Partner and the Limited Partners for such fiscal period; and (iii) tax information to enable each Limited Partner to properly complete and file his or her tax returns in Canada in relation to an investment in Units.

The Manager will forward to each Limited Partner, upon request, unaudited interim financial statements for the first six months of each fiscal year within 90 days after the end of such period. The Manager will forward to each Limited Partner monthly unaudited reports respecting the Net Asset Value per Unit within 30 days after the end of each month.

Fiscal Year

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

Term

The Partnership has no fixed term. Dissolution may only occur: (i) at any time on 30 days written notice by the Manager to each Limited Partner; or (ii) on the date which is 60 days following the removal of the General Partner, unless the Limited Partners agree by Ordinary Resolution (as defined in the Partnership Agreement) to appoint a replacement General Partner for the Partnership.

Amendment

The General Partner may, without prior notice to or consent from any Limited Partner, amend the Partnership Agreement: (i) to create additional classes of Units and set the terms thereof; (ii) to protect the interests of the Limited Partners, if necessary; (iii) to cure any ambiguity or clerical error or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision if such amendment does not and shall not in any manner adversely affect the interests of any Limited Partner as a Limited Partner; (iv) to reflect any changes to any applicable legislation; or (v) in any other manner provided that such amendment does not and shall not adversely affect the interests of any existing Limited Partner as a Limited Partner in any manner. The Partnership Agreement may be amended at any time by: (i) the General Partner with the consent of the Limited Partners given by Special Resolution (as defined in the Partnership Agreement); or (ii) the General Partner without the consent of the Limited Partners provided the Limited Partners are given not less than 90 days written notice prior to the effective date of the

amendment (together with a copy of the amendment and an explanation of the reasons for the amendment), and each Limited Partner is given the opportunity to redeem all of such Limited Partner's Units prior to the effective date of such amendment (in such event the Manager shall be deemed to have waived, to the extent necessary, any lock-up and notice periods, and to have waived any redemption deductions for Units that are redeemed in the specified period).

TRUST AGREEMENT AND SUB TRUST AGREEMENT

The Fund has been created and governed pursuant to a declaration of trust (the "**Trust Agreement**"), which sets out the investment objectives and investment restrictions of the Fund. The Sub Trust has been created and governed pursuant to a declaration of trust (the "**Sub Trust Agreement**"), which sets out the investment objectives and investment restrictions of the Sub Trust. The material provisions of the Trust Agreement and Sub-Trust are substantially similar and are set out below.

The Trustee

Next Edge Capital Corp. is the trustee and manager of the Fund and the Sub Trust. The Trustee is responsible for certain aspects of the administration of the Fund and the Sub Trust as described in the Trust Agreement and the Sub Trust Agreement. Pursuant to the Trust Agreement and Sub Trust Agreement, the Trustee may delegate its powers and duties to the Manager. References to "Manager" in this section refer to the Manager acting in its capacity as Trustee of the Fund and the Sub Trust

The Trust Agreement and Sub Trust Agreement provide that the Manager will not be liable in carrying out its duties under the Trust Agreement and Sub Trust Agreement except in cases where the Manager fails to act honestly and in good faith with a view to the best interests of the Fund and the Sub Trust or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Trust Agreement and Sub Trust Agreement contain other customary provisions limiting the liability of the Manager and indemnifying the Manager in respect of certain liabilities incurred by it in carrying out its duties.

The Manager may resign as trustee of the Fund or Sub Trust by giving notice in writing to Unitholders not less than 30 days prior to the date on which such resignation is to take effect. Such resignation shall take effect on the date specified in such notice. The Manager may appoint a successor trustee, including an affiliate of the Manager and upon such person agreeing to act as trustee of the Fund or the Sub Trust, as applicable, and assuming the duties and responsibilities of trustee under the Trust Agreement or Sub Trust Agreement, as applicable, the Manager shall cease to be trustee of the Fund or the Sub Trust, as applicable, and shall be relieved from its duties and responsibilities with respect to the Fund or the Sub Trust under the Trust Agreement or Sub Trust Agreement, as applicable, provided however that Unitholders must be given not less than 30 days' written notice prior to the appointment of a successor trustee.

The Manager or any successor trustee or substitute investment fund manager may be compensated for its services as investment fund manager and/or trustee of the Fund or Sub Trust, as applicable, and shall be paid such fees as may be established by the Manager or substitute investment fund manager from time to time.

Termination

The Manager may, in its discretion, terminate the Fund or the Sub Trust by giving 30 days' written notice to Unitholders and fixing the date of termination not earlier than 30 days following the mailing or other delivery of notice.

The Fund and/or Sub Trust shall be terminated immediately following the occurrence of a Termination Event (as hereinafter defined). On such termination, the Manager (or should the Manager fail to do so, the Unitholders of the Fund or the Sub Trust at a meeting duly called for such purpose) shall appoint a person or company, which may be an affiliate of the Manager, to distribute any and all securities, property and assets of the Fund or Sub Trust, as applicable, in accordance with the provisions of the Trust Agreement or Sub Trust Agreement, and may agree to indemnify and

pay fees to such person or company, out of the Fund Property, as the Manager (or Unitholders, as the case may be) determines in its absolute discretion is reasonable or necessary in the circumstances. Pursuant to the Trust Agreement and Sub Trust Agreement, each of the following events shall be a "**Termination Event**":

(a) the Manager is in material default of its obligations under the Trust Agreement or Sub Trust Agreement or any management agreement entered into between the Manager and the Trustee, on behalf of the Fund or the Sub Trust, and such default continues for 120 days from the date that the Manager receives notice of such material default from a Unitholder or a successor trustee or substitute investment fund manager;

(b) the Manager, or any successor trustee or substitute investment fund manager, has been declared bankrupt or insolvent or has entered into liquidation or winding up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reconstruction);

(c) the Manager, or any successor trustee or substitute investment fund manager, makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or

(d) the assets of the Manager, or of any successor trustee or substitute investment fund manager, have become subject to seizure or confiscation by any public or governmental authority.

MANAGEMENT AGREEMENTS

Pursuant to the Management Agreements, the Manager has authority to manage the undertaking and affairs of the Fund, the Sub Trust and the Partnership and has authority to bind the Fund, the Sub Trust and the Partnership. The Manager may delegate its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund, the Sub Trust and the Partnership to do so. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund, the Sub Trust and the Partnership and to exercise the care, diligence and skill of a reasonably prudent professional manager in comparable circumstances. Among its other powers, the Manager may establish the Fund's, the Sub Trust's and the Partnership's operating expense budget and authorize the payment of operating expenses.

The Management Agreements provide that the Manager and certain affiliated parties have a right of indemnification from the Fund, the Sub Trust and the Partnership for legal fees, judgements and amounts paid in settlement incurred in carrying out their duties under the Management Agreements, except in certain circumstances, including where there has been gross negligence or wilful misconduct on the part of the Manager, or the Manager has failed to fulfill its standard of care as set out in the Management Agreements. In addition, the Management Agreements contain provisions limiting the liability of the Manager.

Pursuant to the Management Agreements, the Manager will provide portfolio management, administrative and other services to the Fund, the Sub Trust and the Partnership. The Manager will receive the Management Fee from the Fund and the Partnership for the provision of such services and is entitled to reimbursement for certain expenses incurred on behalf of the Partnership, Sub Trust or the Fund. The Manager has a right to engage third parties to help them fulfill their duties – and pay them some or all of such fees, accordingly. The Manager may also provide the Fund, the Sub Trust and the Partnership with office facilities, equipment and staff as required and the Fund, the Sub Trust or the Partnership will reimburse the Manager for the cost thereof.

The Manager has no obligation to the Fund, the Sub Trust and the Partnership other than to render services under the Management Agreements honestly and in good faith and in the best interests of the Fund, the Sub Trust and the Partnership and to exercise the degree of care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

The Management Agreements provide that the Manager will not be liable in any way to the Fund, the Sub Trust and the Partnership if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Fund, the Sub Trust and the Partnership have agreed to indemnify the Manager for any losses as a result of the performance of

its duties under the Management Agreement. However, the Manager will incur liability in cases of wilful misconduct, bad faith, negligence or disregard of its duties or standards of care, diligence and skill.

The Management Agreements, unless terminated as described below, will continue until the termination of the Fund, the Sub Trust and the Partnership. The Manager or the Fund, Sub Trust or Partnership, as the case may be, may terminate the Management Agreements if the other party (i) is in breach or default of the provisions of the Management Agreements and, if capable of being cured, such breach or default has not been cured within forty-five (45) days written notice of such breach or default, (ii) has been declared bankrupt or insolvent and has entered into liquidation or winding-up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reorganization), or (iii) makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency.

In the event that the Management Agreement(s) are terminated as provided above, the General Partner shall determine, in its their sole discretion, whether to appoint a successor manager to carry out the activities of the Manager or to carry out such activities itself in which case the General Partner will be entitled to a fee no greater than that payable to the Manager under the Management Agreement.

The services of the Manager under the Management Agreements are not exclusive to the Fund, the Sub Trust or the Partnership and nothing in the Management Agreements will prevent the Manager, or any affiliate thereof, from providing similar services to other investment funds and other clients (whether their investment objectives and policies are similar to the Fund) or from engaging in other activities.

The Manager may, on no less than 90 days' notice to Unitholders, amend the Declaration of Trust and exchange the Units into such units which are listed on a Canadian stock exchange so long as each Unitholder is able to redeem their units prior to such listing.

Pursuant to the Management Agreements, the Manager may resign or reassign the Management Agreement upon 30 days written notice to the Unitholders. The General Partner must appoint a successor. If no successor Manager is appointed the Fund, the Sub Trust and/or the Partnership shall be terminated. The Manager is deemed to resign if the Manager: (i) becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager or a substantial portion of its assets, (ii) ceases to be resident in Canada for the purposes of the Tax Act; or (iii) no longer holds the licenses, registrations or other authorizations necessary to carry out its obligations hereunder and is unable to obtain them within a reasonable period after their loss.

Units are distributed in the Offering Jurisdictions (as hereinafter defined) through registered dealers, including the Manager, and such other persons as may be permitted by applicable law. In the event of such distribution, registered dealers and the Manager will be entitled to the compensation described under "Fees and Expenses - Service Commission". Subject to the requirements under NI 31-103, the Manager may pay, out of the Management Fees it receives from the Partnership, a negotiated referral fee to registered dealers or other persons in connection with the sale of Units.

ADMINISTRATION AGREEMENT

The Manager has retained RBC Investor Services Trust, from its principal offices in Toronto, Ontario, to carry out certain administrative services for the Fund. The administrative services consist of fund accounting, Net Asset Value calculations, transfer agency, Unitholder recordkeeping, tax preparation, client statements and client servicing. This includes processing of all subscriptions and redemptions and calculating and processing all income and capital gains distributions.

In this capacity, the receipt by RBC Investor Services Trust of any document pertaining to the purchase, redemption or switching of Units will be considered to be the receipt by the Fund. The Unit transfer register of the Fund are kept by the registrar at 155 Wellington St. W. 10th Floor, Toronto, Ontario, Canada M5V 3L3.

CUSTODIAN AGREEMENT

The Fund has entered into an agreement for custodial services with RBC Investor Services Trust located in Toronto, Ontario, dated May 7, 2016 (the "**Custodian Agreement**") as may be amended from time to time. As custodian, RBC Investor Services Trust may hold cash and securities of the Fund. The Custodian Agreement may be terminated upon at least 90 days prior written notice by the Manager or RBC Investor Services Trust.

PROMOTER

Having taken the initiative in the establishment of the Fund, the Manager is the promoter of the Fund.

AUDITORS

The auditors of the Fund, the Sub Trust and the Partnership are Ernst & Young, LLP located at 222 Bay Street, Toronto, Ontario, Canada M5K 1J7

FISCAL YEAR END

The fiscal year-end of the Fund is December 31.

LEGAL MATTERS

Wildeboer Dellelce LLP located at Suite 800 –, 365 Bay Street, Toronto, Ontario, Canada M5H 2V1 and Thorsteinssons LLP, P.O. Box 786, Bay Wellington Tower, 181 Bay Street, 33rd Floor, Toronto, Ontario Canada M5J 2T3, are securities and tax counsel, respectively, to the Fund and will deliver opinions on certain matters pertaining to the Fund and the offering of its Units.

RISK FACTORS

There are risks associated with an investment in the Fund, as a result of, among other considerations, the nature and operations of the Fund. An investment in Units should only be made after consultation with independent qualified sources of investment and tax advice. An investment in the Fund is not intended as a complete investment program. There is a risk that an investment in the Fund will be lost entirely or in part. Only investors who do not require immediate liquidity of their investment and who can reasonably afford a substantial impairment or loss of their entire investment should consider the purchase of Units. The following does not purport to be a complete summary of all the risks associated with an investment in the Fund.

Risks Associated with an Investment in the Fund

General Investment Risk

The Net Asset Value of the Fund will vary directly with the market value and return of the investment portfolio of the Fund which in turn will vary directly with the market value and return of the investment portfolio of the Partnership.

No Guaranteed Return

There is no guarantee that an investment in Units will earn any positive return. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Fund's portfolio. Investment in Units is more volatile and risky than some other forms of investments. All prospective Unitholders should consider an investment in the Fund within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

Limited Operating History

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

Class Risk

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

No Advice to Investors

The Manager, General Partner and advisors, bank, legal counsel, accountants and other service providers who provide advice and other services to the Fund are accountable to the Fund only and not to the Unitholders themselves. Each prospective investor should consult his own legal, tax and financial advisers regarding the desirability of an investment in the Fund.

Illiquidity of Units or Limited Liquidity

There is no formal market for the Units and one is not expected to develop. This offering of Units is not qualified by way of prospectus and, consequently, the resale of Units is subject to restrictions under applicable securities legislation. In addition, Unit transfers are subject to approval by the Manager. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of a redemption of their Units on a Valuation Date, which redemption will be subject to the limitations described under "Redemption of Units".

Potential Conflicts of Interest

The Manager is required to satisfy a standard of care in exercising their duties with respect to the Fund. However, neither the Manager and the General Partner or its officers, directors, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Fund. Each of the Manager or the other members or affiliates thereof and their respective officers, employees and affiliates may undertake financial, investment or professional activities which give rise to conflicts of interest with the Fund. Nothing in the Partnership Agreement or the Management Agreement prevents the Manager or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies or criteria are similar to those of the Fund) or from engaging in other activities.

Certain conflicts of interest may arise due to the various items mentioned under "Corporate Governance – Conflicts of Interest". Certain inherent conflicts of interest arise from the fact that the Manager and its affiliates may carry on investment activities for other clients (including investment funds sponsored by the Manager or its affiliates) or on a proprietary basis in which the Fund or the Partnership will have no interest. Future investment activities by the Manager including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Manager and its affiliates may also engage in the promotion, management or investment management or other services in relation to separate competitive investment products, managed accounts or any other fund. These competitive vehicles may have investment policies similar to those of the Fund or the Partnership and the Manager or its affiliates may be compensated in a different manner in respect of those vehicles. The Manager or its affiliates will follow procedures designed to ensure an appropriate allocation of available investment opportunities among the Fund and competitive vehicles.

Furthermore, a Credit Manager, its directors and officers, or its affiliates, may be an affiliated or related party to the Manager, Fund, Partnership or any of the affiliates or beneficial owners of the Manager.

Reliance on the Manager and Credit Managers

The Fund will be highly dependent upon the expertise and abilities of the Manager and the Credit Manager. The loss of the services of key personnel of the Manager or the Credit Manager could adversely affect the Fund. Unitholders will have no right to take part in the management of the Fund.

Capital Depletion Risk

Certain classes of Units are designed to provide cash flow to investors. Where this cash flow exceeds the Net Income and Net Realized Capital Gains attributable to that class of Units, it will include a return of capital. A return of capital means a portion of the cash flow given back to a Unitholder is generally money that was invested in a Fund as opposed to the returns generated by such investment. Such distributions should not be confused with "yield" or "income". Returns of capital that are not reinvested will reduce the total net asset value of the particular class of Units. Additionally, returns of capital will reduce the total assets of the Fund available for investment, which may reduce the ability of the Fund to generate future income. No conclusions should be drawn about the Fund's performance from the amount of such distributions.

Fees and Expenses of the Fund

The Fund is obligated to pay Management Fees and other administration and operating expenses regardless of whether the Fund realizes a profit. Under certain circumstances, the Fund may be subject to significant indemnification obligations in respect of the General Partner, Manager or certain affiliated parties.

Risks Arising from Multiple Classes of Units

The Management Fees determined with respect to a particular Class of Units are charged against the Net Asset Value of that Class. However, all other expenses of the Fund generally will be allocated among the various Classes of Units, and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund as a whole, even though its claims relate only to a particular Class of Units.

Changes in Applicable Law

Legal, tax and regulatory changes may occur that can adversely affect the Fund and its Unitholders.

Canadian Tax Risks

Tax Consequences Generally

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

Changes to Canadian Tax Laws

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA will not be changed, whether by judicial, governmental or legislative decision or action, possibly on a retroactive basis and/or without "grandfathering" or other relief, in a manner that adversely affects the Fund and/or the Unitholders.

Challenges by the CRA

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

"*SIFT trust*"

The Tax Act imposes tax on certain earnings of a specified investment flow-through trust ("SIFT trust") at a rate comparable to the combined federal and provincial corporate tax rate for a public corporation. In order to qualify as a SIFT trust, among other things, "investments" (as that term is defined in the Tax Act) in the trust must be listed or traded on a stock exchange or other public market. In certain circumstances, because of the broad definition of "investments" in the Tax Act, the Fund could become a SIFT trust even if the Units are not listed or traded on a stock exchange and there is no trading system or other organized facility on which the Units are listed or traded. For example, if an entity that is affiliated with the Fund for purposes of the Tax Act confers a right to receive an amount that can reasonably be regarded as all or part of the capital, of the revenue or of the income of the Fund, and that right is listed or traded on a stock exchange or other public market, the Fund could become a SIFT trust.

If the SIFT trust rules were to apply to the Fund, the tax consequences would be materially and adversely different from those described below. See also "Canadian Federal Income Tax Considerations".

"Loss Restriction Event"

The Tax Act contains "loss restriction event" ("LRE") rules that apply to a trust where, in general terms, a beneficiary of a trust (together with its affiliates) becomes a "majority-interest beneficiary" of the trust (i.e., holds more than 50% of the fair market value of the units of the trust) or a group of beneficiaries of the trust becomes a "majority-interest group of beneficiaries" of the trust. If a trust is subject to a LRE, the taxation year of the trust is deemed to end. In addition, if subject to a LRE, the trust is subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. The Manager of the Fund has advised that under the terms of the Trust Agreement for the Fund, there will be an automatic distribution of an amount equal to the income and net capital gains of the trust to the beneficiaries of the trust in the event of a deemed taxation year-end. As such, there may be an unexpected allocation of net income or net taxable capital gains that must be included in a Unitholder's income for income tax purposes and that inclusion may be larger than it otherwise would have been due to the inability on the part of the Fund to deduct losses.

Achievement of the Investment Objective

There can be no assurance that the Fund will be able to achieve its investment objective. The investment strategies applied in the Fund may not have previously been used by a fund similar to the Fund. There is no assurance that the information set out herein, including any discussion of the Fund's investment objective will be, in any respect, indicative of how it will perform (either in terms of profitability or low correlation with other investments) in the future. Past performance is not indicative of future results.

Changes in Investment Strategies

The Manager may alter the investment strategies of the Fund without the prior approval of Unitholders if the Manager determines that such change is in the best interests of the Fund.

Illiquid Positions

The Fund may make investments in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts or daily price fluctuation limits on the markets traded or otherwise) or expensive to liquidate the positions against which the market is moving. Alternatively, it may not be possible, in

certain circumstances, for a position to be initiated or liquidated promptly. The ability of the Fund to respond to movements may be impaired. These risks may be accentuated where the Fund is required to liquidate positions to meet margin requests, margin calls, redemption requests or other funding requirements.

Not a Public Mutual Fund

The Fund is not subject to the restrictions placed on public mutual funds by NI 81-102. Furthermore, subscribers will not have the benefit of a review of this Offering and this Offering Memorandum by any securities regulatory authority or regulatory body.

Distributions

The Fund is not required to distribute its profits. If the Fund has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be distributed to Unitholders in accordance with the provisions of the Trust Agreement as described under "Distributions" and will be required to be included in computing the Unitholder's income for tax purposes, irrespective of the fact that cash may not have been distributed to such Unitholders. Since Units may be acquired or redeemed on a monthly basis and distributions of income and losses of the Fund to Unitholders are anticipated to be made on a quarterly basis, such distributions to a particular Unitholder may not correspond to the economic gains and losses which such Unitholder may experience.

Possible Effect of Redemptions

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

Possible Loss of Limited Liability

Under the Partnership Act, the General Partner has unlimited liability for the debts, liabilities, obligations and losses of the Fund to the extent that they exceed the assets of the Fund. Subject to certain limitations set forth in the Partnership Act, the liability of each Limited Partner for the debts, liabilities, obligations and losses of the Fund is limited to the value of money or other property the Limited Partner has contributed or agreed to contribute to the Fund. In accordance with the Partnership Act, if a Limited Partner has received a return of all or part of the Limited Partner's contribution to the Fund, the Limited Partner is nevertheless liable to the Fund, or where the Fund is dissolved, to its creditors, for any amounts not in excess of the amount returned with interest, necessary to discharge the liabilities of the Fund to all creditors who extended credit or whose claims arose before the return of the contribution. **The limitation of liability of a Limited Partner may be lost if a Limited Partner takes part in the control of the business of the Fund.**

Possible Negative Impact of Regulation

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

Potential Indemnification Obligations

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

Reliance on Manager and Track Record

The success of the Fund will be primarily dependent upon the skill, judgment and expertise of the Manager and its principals. Although persons involved in the management of the Fund and the service providers to the Fund have had experience in their respective fields of specialization, the Fund has no operating or performing history upon which prospective investors can evaluate the Fund's likely performance.

In the event of the loss of the services of the Manager, or of a key person of the Manager, the business of the Fund may be adversely affected.

Currency Risk

Exchange rate fluctuations could cause the value of the Fund to diminish or increase. Where possible, the Fund will attempt to mitigate foreign exchange risks, however, no assurance can be given that such efforts will be successful.

Investments of the Fund that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Fund may, but is not obligated to, hedge these risks by investing directly in foreign currencies, buying and selling forward foreign currency exchange contracts and buying and selling options on foreign currencies, but there can be no assurance such strategies will be effective.

Initial Investment in the Fund

Pending investment with the underlying Credit Managers, the net subscription proceeds from the sale of Units will be held in an interest-bearing account. The Manager will deposit the proceeds of subscriptions for Units received in an interest-bearing account with a Canadian chartered bank for the benefit of the Fund. Investors will have no right to receive a cash payment of any interest earned on the deposit of subscription proceeds. Any interest earned on the deposit of the subscription proceeds will be added to the Fund's net asset value.

Legal

Applicable laws, regulations or taxation arrangements may change at any time and adversely affect the Fund. Furthermore, the interpretation of such laws, regulations or taxation arrangements may differ from jurisdiction to jurisdiction and/or be construed differently by a court of law from the legal advice obtained by the Manager.

Tax Liability

Investors in the Partnership may be allocated income for tax purposes and not receive any cash distributions from the Partnership. The Net Asset Value per Partnership Unit will be marked to market and therefore calculated on the basis of both realized gains and losses and accrued, unrealized gains and losses. Therefore, the change in Net Asset Value of the Partnership Units may differ from the Limited Partner's share of income and loss for tax purposes.

Units are not Insured

The Fund is not a member institution of the Canada Deposit Insurance Fund and the Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Fund. The Units are redeemable at the option of the holder, but only under certain circumstances.

Valuation of the Fund's Investments

Valuation of the Fund's securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Fund could be adversely affected.

Independent pricing information may not be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the Partnership Agreement.

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

U.S. Tax Risk

Pursuant to United States tax rules, Unitholders may be required to provide identity and residency information to the Fund, which may be provided by the Fund to United States tax authorities in order to avoid a United States withholding tax being imposed on United States and certain non-United States source income and proceeds of disposition received by the Fund or on certain amounts (including distributions) paid by the Fund to certain Unitholders. By investing in the Fund and, through a registered dealer, by providing identity and residency information, Unitholders are deemed to have consented to the Fund disclosing such information to United States tax authorities.

Risks Associated with the Underlying Investments and Strategies

Availability of Investments

As the source of some of the Partnership's investments is through the Credit Managers, the Partnership, is exposed to adverse developments in the business and affairs of the Credit Managers, to their management and financial strength, to their ability to operate its businesses profitably and to their ability to retain deal flow. The ability of the Fund to make investments in accordance with its objectives and investment policies depends upon the availability of suitable investments and the amount of funds available.

There can be no assurance that the yields on the loans currently invested in by the Credit Managers will be representative of yields to be obtained on future investments of the Partnership. The Credit Managers must render their services honestly and in good faith and must use reasonable commercial efforts to perform their duties and responsibilities in a conscientious, reasonable and competent manner. However, the services of the Credit Managers, the directors and officers of the Credit Managers and the members of their Credit Committees are not exclusive to the Partnership. The Credit Managers, their directors and officers, their affiliates, members of their Credit Committees and their affiliates may, at any time, engage in promoting or managing other entities or investments including those that may compete directly or indirectly with the Partnership. The Credit Managers may have sole discretion in determining which investments they will make available to the Partnership for investment.

Counterparty and Settlement Risk

Some of the markets in which the Partnership will effect its transactions may be "over the counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Partnership to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Partnership to suffer a loss. In addition, in the case of a default, the Partnership could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events

may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties. The Partnership is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Partnership to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Partnership.

Credit Risk

Credit risk can have a negative impact on the value of a debt security. This risk includes:

• **Default risk,** which is the risk that the issuer of the debt will not be able to pay interest or repay the debt when it is due. Generally, the greater the risk of default, the lower the quality of the debt security. Credit risk includes, importantly, the risk that Clients and Customers may default in paying the amounts due on the invoices, receivables, and purchase orders constituting the Trade Finance Investments and the amounts owed on other types of private debt investments.

• **Credit spread risk**, which is the risk that the difference in interest rates (called **credit spread**), between the issuer's bond and a bond considered to have little associated risk (such as a treasury bill) will increase. An increase in credit spread generally decreases the value of a debt security.

• **Downgrade risk**, which is the risk that a specialized credit rating agency will reduce the credit rating of an issuer's securities. A downgrade in credit rating generally decreases the value of a debt security.

• **Collateral risk**, which is the risk that in the event of a default under secured debt instruments, it may be difficult to sell the assets the issuer has given as collateral for the debt or that the assets may be deficient. This difficulty could cause a significant decrease in the value of a debt security.

Custody Risk and Broker or Dealer Insolvency

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

Debt Securities

The Partnership may invest in bonds or other debt securities including, without limitation, bonds, notes and debentures issued by corporations. Debt securities pay fixed, variable or floating rates of interest. The value of debt securities in which the Partnership may invest will change in response to fluctuations in interest rates. In addition, the value of certain debt securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If debt securities are not held to maturity, the Partnership may suffer a loss at the time of sale of such securities.

Diversification and Concentration Risk

The ability of the Partnership to diversify its investments will depend on the ultimate size of the Partnership relative to the size of the available investment opportunities. The Manager expects to make investments in diverse industries

but unforeseen circumstances may cause it to limit the number of investments which could affect the Partnership's ability to meet its investment objective. Furthermore, the Manager may take more concentrated investment holdings in specialized industries, market sectors or in a limited number of companies. Investment in the Partnership involves greater risk and volatility since the performance of one particular sector, market or company could significantly and adversely affect the overall performance of the Partnership. Investors should assume that the insolvency of any of these companies would result in the loss of all or a substantial portion of the Partnership's assets held by or through such companies and/or the delay in the payment of redemption proceeds.

The composition of the loans in the Partnership may vary widely from time to time and may be concentrated by type of loan, industry or geography, resulting in the portfolio of loans being less diversified than anticipated. A lack of diversification may result in the Partnership being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography.

Valuation of the Partnership's Investments

Valuation of the Partnership's portfolio securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Partnership and the Net Asset Value per unit for the units of the Partnership could be adversely affected. Independent pricing information may not at times be available regarding certain of the Partnership's portfolio securities and other investments. Valuation determinations will be made in good faith in accordance with the Partnership Agreement.

The Partnership may have some of its assets in investments which, by their very nature, may be extremely difficult to value accurately. To the extent that the value designated by the Partnership to any such investment differs from its actual value, the Net Asset Value per unit of the Partnership may be understated or overstated, as the case may be.

In light of the foregoing, there is a risk that a Limited Partner of the Partnership who redeems all or part of his or her units while the Partnership holds such investments will be paid an amount less than such Limited Partner would otherwise be paid if the actual value of such investments is higher than the value designated by the Partnership. Similarly, there is a risk that such Limited Partner of the Partnership might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Partnership. In addition, there is risk that an investment in the Partnership by a new Limited Partner of the Partnership (or an additional investment by an existing Limited Partner of the Partnership) could dilute the value of such investments for the other Limited Partners of the Partnership if the actual value of such investments is higher than the value designated by the Partnership. Furthermore, there is a risk that a new Limited Partner of the Partnership (or an existing Limited Partner of the Partnership that makes an additional investment) could pay more to purchase units of the Partnership than he or she might otherwise be required to pay if the actual value of such investments is lower than the value designated by the Partnership. The Partnership does not intend to adjust the Net Asset Value per unit of the Partnership retroactively.

General Litigation Risk

In the normal course of the Partnership operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relation to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Partnership and as a result, could have a material adverse effect of the Partnership's investments, liabilities, business, financial condition and results of operations. Even if the Partnership prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Partnership's business operations, which could have a material adverse effect on the Partnership's business, cash flow, financial condition and results of operations and ability to make distributions to Limited Partners. This risk may be heightened for the Partnership as compared to other Canadian investment funds without investments in the U.S. because the legal climate in the U.S., in comparison to that in Canada, tends to give rise to a greater number of claims and larger damages awards.

Uninsured and Underinsured Losses

The Partnership uses its discretion in determining amounts, coverage and limits and deductibility provisions of insurance for its operations and assets, with a view to maintaining appropriate insurance coverage on its assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. Further, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. A judgment against the Partnership in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on our business and financial condition. A substantial loss without adequate insurance coverage could have a material adverse effect on the business, financial condition, liquidity and results of operation for the Partnership.

Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. A company's performance outlook, market activity and the larger economic picture influence its stock price. The value of the Partnership is affected by changes in the prices of the securities and loans it holds. The risks and potential rewards are usually greater for small companies, start-ups, resource companies and companies in emerging markets. Investments that are convertible into equity may also be subject to equity risk.

Exchange Traded Funds

The Partnership may invest in exchange-traded funds ("**ETFs**") that seek to provide returns similar to an underlying benchmark such as particular market index or industry sector index. These ETFs may not achieve the same return as a benchmark index due to differences in the actual weightings of securities held in the ETF versus the weightings in the relevant index, and due to the operating and administrative expenses of the ETF.

Failure to Meet Commitments

The Partnership may commit to making future investments, commercial loans or investments in underlying vehicles in anticipation of repayment of principal outstanding under existing investments. In the event that such repayments of principal are not made in contravention of the borrowers' obligations, the Partnership may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may face liability in connection with its failure to make such advances.

Similarly, following the initial investment in a company, via a commercial loan or other debt security, the Partnership may be called upon to provide additional funding or have the opportunity to increase its investment in such company or to fund additional investments through such company. There is no assurance that the Partnership will make follow-on investments or that the Partnership will have sufficient funding to make all such investments. Any decision by the Partnership not to make follow-on investments or its inability to make them may have a substantial negative impact on the company in need of such investment.

Foreign Investment Risk

The Partnership may invest in securities issued by corporations in, or governments of, countries other than Canada. Investing in foreign securities can be beneficial in expanding investment opportunities and increasing portfolio diversification, but there are risks associated with foreign investments, including:

• companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those that apply in Canada;

• the legal systems of some foreign countries may not adequately protect investor rights;

• political, social or economic instability may affect the value of foreign securities;

• foreign governments may make significant changes to tax policies, which could affect the value of foreign securities; and

• foreign governments may impose currency exchange controls that may prevent the Fund from taking money out of the country.

Please also see "**U.S. Tax Risk**" above.

General Economic and Market Conditions

The success of the Partnership'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 Partnership's investments. Unexpected volatility or illiquidity could impair the Partnership's profitability or result in losses.

Highly Volatile Markets

The prices of financial instruments in which the Partnership's assets may be invested can be highly volatile and may be influenced by, among other things, specific corporate developments, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

Interest Rate Changes

The value of the Partnership's investments may fall if market interest rates for government, corporate or high yield credit rise. The value of the Partnership that holds fixed income securities will rise and fall as interest rates change. When interest rates fall, the value of an existing bond tends to rise. When interest rates rise, the value of an existing bond tends to fall. The value of debt securities that pay a variable (or floating) rate of interest is generally less sensitive to interest rate changes. The Manager's ability to replace matured variable debt securities at the same or better yield will be impacted by interest rate changes.

Investment and Trading Risks in General

All investments made by the Manager risk the loss of capital. The Manager may utilize investment techniques or instruments which can, in certain circumstances, increase the adverse impact to which the Partnership's Portfolio may be subject. No guarantee or representation is made that the Partnership's investment program will be successful and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the Partnership's Portfolio and performance.

Issuer–Specific Changes

The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole.

Knowledge and Expertise of the Credit Managers

The Partnership will be dependent on the knowledge and expertise of the Credit Managers. There is no certainty that the persons who are currently officers and directors of the Credit Managers will continue to be officers and directors of the Credit Managers for an indefinite period of time.

Leverage

The Partnership may use financial leverage by borrowing funds against the assets of the Partnership. The use of leverage increases the risk to the Partnership and subjects the Partnership to higher current expenses. Also, if the Partnership's portfolio value drops to the loan value or less, investors could sustain a total loss of their investment.

The interest expense and banking fees occurring in respect of the loan facility may exceed the capital gains and income generated by the incremental investment of portfolio securities. In addition, the Partnership may not be able to negotiate a loan facility on acceptable terms. There can be no assurance that the borrowing strategy employed by the Partnership will enhance returns.

There is a possibility that some of the interest paid on an amount borrowed may not be deductible by the Partnership for tax purposes.

Limited Sources of Borrowing

The Canadian financial marketplace has a limited number of financial institutions that provide credit to entities such as the Partnership. The limited availability of sources of credit may limit the Partnership's ability to take advantage of leveraging opportunities to enhance the yield on its investments.

Liquidity Risk

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Partnership's portfolio positions may be reduced. In addition, the Partnership may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Partnership's liquidity. During such times, the Partnership may be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolio or to meet redemption requests. In addition, such circumstances may force the Partnership to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, the Partnership may be unable to sell such financial instruments or prevent losses relating to such financial instruments. In addition, in conjunction with a market downturn, the Partnership's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Partnership's exposure to their credit risk.

Credit Manager Insolvency

The Partnership's interest in an investment maybe held by legal title and registered in the name of a Credit Manager on behalf of the Partnership. The insolvency of a Credit Manager could result in the loss of all or a substantial portion of the assets of the Partnership held by a Credit Manager and/or the delay in the payment of withdrawal proceeds.

Nature of the Investments

An investment in commercial loans, particularly mezzanine finance, can require a long-term commitment. Many of the Partnership's investments will be highly illiquid and there can be no assurance that the Partnership will be able to realize such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the Partnership. As the Partnership may make only a limited number of investments, poor performance by a few of the investments could significantly affect the total returns to the Partnership. In the event a Portfolio company fails to meet projections, the Partnership may suffer a partial or total loss of capital invested in that company. Therefore, there can be no assurance that the Partnership will be able to realize the value of its investments and distribute proceeds in a timely manner.

The Partnership's income and funds available for distribution to Limited Partners would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Partnership or if the Partnership was unable

to invest its funds in commercial loans on economically favourable terms. On default by a borrower, the Partnership may experience delays in enforcing its rights as lender and may incur substantial costs in protecting its investment.

Options

Selling 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 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.

Portfolio Turnover

The Partnership has not placed any limits on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

Shorting

Selling a security short ("**shorting**") involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at later date. Should the security increase in value during the shorting period, losses will incur to the Partnership. There is in theory no upper limit to how high the price of a security may go. The Partnership will also be responsible to pay dividends or other distributions on securities sold short. Another risk involved in shorting is a situation where the lender of the security requests its return. In such cases, the Partnership must either find securities to replace those borrowed or repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Partnership may have to bid up the price of the security in order to cover the short position, resulting in losses to the Partnership.

Use of Derivatives

The Partnership may use derivative instruments. The use of derivatives may present additional risks to the Partnership. To the extent of the Partnership's investment in derivatives it may take a credit risk with respect to parties with whom it trades and may also bear the risk of settlement default. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Partnership from achieving the intended hedge effect or expose the Partnership to the risk of loss. In addition, derivative instruments may not be liquid at all times, so that in volatile markets the Partnership may not be able to close out a position without incurring a loss. No assurance can be given that the use of derivatives, such as the purchase or sale of forward currency agreements or puts and calls and other techniques and strategies that may be utilized by the Partnership to hedge its exposure, will not result in material losses which the Issuer has instituted policies to manage and mitigate.

Composition of Investments

The composition of the investments of the Partnership taken as a whole may vary widely from time to time and may be concentrated by type of security, commodity, industry or geography, resulting in the investments being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Partnership will suffer a loss from declines in the prices of securities in those sectors or industries.

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

Neither the Fund, the Administrator, the General Partner, nor the Manager is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Units having regard to any such investment needs and objectives of the potential investor.

PERSONAL INFORMATION

By purchasing the Units, the purchaser acknowledges that the Fund and its respective agents and advisers may each collect, use and disclose its name and other specified personally identifiable information (the "**Information**"), including the amount of the Units that it has purchased for purposes of meeting legal, regulatory and audit requirements and as otherwise permitted or required by law or regulation. The purchaser consents to the disclosure of that Information.

By purchasing the Units, the purchaser acknowledges (a) that Information concerning the purchaser will be disclosed to the relevant Canadian Securities regulatory authorities, including the Ontario Securities Commission, and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the purchaser consents to the disclosure of the Information; (b) is being collected indirectly by the applicable Canadian Securities regulatory authority under the authority granted to it in securities legislation; and (c) is being collected for the purposes of the administration and enforcement of the applicable Canadian Securities legislation; by purchasing the Units, the purchaser shall be deemed to have authorized such indirect collection of Information by the relevant Canadian Securities regulatory authorities. Questions about such indirect collection of Information by the Ontario Securities Commission should be directed to the Administrative Assistant to the Director of Corporate Finance, Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or to the following telephone number (416) 593-8086.

LANGUAGE OF DOCUMENTS

By accepting this Offering Memorandum, the investor acknowledges that it is its express wish that all documents evidencing or relating in any way to the sale of Units be drawn up in the English language only. Par son acceptation de ce document, l'acheteur reconnaît par les présentes qu'il est de sa volonté expresse que tous les tous les documents faisant foi ou se rapportant de quelque manière à la vente des parts soient rédigés en anglais seulement.

STATUTORY AND CONTRACTUAL RIGHTS OF ACTION

Securities legislation in certain of the provinces and territories of Canada provides purchasers of Units pursuant to this Offering Memorandum with, in addition to any other right they may have at law, rights of rescission or damages if this Offering Memorandum and any amendment to it contains a misrepresentation. These remedies must be exercised within the prescribed time limits. Subscribers should refer to the applicable securities legislation for the particulars of these rights or consult with a legal advisor. Statutory or contractual rights of action for each of the Offering Jurisdictions are described in Schedule A hereto**.**

SCHEDULE A - PURCHASER'S RIGHTS OF ACTION

Two Day Cancellation Right

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

Statutory Rights of Action for Damages or Rescission

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

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

The following is a summary of the rights of rescission or damages, or both, available to investors under the securities legislation of certain of the jurisdictions of Canada. Purchasers should refer to the applicable provisions of the securities legislation of their province or territory of residence for the particulars of these rights or consult with a legal advisor.

Rights for Purchasers in Ontario

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

(a) the Fund shall not be held liable pursuant to such right of action if the Fund proves the investor purchased the Units with knowledge of the Misrepresentation;

(b) in an action for damages, the Fund is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the investor as a result of the Misrepresentation relied upon;

(c) the Fund will not be liable for a Misrepresentation in forward-looking information if the Fund proves that:

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

(ii) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;

(d) in no case shall the amount recoverable pursuant to such right of action exceed the price at which the Units were offered to the investor; and

(e) no action may be commenced to enforce such right of action more than:

(i) in the case of an action for rescission, 180 days after the date of the acceptance of the subscription by the Fund; or

(ii) in the case of an action for damages, the earlier of:

(A) 180 days after the investor has knowledge of the Misrepresentation, or

(B) three years after the date of the acceptance of the subscription by the Manager.

The foregoing rights do not apply if the purchaser purchased Units using the "accredited investor" exemption and is:

(a) a Canadian financial institution (as defined in National Instrument 45-106) or a Schedule III bank;

(b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Rights for Purchasers in Alberta and British Columbia

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

Rights for Purchasers in Saskatchewan

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

(a) no person or company is liable, nor does a right of rescission exist, where the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

(b) in an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;

(c) in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser; and

(d) no action shall be commenced to enforce these rights more than:

(i) in the case of an action for rescission, 180 days after the date of the acceptance of the purchaser's Investment Application by the Manager; or

(ii) in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the acceptance of the purchaser's Investment Application by the Manager.

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

(a) this Offering Memorandum contains, proximate to that information:

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

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

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

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

Rights for Purchasers in Manitoba

If this Offering Memorandum delivered to a purchaser of Units resident in Manitoba contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against the Fund for damages or against the Fund for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that among other limitations:

(a) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

(b) in the case of an action for damages, the Fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation;

(c) other than with respect to the Fund, no person or company is liable if the person or company proves:

(i) that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent; and

(ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;

(d) other than with respect to the Fund, no person or company is liable if the person or company proves that, after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;

(e) other than with respect to the Fund, no person or company is liable with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or

(ii) believed there had been a Misrepresentation;

(f) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser; and

(g) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:

(i) in the case of an action for rescission, 180 days after the date of purchase of the Units; or

(ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the Misrepresentation, and (B) two years after the date of purchase of the Units.

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

(a) this Offering Memorandum contains, proximate to that information,

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

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

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

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

Rights for Purchasers in Québec

Under legislation adopted in Québec, if this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to a purchaser resident in Québec contains a Misrepresentation, the purchaser will have (i) a right of action for damages against the Fund, every director or officer of the Fund and the dealer (if any) under contract to the Fund, or (ii) a right of action against the Fund for rescission of the purchase contract or revision of the price at which Units were sold to the purchaser.

No person or company will be liable if it proves that:

(a) the purchaser purchased the Units with knowledge of the Misrepresentation; or

(b) in an action for damages, that it acted prudently and diligently (except in an action brought against the Fund).

No person will be liable for a Misrepresentation in forward-looking information if the person proves that:

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

(b) the person has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

No action may be commenced to enforce such a right of action:

(a) for rescission or revision of price more than three years after the date of the purchase; or

(b) for damages later than the earlier of:

(i) three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser; or

(ii) five years from the filing of this Offering Memorandum with the Autorité des marchés financiers de Québec.

Rights for Purchasers in New Brunswick

If this Offering Memorandum, or any amendment hereto, delivered to a purchaser of Units resident in New Brunswick contains a Misrepresentation, the purchaser to whom this Offering Memorandum has been delivered and who purchases Units offered hereunder will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and shall have a right of action for damages against the Fund or, at the election of the purchaser, a right of rescission (in which case the purchaser shall cease to have a right of action for damages against the Fund).

In addition, subject to certain limitations, where any advertising or sales literature disseminated in connection with this offering contains a Misrepresentation, a purchaser who purchases Units referred to in that advertising or sales literature is deemed to have relied upon that Misrepresentation if it was a Misrepresentation at the time of purchase. Such purchaser has a right of action for damages against the Fund and every promoter and director of that Fund at the time the advertising or sales literature was disseminated.

In addition, subject to certain limitations, where a person 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 Units, the purchaser shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and has a right of action for damages against the person who made the verbal statement.

There are various defences available. In particular, no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation. In an action for damages, the defendant will not be

liable for all or any part of the damages that it proves do not represent the depreciation in the value of the Units as a result of the Misrepresentation relied upon. The amount recoverable under the foregoing rights of action will not exceed the price at which the Units were purchased.

No person will be liable for a Misrepresentation in forward-looking information if the person proves that:

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

(b) the person has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

No action shall be commenced to enforce the foregoing rights:

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

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

(i) 1 year after the purchaser first had knowledge of the facts giving rise to the cause of action, and

(ii) 6 years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Nova Scotia

Securities legislation in Nova Scotia requires that subscribers be provided with, in addition to any other right they may have at law, contractual rights of rescission or damages, or both, where this Offering Memorandum and any amendment thereto contains a Misrepresentation. However, such rights must be exercised by the subscriber within specified time limits.

If this Offering Memorandum, together with any amendment or supplement thereto, or any "advertising or sales literature" (as defined in the Securities Act (Nova Scotia)) delivered to a purchaser of Units resident in Nova Scotia contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the Misrepresentation and will have, subject as hereinafter provided, a right of action, exercisable on written notice given to the Manager not more than 120 days subsequent to the date on which payment was made for the Units, either for damages or alternatively for rescission against the Fund while still the owner of any of the Units offered hereunder, provided that:

(a) the Fund shall not be held liable pursuant to such right of action if the Fund proves the investor purchased the Units with knowledge of the Misrepresentation;

(b) in an action for damages, the Fund is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the investor as a result of the Misrepresentation relied upon; and

(c) in no case shall the amount recoverable pursuant to such right of action exceed the price at which the Units were offered to the investor.

A person is not liable in an action for a Misrepresentation in forward-looking information if the person proves all of the following things:

(a) this Offering Memorandum contains, proximate to that information,

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

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

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

Rights for Purchasers in Prince Edward Island

If this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to a purchaser resident in Prince Edward Island contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the Misrepresentation and will have a right of action against the Fund for damages or, alternatively, while still the owner of the Units, for rescission against the Fund, provided that:

(a) no action shall be commenced to enforce the foregoing rights:

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

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

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

(c) no person or company (other than the Fund) will be liable if it proves that:

(i) this Offering Memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent; or

(ii) after the delivery of this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it;

(d) no person or company (other than the Fund) will be liable with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company:

(i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or

(ii) believed that there had been a Misrepresentation;

(e) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and

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

No person will be liable for a Misrepresentation in forward-looking information if the person proves that:

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

(b) the person has a reasonable basis for drawing the conclusion or making the forecasts and Rights for Purchasers in projections set out in the forward-looking information.

Rights for Purchasers in Northwest Territories, Yukon and Nunavut Territory

If this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to a purchaser resident in the Northwest Territories, Yukon or Nunavut contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will have, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund or, alternatively, while still the owner of the Units, for rescission against the Fund, provided that:

(a) no action shall be commenced to enforce the foregoing rights:

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

(ii) in the case of any action, other than an action for rescission, the earlier of (I) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (II) three years after the date of the transaction that gave rise to the cause of the action;

(b) no person or company will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

(c) no person (other than the Fund) will be liable if it proves that:

(i) this Offering Memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable notice to the Fund that it was delivered without the person's knowledge or consent;

(ii) the person, on becoming aware of the Misrepresentation in this Offering Memorandum, withdrew the person's consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or

(iii) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a

statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or the relevant part of this Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(d) no person (other than the Fund) will be liable with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a 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 that there had been a Misrepresentation;

(e) a person is not liable in an action for a Misrepresentation in forward-looking information if:

(i) this Offering Memorandum contains, proximate to that information:

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

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

(ii) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information;

(f) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and

(g) in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser.

General

The foregoing summary is subject to the express provisions of the applicable securities legislation of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law and are subject to the defences contained in those laws.

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