

No. \_\_\_\_\_

**CONFIDENTIAL OFFERING MEMORANDUM**



**IBV CAPITAL GLOBAL VALUE TRUST**

June 7, 2021

THIS CONFIDENTIAL OFFERING MEMORANDUM (THIS "**OFFERING MEMORANDUM**") IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN UNITS OF IBV CAPITAL GLOBAL VALUE TRUST, AN ONTARIO TRUST (THE "**TRUST**"). DUE TO THE CONFIDENTIAL NATURE OF THIS OFFERING MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE LEGAL CONSEQUENCES. CONSEQUENTLY, THIS OFFERING MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE TRUST'S INVESTMENT MANAGER. EACH PERSON RECEIVING THIS OFFERING MEMORANDUM HEREBY AGREES TO THE FOREGOING AND TO RETURN THE OFFERING MEMORANDUM TO THE INVESTMENT MANAGER PROMPTLY UPON REQUEST.

THIS OFFERING MEMORANDUM SUMMARIZES THE PRINCIPAL TERMS OF THE DECLARATION OF TRUST GOVERNING THE TRUST (AS AMENDED FROM TIME TO TIME, THE "DECLARATION OF TRUST"). THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE DECLARATION OF TRUST ITSELF AND THE SUBSCRIPTION AGREEMENT BETWEEN THE TRUST AND EACH UNITHOLDER (THE "SUBSCRIPTION AGREEMENT"), COPIES OF WHICH WILL BE MADE AVAILABLE UPON REQUEST AND SHOULD BE REVIEWED PRIOR TO PURCHASING UNITS IN THE TRUST ("CANADIAN TRUST UNITS"). IF THE DESCRIPTION IN OR TERMS OF THIS OFFERING MEMORANDUM ARE INCONSISTENT WITH OR CONTRARY TO SAID DECLARATION OF TRUST OR SUBSCRIPTION AGREEMENT, SAID DECLARATION OF TRUST AND SUBSCRIPTION AGREEMENT SHALL GOVERN. IN ADDITION, THE INVESTMENT MANAGER RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION FOR CANADIAN TRUST UNITS IN WHOLE OR IN PART, FOR ANY OR NO REASON.

NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM WILL BE EMPLOYED IN THE OFFERING OF THE CANADIAN TRUST UNITS OTHER THAN THIS OFFERING MEMORANDUM, THE DECLARATION OF TRUST AND THE OTHER AGREEMENTS REFERRED TO HEREIN.

THE DISTRIBUTION OF THIS OFFERING MEMORANDUM AND THE OFFER AND SALE OF THE CANADIAN TRUST UNITS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY CANADIAN TRUST UNITS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN ANY JURISDICTION. NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE. ACCORDINGLY, THE CANADIAN TRUST UNITS MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND THIS OFFERING MEMORANDUM MAY NOT BE DISTRIBUTED, IN ANY JURISDICTION, EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH JURISDICTION. PROSPECTIVE UNITHOLDERS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS WITHIN THEIR OWN COUNTRIES FOR THE PURCHASE OF CANADIAN TRUST UNITS AND TO ANY TAXATION OR EXCHANGE CONTROL LEGISLATION APPLICABLE TO THEM.

THE CANADIAN TRUST UNITS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE ONTARIO SECURITIES COMMISSION (THE "OSC"), ANY OTHER PROVINCIAL SECURITIES COMMISSION WITHIN CANADA OR ANY REGULATORY AUTHORITY, NOR HAS THE OSC OR ANY SUCH COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. NO CAYMAN ISLANDS AUTHORITY HAS COMMENTED UPON THE CONTENTS OF THIS OFFERING MEMORANDUM OR THE MERITS OF AN INVESTMENT IN THE CANADIAN TRUST UNITS. MOREOVER, THE INVESTMENT ACTIVITIES OF THE FUND (AS DEFINED BELOW) ARE NOT REGULATED OR OTHERWISE OVERSEEN BY THE CAYMAN ISLANDS GOVERNMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THERE IS NO PUBLIC MARKET FOR THE CANADIAN TRUST UNITS AND NO SUCH MARKET IS EXPECTED TO DEVELOP IN THE FUTURE. THE CANADIAN TRUST UNITS MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE SECURITIES LAWS, PURSUANT TO REGISTRATION AND PROSPECTUS REQUIREMENTS OR AN EXEMPTION THEREFROM. AS MORE FULLY DESCRIBED IN THIS OFFERING MEMORANDUM, THE TRANSFERABILITY OF THE CANADIAN TRUST UNITS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE DECLARATION OF TRUST. IN MAKING A SUBSCRIPTION FOR THE CANADIAN TRUST UNITS, PROSPECTIVE UNITHOLDERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF SUCH CANADIAN TRUST UNITS FOR AN INDEFINITE PERIOD OF TIME. AN INVESTMENT IN THE FUND IS SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. IT IS DESIGNED ONLY FOR EXPERIENCED AND SOPHISTICATED PERSONS WHO ARE ABLE TO BEAR THE RISK OF THE SUBSTANTIAL IMPAIRMENT OR LOSS OF THEIR ENTIRE INVESTMENT IN THE TRUST.

PROVIDED THE TRUST QUALIFIES AS A "MUTUAL FUND TRUST" FOR THE PURPOSES OF THE TAX ACT (AS DEFINED HEREIN) AT ALL RELEVANT TIMES, CANADIAN TRUST UNITS WILL BE QUALIFIED INVESTMENTS UNDER THE TAX ACT FOR TRUSTS GOVERNED BY REGISTERED RETIREMENT SAVINGS PLANS, REGISTERED RETIREMENT INCOME FUNDS, REGISTERED EDUCATION SAVINGS PLANS OR TAX-FREE SAVINGS ACCOUNTS ("REGISTERED PLANS"). IN

CERTAIN CIRCUMSTANCES DESCRIBED UNDER SECTION 8 "*SUMMARY OF THE DECLARATION OF TRUST – REDEMPTIONS OF CANADIAN TRUST UNITS*", REDEMPTIONS MAY BE MADE BY WAY OF DISTRIBUTIONS IN KIND. ANY MASTER FUND UNITS OR OTHER SECURITIES RECEIVED UPON THE REDEMPTION OF CANADIAN TRUST UNITS WILL NOT BE QUALIFIED INVESTMENTS FOR SUCH PLANS. SEE "RISK FACTORS – REDEMPTIONS IN KIND".

NOTWITHSTANDING THAT CANADIAN TRUST UNITS ARE EXPECTED TO BE QUALIFIED INVESTMENTS FOR A REGISTERED PLAN, THE ANNUITANT OR THE HOLDER THEREOF, AS THE CASE MAY BE, WILL BE SUBJECT TO PENALTY TAXES IN RESPECT OF THE CANADIAN TRUST UNITS IF THE CANADIAN TRUST UNITS ARE A "PROHIBITED INVESTMENT" (AS DEFINED IN THE TAX ACT) FOR THE REGISTERED PLAN, AS APPLICABLE. THE CANADIAN TRUST UNITS WILL NOT BE A "PROHIBITED INVESTMENT" PROVIDED THAT THE HOLDER OR ANNUITANT, AS THE CASE MAY BE: (I) DEALS AT ARM'S LENGTH WITH THE TRUST, AND (II) DOES NOT HAVE A "SIGNIFICANT INTEREST" IN THE TRUST (WITHIN THE MEANING OF THE TAX ACT), GENERALLY, A HOLDER OR ANNUITANT, AS THE CASE MAY BE, WILL NOT HAVE A "SIGNIFICANT INTEREST" IN THE TRUST UNLESS THE HOLDER OR ANNUITANT, AS THE CASE MAY BE, OWNS INTERESTS AS A BENEFICIARY UNDER THE TRUST THAT HAVE A FAIR MARKET VALUE OF 10% OR MORE OF THE FAIR MARKET VALUE OF THE INTERESTS OF ALL BENEFICIARIES UNDER THE TRUST, EITHER ALONE OR TOGETHER WITH PERSONS AND PARTNERSHIPS WITH WHOM THE HOLDER OR ANNUITANT, AS THE CASE MAY BE, DOES NOT DEAL AT ARM'S LENGTH. THE CANADIAN TRUST UNITS WILL GENERALLY NOT BE A "PROHIBITED INVESTMENT" IF THE CANADIAN TRUST UNITS ARE "EXCLUDED PROPERTY" AS DEFINED IN THE TAX ACT FOR REGISTERED PLANS.

THIS OFFERING MEMORANDUM WAS PREPARED BY REPRESENTATIVES OF THE TRUST AND IS BEING FURNISHED BY THE INVESTMENT MANAGER, SOLELY FOR USE BY PROSPECTIVE UNITHOLDERS IN CONNECTION WITH THIS OFFERING. REPRESENTATIVES OF THE INVESTMENT MANAGER WILL MAKE THEMSELVES AVAILABLE TO PROSPECTIVE UNITHOLDERS FOR THE PURPOSE OF ANSWERING QUESTIONS REGARDING THE TRUST AND THE OFFERING CONTEMPLATED HEREBY. HOWEVER, IN MAKING THE DECISION TO SUBSCRIBE FOR CANADIAN TRUST UNITS, A PROSPECTIVE UNITHOLDER MUST RELY ON ITS OWN EXAMINATION OF THE TRUST AND ITS PROPOSED INVESTMENT PROGRAM AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. PROSPECTIVE UNITHOLDERS SHOULD NOT CONSTRUE THE CONTENTS OF THIS OFFERING MEMORANDUM, OR ANY SUPPLEMENTAL INFORMATION PROVIDED TO THEM, AS LEGAL, TAX, REGULATORY, FINANCIAL OR ACCOUNTING ADVICE, AND EACH PROSPECTIVE UNITHOLDER IS URGED TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO THE LEGAL, TAX, REGULATORY, FINANCIAL AND ACCOUNTING CONSEQUENCES ASSOCIATED WITH OWNING CANADIAN TRUST UNITS.

THE OWNERSHIP OF CANADIAN TRUST UNITS INVOLVES A HIGH DEGREE OF RISK DUE TO, AMONG OTHER THINGS, THE NATURE OF THE TRUST'S AND THE MASTER FUND'S INVESTMENT STRATEGIES. PROSPECTIVE UNITHOLDERS SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION IN SECTION 14 ("*POTENTIAL CONFLICTS OF INTEREST*") AND SECTION 15 ("*RISK FACTORS*") OF THIS OFFERING MEMORANDUM. INVESTMENTS IN CANADIAN TRUST UNITS ARE SUITABLE ONLY FOR SOPHISTICATED PERSONS AND REQUIRE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE SIGNIFICANT RISKS AND LACK OF LIQUIDITY INHERENT IN INVESTMENTS OF THIS TYPE. NO ASSURANCE CAN BE GIVEN THAT THE TRUST'S OBJECTIVES WILL BE ACHIEVED AND A PROSPECTIVE UNITHOLDER MUST BE PREPARED TO BEAR CAPITAL LOSSES THAT MIGHT RESULT FROM THE TRUST'S INVESTMENT PROGRAM.

CERTAIN INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM CONSTITUTES "FORWARD-LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE" OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF THE TRUST MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS.

CERTAIN INFORMATION CONTAINED HEREIN CONCERNING MARKET AND ECONOMIC TRENDS AND OVERALL MARKETPLACE OPPORTUNITIES ARE BASED ON, OR DERIVED FROM, INFORMATION PROVIDED BY INDEPENDENT

THIRD-PARTY SOURCES. SUCH INFORMATION IS BASED, IN PART, ON ASSUMPTIONS THAT HAVE NOT BEEN INDEPENDENTLY VERIFIED BY THE INVESTMENT MANAGER. THE INVESTMENT MANAGER CANNOT GUARANTEE THE ACCURACY OF ANY SUCH INFORMATION.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS OFFERING MEMORANDUM, AND ANY REPRESENTATION OR INFORMATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TRUST, THE INVESTMENT MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES. STATEMENTS IN THIS OFFERING MEMORANDUM ARE MADE AS OF THE DATE THIS OFFERING MEMORANDUM WAS INITIALLY DELIVERED TO PROSPECTIVE UNITHOLDERS, UNLESS STATED OTHERWISE, AND NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM AT ANY TIME, NOR ANY SALE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE(S) OR CREATE ANY OBLIGATION TO UPDATE THIS OFFERING MEMORANDUM.

NOTWITHSTANDING ANYTHING TO THE CONTRARY STATED HEREIN, EACH PROSPECTIVE UNITHOLDER (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF SUCH PROSPECTIVE UNITHOLDER) MAY DISCLOSE TO ITS RELEVANT ADVISORS THE TAX STRUCTURE AND TAX TREATMENT OF THE TRUST AND ALL MATERIALS THAT ARE PROVIDED TO THE PROSPECTIVE UNITHOLDER RELATING TO SUCH TAX STRUCTURE AND TAX TREATMENT; PROVIDED, HOWEVER, THAT SUCH DISCLOSURE SHALL NOT INCLUDE THE NAME (OR OTHER IDENTIFYING INFORMATION NOT RELEVANT TO THE TAX STRUCTURE OR TAX TREATMENT) OF ANY PERSON AND SHALL NOT INCLUDE INFORMATION FOR WHICH NON-DISCLOSURE IS REASONABLY NECESSARY IN ORDER TO COMPLY WITH APPLICABLE SECURITIES LAWS.

THE ASSETS OF THE TRUST WILL BE INVESTED THROUGH A "MASTER-FEEDER" FUND STRUCTURE IN IBV CAPITAL GLOBAL VALUE FUND LP, AN OPEN-ENDED EXEMPTED LIMITED PARTNERSHIP ESTABLISHED UNDER THE LAWS OF THE CAYMAN ISLANDS (THE "MASTER FUND"). NO SECURITIES OF THE MASTER FUND ARE BEING OFFERED BY THIS OFFERING MEMORANDUM AND, ACCORDINGLY, THIS OFFERING MEMORANDUM IS NOT TO BE REGARDED AS HAVING BEEN AUTHORIZED OR ISSUED BY THE MASTER FUND. THE MASTER FUND DOES NOT HAVE AN OFFERING DOCUMENT OR EQUIVALENT DOCUMENT.

THE INTERESTS OF THE MASTER FUND MAY NOT BE OFFERED TO THE PUBLIC IN THE CAYMAN ISLANDS, UNLESS THE INTERESTS OF THE MASTER FUND ARE LISTED ON THE CAYMAN ISLANDS STOCK EXCHANGE. THE TERM "PUBLIC IN THE CAYMAN ISLANDS" DOES NOT INCLUDE (A) A SOPHISTICATED PERSON; (B) A HIGH NET WORTH PERSON; (C) A PERSON SPECIFIED IN PARAGRAPH 3 OR 4 OF THE FOURTH SCHEDULE TO THE SECURITIES INVESTMENT BUSINESS LAW (REVISED); (D) AN EXEMPTED OR ORDINARY NON-RESIDENT COMPANY REGISTERED UNDER THE COMPANIES LAW (REVISED), OR A FOREIGN COMPANY REGISTERED UNDER PART IX OF THAT LAW, OR ANY SUCH COMPANY ACTING AS GENERAL PARTNER OF A PARTNERSHIP REGISTERED UNDER SECTION 9(1) OF THE EXEMPTED LIMITED PARTNERSHIP LAW (REVISED), OR ANY DIRECTOR OR OFFICER OF THE SAME ACTING IN SUCH CAPACITY; OR (E) THE TRUSTEE OF ANY TRUST REGISTERED OR CAPABLE OF REGISTRATION UNDER SECTION 74 OF THE TRUSTS LAW (REVISED) ACTING IN SUCH CAPACITY.

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## IBV CAPITAL GLOBAL VALUE TRUST

### OFFERING OF CANADIAN TRUST UNITS

#### 1. EXECUTIVE SUMMARY

IBV Capital Global Value Trust, an Ontario trust (the “**Trust**”) is offering for sale units in the Trust (the “**Canadian Trust Units**”). Unless otherwise indicated, the term “**Canadian Trust Units**” in this Canadian offering memorandum (“**Offering Memorandum**”) generally includes all classes, sub-classes, series or sub-series of Canadian Trust Units. The subscription price of each Canadian Trust Unit is equal to USD\$100 per Canadian Trust Unit. The Investment Manager retains the discretion to change this policy. The minimum initial investment in the Trust is (i) USD\$1,000 for investors who qualify as accredited investors under the *Securities Act* (Ontario) and National Instrument 45-106 – *Prospectus Exemptions*, or (ii) CAD\$150,000 for investors who are not individuals and are not resident in Alberta, net of any sales commissions and other fees, payable in U.S. dollars or in Canadian dollars converted to U.S. dollars at the applicable exchange rate prevailing as of the relevant Valuation Date as determined by the Investment Manager (or such lesser amount as the Investment Manager may in its discretion accept).

The assets of the Trust will be invested through a “master-feeder” fund structure in IBV Capital Global Value Fund LP, an open-ended exempted limited partnership established under the laws of the Cayman Islands (the “**Master Fund**”). As of the date hereof, IBV Capital Global Value Canadian Feeder Fund LP, an Ontario limited partnership (the “**Partnership**”) also invests its assets in the Master Fund as a Feeder Vehicle (defined below). Additional Feeder Vehicles may be formed in the future to invest in the Master Fund. References in this Offering Memorandum to the “**Fund**” means the Trust, the Master Fund and each other Feeder Vehicle (defined below), collectively or any one of them, unless the context requires otherwise.

The investment manager of the Fund, including the Trust, is IBV Capital Ltd., an Ontario corporation (the “**Investment Manager**”, “**we**”, “**us**” and “**our**”). The officers and directors of the Investment Manager are Jonathan Talbot Babineau (officer and director), Krishan (Kris) Shah (director) and Corey MacGregor (officer).

The Trust’s administrator is Apex Fund Services (Canada) Ltd. (the “**Administrator**”).

Generally, each Feeder Vehicle (defined below), including the Trust, will indirectly share the administrative and other expenses of the Master Fund, pro rata based on its respective interest in the Master Fund.

This Offering Memorandum sets forth the investment objective and method of operation of the Fund, certain material terms of the Declaration of Trust governing the Trust (the “**Declaration of Trust**”), the Trust’s and the Master Fund’s agreements with service providers and certain other pertinent information. However, this Offering Memorandum is not a disclosure of all of the material provisions of such documents that may be significant to a particular prospective investor in the Trust, and each prospective investor should examine this Offering Memorandum, the Declaration of Trust and the subscription agreement (the “**Subscription Agreement**”) accompanying this Offering Memorandum in order to assure itself that the Fund’s investment program is satisfactory to it. Prospective investors are further invited to review, at the Investment Manager’s offices during regular business hours, any non-proprietary materials available to the Trust that relate to the Trust and the Master Fund and their operations, and any other matters regarding this Offering Memorandum or the information contained herein.

If the description in or terms of this Offering Memorandum are inconsistent with or contrary to the Declaration of Trust, the Subscription Agreement or any other such agreement or document, the Declaration of Trust, the Subscription Agreement or such other agreement or document, as applicable, shall govern.

The following is a summary of the more detailed information contained elsewhere in this Offering Memorandum, the Declaration of Trust, the Subscription Agreement and other agreements and documents relating to the Trust and the Master Fund referred to in this Offering Memorandum, and is qualified in its entirety by reference to the full text of this Offering Memorandum, the Declaration of Trust, the Subscription Agreement and such other agreements and documents, copies of which will be made available upon request to the Investment Manager and should be reviewed prior to purchasing any Canadian Trust Units. The Trust will afford prospective investors the opportunity to ask questions of and receive written answers from its representatives concerning the terms and conditions of the offering and to obtain any additional information to the extent that the Trust possesses such information or can acquire it without unreasonable effort or expense.

All dollar figures herein are expressed in United States dollars, unless otherwise stated.

## The Trust

The Trust is a trust established under the laws of the Province of Ontario by a declaration of trust (as amended, restated and supplemented from time to time, the “**Declaration of Trust**”) dated January 15, 2020 by the trustee and manager of the Trust, IBV Capital Ltd., (the “**Investment Manager**”). The principal place of business of the Trust is 401 Bay Street, Suite 1515, Toronto, ON M5H 2Y4.

Each purchaser of Canadian Trust Units will become a unitholder in the Trust (each, a “**Unitholder**”). The Trust will invest substantially all of its assets through a “master-feeder” fund structure and become a limited partner of IBV Capital Global Value Fund LP (the “**Master Fund**”), an open-ended Cayman Islands registered exempted limited partnership.

The Master Fund is a private fund with 15 or fewer investors, a majority of whom have the right to appoint or remove the general partner of the Master Fund, and as such, is not required to be registered as a regulated mutual fund with the Cayman Islands Monetary Authority (“**CIMA**”), pursuant to section 4(4) of the *Mutual Funds Law (Revised)* of the Cayman Islands (“**Mutual Funds Law**”).

Currently, IBV Capital Global Value Canadian Feeder Fund LP, an Ontario limited partnership (the “**Partnership**”), also invests its assets in the Master Fund as a feeder vehicle. Additional investment vehicles may be formed in the future to invest in the Master Fund. The Trust, the Partnership and each such other investment vehicle formed in the future are sometimes referred to in this Offering Memorandum as a “**Feeder Vehicle**”.

Unless otherwise specifically stated herein, subscriptions, redemptions, calculation of Net Asset Value (defined below) and other fund mechanics taking place at the Master Fund level will generally be effected in a substantially equivalent manner at the Trust level (as more specifically set out in this Offering Memorandum and the Declaration of Trust), except that any fees or expenses charged at the Master Fund level will not also be charged at the Trust level.

## Investment Objective

The investment objective of the Fund is to provide its investors with consistent and attractive rates of return over a long-term time horizon and throughout various market environments. To accomplish this objective, the Investment Manager employs a variety of investment strategies in order to take advantage of profitable opportunities in capital markets. See Section 3 - *Investment Program*.

The investment objective of the Trust is to provide Unitholders with exposure to the portfolio of the Master Fund by investing all or substantially all of the Trust’s assets in limited partnership interests of the Master Fund. As such, the investment strategies of the Master Fund are applicable to the Trust to the extent the Trust’s assets are invested in the Master Fund.

## Investment Manager

The investment manager of the Trust and the Master Fund is IBV Capital Ltd., a corporation organized under the laws of the Province of Ontario. The head office of the Investment Manager is 401 Bay Street, Suite 1515, Toronto, ON M5H 2Y4.

The Investment Manager is registered with the Ontario Securities Commission and the Autorité des Marchés Financiers as an investment fund manager, a portfolio manager and an exempt market dealer and with the Alberta Securities Commission, British Columbia Securities Commission and Nova Scotia Securities Commission as an exempt market dealer. The Investment Manager may, from time to time, hold other registrations required to comply with applicable securities laws.

## The Offering

Canadian Trust Units are offered on a continuous basis only through registered dealers to experienced and sophisticated investors pursuant to available prospectus exemptions, and where applicable, registration exemptions in accordance with applicable securities

legislation in all provinces and territories of Canada other than Newfoundland and Labrador (“**Offering Jurisdictions**”).

The Trust may issue Canadian Trust Units to new Unitholders and accept additional subscriptions by existing Unitholders on the last Business Day (defined below) of each month, subject to the Investment Manager’s discretion at other times.

For purposes of this Offering Memorandum, a “**Business Day**” means any day on which banks are generally open for business in the City of Toronto, not being a Saturday or Sunday.

The Trust may, in the sole discretion of the Investment Manager, issue an unlimited number of Canadian Trust Units in an unlimited number of classes (each, a “**Class**”), which may be divided into different series within each Class (each, a “**Series**”), with offering terms or in currencies that differ from the Canadian Trust Units initially being offered pursuant to this Offering Memorandum.

Canadian Trust Units are being offered to investors (a) who are accredited investors as defined in the *Securities Act* (Ontario) and National Instrument 45-106 - *Prospectus and Registration Exemptions* (“**NI 45-106**”), (b) who are not individuals and not resident in Alberta, who invest a minimum of CAD\$150,000 in the Trust, or (c) to whom Canadian Trust Units may otherwise be sold without a prospectus.

**Price Per Unit;  
Minimum Initial  
Investment**

Canadian Trust Units are offered at a price of USD\$100 per Canadian Trust Unit. The Investment Manager retains the discretion to change this policy. The minimum initial investment in the Trust is (i) USD\$1,000 for investors who qualify as accredited investors under the *Securities Act* (Ontario) and National Instrument 45-106 – *Prospectus Exemptions*, or (ii) CAD\$150,000 for investors who are not individuals and are not resident in Alberta, net of any sales commissions and other fees, payable in U.S. dollars or in Canadian dollars converted to U.S. dollars at the relevant prevailing exchange rate as of the relevant Valuation Date (or such lesser amount as the Investment Manager may in its discretion accept).

**Additional  
Investments**

Following the required initial minimum investment in the Trust, Unitholders may make additional investments of not less than USD\$1,000 provided that, at the time of the subscription for additional Canadian Trust Units, the Unitholder is an accredited investor as defined in the *Securities Act* (Ontario) and under NI 45-106 or another prospective exemption is available. The Investment Manager may, in its sole discretion, from time to time permit additional investments of lesser amounts. These minimums are net of any front-end commissions paid by an investor to his or her registered dealer. See Section 10 – “*Dealer Compensation*”.

**Registered Plans:**

Provided the Trust qualifies as a "mutual fund trust" for the purposes of the Tax Act (as defined herein) at all relevant times, Canadian Trust Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans or tax-free savings accounts ("Registered Plans"). In certain circumstances described under Section 8 “*Summary of the Declaration of Trust – Redemptions of Canadian Trust Units*”, redemptions may be made by way of distributions in kind. Any Master Fund Units or other securities received upon the redemption of Canadian Trust Units will not be qualified investments for such plans. See "Risk Factors – Redemptions In Kind".

Notwithstanding that Canadian Trust Units are expected to be qualified investments for a Registered Plan, the annuitant or the holder thereof, as the case may be, will be subject to penalty taxes in respect of the Canadian Trust Units if such properties are a "prohibited investment" (as defined in the Tax Act) for the Registered Plan, as applicable. The Canadian



Trust Units will not be a "prohibited investment" provided that the holder or annuitant, as the case may be: (i) deals at arm's length with the Trust, and (ii) does not have a "significant interest" in the Trust (within the meaning of the Tax Act). Generally, a holder or annuitant, as the case may be, will not have a "significant interest" in the Trust unless the holder or annuitant, as the case may be, owns interests as a beneficiary under the Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Trust, either alone or together with persons and partnerships with whom the holder or annuitant, as the case may be, does not deal at arm's length. The Canadian Trust Units will generally not be a "prohibited investment" if the Canadian Trust Units are "excluded property" as defined in the Tax Act for Registered Plans.

#### **Initial Classes of Canadian Trust Units**

The Trust is offering two classes of Canadian Trust Units pursuant to this Offering Memorandum: Class A Canadian Trust Units and Class F Canadian Trust Units. A new Series of each Class will be issued on each date on which Canadian Trust Units are issued.

**Class A Canadian Trust Units** Class A Canadian Trust Units are available to all eligible subscribers resident in the Offering Jurisdictions who meet the minimum investment criteria.

**Class F Canadian Trust Units** Class F Canadian Trust Units are available to (a) eligible subscribers who participate in fee-based programs through authorized registered dealers; (b) eligible subscribers in respect of whom the Trust does not incur distribution costs; and (c) eligible individual subscribers in the Investment Manager's sole discretion.

#### **Master Fund**

The Master Fund is an open-ended exempted limited partnership established under the laws of the Cayman Islands. The registered office of the Master Fund is located at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Master Fund is offering its interests to the Trust pursuant to its limited partnership agreement, as amended, restated or supplemented from time to time. IBV Capital Global Value Fund GP Inc., a corporation incorporated under the *Business Corporations Act* (Ontario), acts as the general partner of the Master Fund (the "**General Partner**") pursuant to the Master Fund's limited partnership agreement. The Investment Manager acts as the investment manager of the Master Fund pursuant to the Investment Management Agreement.

#### **Master Fund Units**

The proceeds of each Unitholder's subscription for Canadian Trust Units will be used by the Trust to acquire units of limited partnership interests in the Master Fund ("**Master Fund Units**"). The Master Fund is authorized to issue an unlimited number of units in an unlimited number of classes, which may be divided into sub-classes and/or series, having such terms and conditions as the General Partner may determine.

Generally, the class and series of Master Fund Units in which a Feeder Vehicle invests shall correspond to a specific class and series of securities of the Feeder Vehicle, including each Class and Series of Canadian Fund Units issued by the Trust.

The Master Fund is a private fund with 15 or fewer investors, a majority of whom have the right to appoint or remove the General Partner, and as such, is not required to be registered as a regulated mutual fund with CIMA pursuant to section 4(4) of the Mutual Funds Law. The Master Fund may need to register with CIMA in the future should it no longer qualify under Section 4(4) of the Mutual Funds Law. No Cayman Islands authority has commented upon the contents of this Offering Memorandum or the merits of an investment in the Master Fund. Moreover, the investment activities of the Master Fund are not regulated or otherwise overseen by the Cayman Islands government.

Currently, the Master Fund has established the following classes of Master Fund Units:

Class A Master Fund Units	The Class A Master Fund Units will correspond to Class A Canadian Trust Units.
Class F Master Fund Units	The Class F Master Fund Units will correspond to Class F Canadian Trust Units.
Class PD1 Master Fund Units	Offered only to the Incentive LP. <sup>1</sup>
Class M Master Fund Units	The Class M Master Fund Units correspond to the Class M units of the Partnership. <sup>2</sup>

The Canadian Trust Units and Master Fund Units are denominated in U.S. dollars. The reporting currency of the Fund is U.S. dollars.

The General Partner may create and offer other classes of the Master Fund, which may be divided into sub-classes and/or series, with differing terms and conditions from time to time.

#### **Management Fee**

The Master Fund will pay the Investment Manager a monthly management fee (the “**Management Fee**”) equal to:

- (a) 1/12 of 1.75% of the Net Asset Value of the Class A Master Fund Units (determined in accordance with the Master Fund LPA); and
- (b) 1/12 of 0.75% the Net Asset Value of the Class F Master Fund Units (determined in accordance with the Master Fund LPA);

plus, in each case, any applicable federal and provincial taxes.

The Management Fee will be paid monthly in arrears, based on the aggregate net asset value of each series of Master Fund Units (other than any Master Fund Units for which the Management Fee will not be charged) as of the last Business Day of each month. The Management Fee will be adjusted for subscriptions and redemptions occurring during the month.

The Investment Manager will receive the Management Fee from the Master Fund. No management fee will be paid at the Trust level.

The Fund may create additional classes, subclasses and series that may have higher or lower Management Fees, Performance Allocations (defined below) or other fees and features and such Classes, subclasses and series may be restricted to one or more investors or classes of investors by the agreement of the General Partner and/or the Investment Manager, as applicable.

The Class M Master Fund Units and Class PD1 Master Fund Units are not subject to a Management Fee or a Performance Allocation (defined below).

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<sup>1</sup> IBV Capital Management Incentive Holdings LP (the “Incentive LP”) is a limited partnership formed under the laws of the Province of Ontario. The General Partner acts as its general partner. The limited partners of the Incentive LP are the indirect shareholders of the Investment Manager.

<sup>2</sup> The Class M units of the Partnership are available only to the shareholders, officers and employees of the Investment Manager, their respective families and other subscribers at the sole discretion of the Investment Manager.

## Performance Allocation

At the end of each Performance Period (defined below) and on any date that a Unitholder redeems Canadian Trust Units and the corresponding number of Master Fund Units are redeemed by the Trust, the corresponding series of Class A Master Fund Units and Class F Master Fund Units held by the Trust are subject to a performance allocation (the “**Performance Allocation**”) equal to 20% of the amount, if any, by which the Performance Change (defined below) exceeds the High Water Mark (defined below), if applicable.

The Performance Allocation is accrued monthly and is paid after the last Business Day of each Performance Period. Upon the redemption of Canadian Trust Units and the corresponding redemption of Master Fund Units, the Performance Allocation accrued on the corresponding series of Master Fund Units will be allocated to the units that are redeemed within 15 Business Days of the end of the month in which such units were redeemed.

The “**High Water Mark**” in respect of a Master Fund Unit, as at any date, means the higher of:

- (a) the Net Asset Value per Master Fund Unit of such Master Fund Unit on the date of issue of such Master Fund Unit, together with any Accumulated Hurdle (as defined below); and
- (b) the Net Asset Value per Master Fund Unit of such Master Fund Unit on the last Business Day of the most recent Performance Period for which the Performance Allocation was paid or payable with respect to such Master Fund Unit, together with any Accumulated Hurdle.

The “**Hurdle**” is the trailing 12-month average yield of the one-year risk free rate, defined as the “Generic United States 1 Year Government Bond Yield” (Bloomberg Ticker Symbol: GB12) as reported on each Valuation Date.

Payment of the Performance Allocation will be as follows:

- (a) 50% of the total Performance Allocation shall be paid to the Incentive LP in cash after the end of the relevant Performance Period; and
- (b) 50% of the total Performance Allocation (the “**Deferred Performance Allocation**”) shall be allocated to a deferred performance account (the “**Deferred Performance Account**”) subject to a lock-up period (the “**Lock-Up Period**”) terminating on the calculation of the Performance Change (defined below) for the subsequent Performance Period.

### Performance Allocation Adjustment

At the end of each subsequent Performance Period, if there is a:

- (a) **Positive Performance Change**, then the Lock-Up Period will terminate and the Deferred Performance Allocation will be released to the Incentive LP (together with any income earned thereon); or
- (b) **Negative Performance Change**, then an amount from the Deferred Performance Allocation equal to the percentage obtained by dividing the Negative Performance Change by the previous Positive Performance Change will reduce the Deferred Performance Account (as will any income earned on the amount so deducted) and such amounts will be allocated to the series of Master Fund Units held by the Trust corresponding to the Canadian Trust Units held by Unitholders in respect of whom the Deferred Performance Allocation was made. The maximum Negative Performance Change will be equal to the

Deferred Performance Allocation together with any income earned thereon. If a Unitholder redeems any Canadian Trust Units prior to the end of the subsequent Performance Period, the Trust will redeem a corresponding number of Master Fund Units and the Deferred Performance Allocation allocated to such Master Fund Units will be forfeited and will be allocated to the Incentive LP within 15 Business Days of the end of the month in which the Master Fund Units were redeemed.

**“Performance Period”** for any class and/or series of Master Fund Units means, with respect to a limited partner of the Master Fund, the period commencing on January 1 of each year and ending on December 31 of such year; provided, however, that if a Feeder Vehicle subscribes for any class and/or series of Master Fund Units on a date other than January 1 of any year, then the first Performance Period with respect to such subscription shall be the period commencing on the date of such subscription and ending on December 31 of such year. If, prior to the end of a calendar year, such Feeder Vehicle redeems all or a portion of its Master Fund Units in any class and/or series or transfers any such class and/or series of the Master Fund Units to a substituted limited partner of the Master Fund, or the final distribution to such Feeder Vehicle is made following the termination of the class and/or series of the Master Fund Units, then the last Performance Period with respect to such Feeder Vehicle with respect to such class or series of the Master Fund Units (or, in the case of a partial withdrawal or transfer, the last Performance Period with respect to the amount withdrawn or transferred) shall end on the date of such withdrawal, substitution or final distribution.

**“Performance Change”** for a Performance Period with respect to any series of the Master Fund Units held by any limited partner of the Master Fund means, the amount, expressed as a percentage, if any, by which (i) the Net Asset Value per unit of the such series of Master Fund Units as of the last day of such Performance Period (before giving effect to any Performance Allocation for such Performance Period) exceeds (ii) the Net Asset Value per unit of the same series of Master Fund Units as of the first day of such Performance Period (after giving effect to any Performance Allocation for the preceding Performance Period). If the amount specified in clause (i) exceeds the amount specified in clause (ii) for a Performance Period, such difference shall be a **“Positive Performance Change”** and if the amount specified in clause (ii) exceeds the amount specified in clause (i), such difference shall be a **“Negative Performance Change”**.

**“Accumulated Hurdle”** means the accumulated amount calculated and accrued on each Valuation Date equal to the product of (a) the Hurdle (prorated for the number of days in the year since the last Valuation Date); and (b) the Net Asset Value per Master Fund Unit on the applicable Valuation Date.

By structuring the Performance Allocation as above, the Fund creates a unique relationship with its investors, in that the return earned by the Investment Manager and its affiliates becomes highly correlated with the investment success of the Unitholders.

The Investment Manager may make such adjustments to the High Water Mark and Accumulated Hurdle of a Class and/or Series as are determined by the Investment Manager to be necessary to account for the payment of any distributions, splits or consolidation on or of Master Fund Units or any other event or matter that would, in the opinion of the Investment Manager, impact upon the computation of Performance Allocation. Any such determination of the Investment Manager shall, absent manifest error, be binding on all limited partners of the Master Fund, including the Trust. See Section 7 - *“Performance Allocation”*.

## **Redemptions**

An investment in the Fund is intended to be a long-term investment. However, holders of Class A Canadian Trust Units and Class F Canadian Trust Units may request at any time that

such Canadian Trust Units be redeemed on the last Business Day in any fiscal quarter (a “**Redemption Date**”), upon not less than 60 days’ prior written request to the Investment Manager. Any requests for redemption received after such time will be processed as of the next Redemption Date.

Redemption requests submitted by investors are irrevocable unless they are not honoured by the Trust on the applicable Redemption Date. If a redemption request is not honoured on the applicable Redemption Date, the request for redemption may be withdrawn within 15 days following the Redemption Date on which the redemption request was not honoured.

Redemptions of Canadian Trust Units are generally effected by the concurrent redemption of the corresponding number and class and/or series of Master Fund Units held by the Trust at the applicable Net Asset Value per unit thereof in accordance with the Master Fund LPA. The amount received by the Trust from redemptions of any Master Fund Units for which a Performance Allocation is chargeable shall be net of the amount, if any, of the accrued Performance Allocations chargeable to such Master Fund Units as of the date of such redemption, to the extent such accrued amount is not reflected in the Net Asset Value per unit of the Master Fund Units redeemed as of such date, and shall include any pre-paid Management Fee charged to the redeemed Master Fund Units in respect of any period after the Redemption Date. The redemption proceeds for each Canadian Trust Unit redeemed by the Unitholder shall be an amount equal to the Net Asset Value attributable to such Canadian Trust Unit as of the close of business on the Redemption Date. Redemption proceeds for Canadian Trust Units will generally be paid within 10 Business Days of the Redemption Date.

In the event that a Unitholder has made a redemption request on the applicable Redemption Date for three consecutive calendar quarters and, following such redemption request such Unitholder has not received the full value of its redemption request after the applicable Redemption Date of the third consecutive calendar quarter, the redemption request (or the remainder thereof in the case of a partial redemption) shall be distributed to such Unitholder on the applicable Redemption Date of the fourth consecutive calendar quarter following the initial date of the redemption request.

If a Unitholder requests a redemption of Canadian Trust Units that have not been held by such Unitholder for at least 12 months, the Investment Manager may, in its sole discretion, withhold 3% from the aggregate Net Asset Value of the Canadian Trust Units being tendered for redemption (an “**Early Redemption Fee**”). The Early Redemption Fee will be retained by the Fund. the Investment Manager has the sole discretion to waive or reduce the amount of the Early Redemption Fee.

If all of the Canadian Trust Units of a particular Class held by a Unitholder are being redeemed, then, in such event, (i) the Investment Manager may hold back up to 5% of the aggregate redemption amount payable to such Unitholder until the Master Fund has finalized its year-end audit for the period covering the applicable Redemption Date; (ii) payment of an amount equal to 95% of the total redemption payment due in respect of those redeemed Canadian Trust Units shall be made within 15 Business Days of the Redemption Date, and (iii) the balance of the redemption proceeds shall be paid to the Unitholder as soon as practicable following completion of the Master Fund’s audit for the fiscal year in which the Redemption Date occurs, and after giving effect to any year-end adjustments deemed necessary or appropriate by the General Partner, including the establishment of reserves that the General Partner deems necessary or appropriate to account for contingent or other liabilities of the Master Fund existing as of the Redemption Date.

Redemption proceeds may be paid in cash or in kind or a combination thereof at the discretion of the Investment Manager. If a Unitholder that is a Registered Plan receives Master Fund Units or other securities, such Master Fund Units or other securities will not be a qualified investment for the Registered Plan. This would give rise to adverse tax consequences. See Section 15 "*Risk Factors – Redemptions in Kind*" and Section 16 "*Certain Tax Considerations – Certain Canadian Federal Tax Considerations*".

The Investment Manager may, at any time and in its sole discretion, permit redemptions at any other times or otherwise modify or waive any of the conditions or requirements for redemptions for any Unitholders, including affiliates of the Investment Manager, without notice to or the consent of any Unitholders.

Redemptions of Canadian Trust Units may be suspended or the date of payment of redemption proceeds may be postponed in such circumstances as the Investment Manager may reasonably determine, including for any period during which redemptions of Master Fund Units are suspended or the date of payment of redemption proceeds for Master Fund Units held by the Trust is postponed. Examples of such circumstances include, without limitation, if the General Partner and/or the Investment Manager, as applicable, reasonably determines that: (i) the Master Fund's assets are invested in such a manner so as to not reasonably permit immediate liquidation of sufficient assets in a timely fashion to meet redemption requirements; (ii) there exists a state of affairs that constitutes circumstances under which liquidation by the Master Fund of part or all of its investments is not reasonable or practicable, or would be prejudicial to the Master Fund or the investors in the Fund, including the Unitholders generally, including if, in the General Partner's sole judgment, a material adverse change or disruption has occurred in the financial, banking or capital markets generally which has had or could reasonably be expected to have a material adverse effect on the Fund; (iii) not suspending redemptions would have an adverse effect on continuing Unitholders; (iv) the General Partner is unable to value the assets of the Master Fund with reasonable reliability; (v) if any market or stock exchange on which a material part of the assets of the Master Fund are traded is closed (other than for ordinary holidays), or dealings thereon are restricted, suspended or experience a material interruption or disruption in ordinary trading; (vi) there is a disruption to the means of communications normally employed in determining the prices of a material part of the investments of the Master Fund; (vii) the assets of the Master Fund are invested in investments which the Master Fund is unable to realize, or if realized would be at a value determined by the General Partner to be a discount to their true value; (viii) if the Master Fund and/or the Trust is unable (or it is not practicable) to distribute any such investment for the redemption of the applicable Canadian Trust Units and the corresponding Master Fund Units, as applicable; (ix) if requests for redemptions received by the Master Fund for any Redemption Date would result in redemption payments in an aggregate amount exceeding 25% of the Net Asset Value of the Master Fund as of such Redemption Date; or (x) where the satisfaction of redemption requests is prohibited by law. Redemptions may also be suspended upon an announcement by the General Partner and/or the Investment Manager, as the case may be, that the Master Fund and/or the Trust will be terminated, as applicable. In the event of a suspension or postponement of redemptions, the Investment Manager will give notice to Unitholders of such suspension or postponement.

The Trust shall have the right, in the Investment Manager's sole discretion, to redeem any or all of a Unitholder's Canadian Trust Units at any time, by giving 5 Business Days' prior written notice to such Unitholder, including in the event that a Unitholder is no longer eligible to invest in the Trust and/or in order to ensure that no adverse tax consequences may result due to the Trust or the Unitholders due to the Unitholder's investment in the Trust. Payment for any mandatorily redeemed Canadian Trust Units shall be made to the Unitholder within 60 days of the Redemption Date. However, upon a mandatory

redemption of all of a Unitholder's Canadian Trust Units of any Class, payment of the redemption proceeds with respect to the redeemed Canadian Trust Units of such Class shall be made: (i) 95% within 15 Business Days of the Redemption Date, and (ii) the balance as soon as practicable following completion of the Master Fund's audit for the fiscal year in which the redemption occurs, and after giving effect to any year-end adjustments deemed necessary or appropriate by the Investment Manager, including the establishment of reserves that the Investment Manager deems necessary or appropriate to account for contingent or other liabilities of the Trust existing as of the Redemption Date.

## Expenses

The Trust will bear its own expenses and, indirectly, a pro rata portion (based on its interest in the Master Fund) of the operating expenses of the Master Fund. The expenses of the Trust may include, without limitation:

- (c) legal, compliance, administrator, audit and accounting expenses (including third party accounting services), including the Trust's costs of preparation of financial statements and/or reports to Unitholders;
- (d) expenses (including legal, accounting, filing, printing and related expenses) incurred in connection with the organization and funding of the Trust, which will be amortized over a period of 60 months from the date of the establishment of the Trust (the "**Organizational Expenses**");
- (e) all costs and expenses associated with the qualification for sale of the Canadian Trust Units in the Offering Jurisdictions;
- (f) ongoing administrative expenses of the Trust and the applicable portion of the administrative expenses of the Investment Manager attributable to the operation of the Trust;
- (g) any insurance costs (including any D&O and E&O insurance costs of the Investment Manager in its capacity as the trustee of the Trust, but not including financial institution bond coverage costs);
- (h) custodial fees, if any, and bank service fees;
- (i) certain regulatory, compliance or filing expenses related to the Trust;
- (j) legal fees and expenses in connection with any action or proceeding or preparing any reports or documents required to be filed on behalf of the Trust pursuant to applicable laws or regulations;
- (k) expenses of conducting Unitholder meetings;
- (l) indemnification or extraordinary costs or expenses or liabilities relating to the affairs of the Trust;
- (m) costs and expenses of liquidating the Trust;
- (n) any taxes, fees or other governmental charges levied against the Trust and all costs and expenses incurred in connection with any tax audit, investigation, settlement or review of the Trust; and
- (o) any other expenses related to the purchase, sale or transmittal of the Trust's assets.

The expenses of the Master Fund may include, without limitation:

- (a) legal, compliance, administrator, audit and accounting expenses (including third party accounting services), including the Master Fund's costs of preparation of financial statements;

- (b) expenses relating to securityholder proxy voting services;
- (c) ongoing administrative expenses of the Master Fund and the General Partner and the applicable portion of the administrative expenses of the Investment Manager attributable to the operation of the Master Fund;
- (d) insurance costs (including D&O and E&O insurance for the General Partner, but not including financial institution bond coverage, if any);
- (e) investment expenses and fees related to acquiring, holding, monitoring and disposing of the Master Fund's investments, including all direct trading expenses, brokerage commissions and service fees and clearing and settlement charges;
- (f) interest on margin accounts and other indebtedness;
- (g) borrowing charges on securities sold short;
- (h) custodial and bank service fees;
- (i) certain regulatory, compliance or filing expenses related to the Master Fund;
- (j) legal fees and expenses in connection with any action or proceeding or preparing any reports or documents required to be filed on behalf of the Master Fund pursuant to applicable laws or regulations;
- (k) indemnification or extraordinary costs or expenses or liabilities relating to the affairs of the Master Fund;
- (l) costs and expenses of liquidating the Master Fund;
- (m) any taxes, fees or other governmental charges levied against the Master Fund and all costs and expenses incurred in connection with any tax audit, investigation, settlement or review of the Master Fund;
- (n) any other expenses related to the purchase, sale or transmittal of the Master Fund's assets, and
- (o) expenses related to the Incentive LP's Deferred Performance Account (as defined in Section 7 – "*Performance Allocation*").

The expenses charged to the Trust or the Master Fund, as applicable, and the method of allocating of such expenses among the classes and series of Canadian Trust Units and Master Fund Units, as applicable, will be determined by the Investment Manager in its sole discretion and in accordance with the Investment Manager's expense allocation policies.

Expenses incurred by the Trust and the Master Fund, as applicable, will be deducted when determining the respective Net Asset Value of the Trust and the Master Fund, as applicable, and will generally be allocated by the Investment Manager to the applicable class and series of Canadian Trust Units and/or Master Fund Units, as applicable, in respect of which the expenses were incurred.

The Investment Manager and/or the General Partner may from time to time, in each of their sole discretion, waive or reimburse the Trust or the Master Fund, as the case may be, for some of their expenses, including Organizational Expenses.

For financial reporting purposes, IFRS requires that the Organizational Expenses be treated as an expense when incurred. The financial statements of the Trust and the Master Fund will include a comparison of the Net Asset Value per unit for financial reporting purposes to the Net Asset Value per unit used for all other purposes, including the processing of subscriptions and redemptions.



The Management Fee will not be charged at the Trust level, but will instead be charged at the Master Fund Level. See Section 6 *“Investment Management Agreement – Management Fee”*.

Except to the extent described above, the Investment Manager will render its services to the Trust and the Master Fund at its own expense and will be responsible for its overhead expenses including: office rent; utilities; furniture and fixtures; stationery; secretarial/internal administrative services; salaries; employee insurance and payroll taxes.

**Sales Commission** No sales commission is payable to the Investment Manager in respect of Canadian Trust Units purchased directly by a subscriber. Registered dealers through whom a subscriber purchases Canadian Trust Units may charge a negotiated sales commission of up to 5%. Any such sales commission will be negotiated between the registered dealer and the subscriber and will be payable directly by the subscriber to the dealer. Investments in the Trust, including any required minimum investments, are net of such commissions. See Section 10 - *“Dealer Compensation”* and 14 - *“Potential Conflicts of Interest”*.

**Servicing Commission** From the Management Fee received by the Investment Manager in respect of Class A Canadian Trust Units, the Investment Manager may pay a monthly servicing commission (the **“Servicing Commission”**) to registered dealers whose clients hold Class A Canadian Trust Units. The rate of Servicing Commission will be negotiated between the Investment Manager and registered dealers. The payments are calculated as at the last Valuation Date of each month and paid monthly in arrears by the Investment Manager.

The Investment Manager may pay additional compensation from its own account to registered dealers, individuals and entities who refer investors to the Fund on a case-by-case basis. Any such arrangements will be made in accordance with applicable legislation. Such payments may be modified or discontinued by the Investment Manager at any time. See 10 - *“Dealer Compensation”*.

**Determination of Net Asset Value** The **“Net Asset Value”**, in the case of the Trust as of any date, will equal the difference between the Trust’s total assets and its liabilities as of such date.

The **“Net Asset Value”**, in the case of the Master Fund as of any date, will equal the difference between the total assets and total liabilities of the Master Fund as of such date.

Any reference to **“Net Asset Value”** as of any date with respect to any particular Class or Series of Canadian Trust Units or any particular class or series of Master Fund Units is equal to the difference between the total assets and total liabilities attributable to such Class or Series of Canadian Trust Units or class or series of Master Fund Units as of such date, as applicable.

The **“Net Asset Value per unit”** of any Canadian Trust Units and/or Master Fund Units as of any date is equal to the Net Asset Value of the particular Class or Series of Canadian Trust Units or class or series of Master Fund Units as of such date, as applicable, divided by the number of Canadian Trust Units or Master Fund Units of such class or series, as applicable, outstanding.

The Net Asset Value of the Trust, and the Net Asset Value per unit of each Class and Series of Canadian Trust Units, will be calculated at the close of business on the last Business Day of each month and such other days as the Investment Manager may in its discretion designate (each, a **“Valuation Date”**).

Because the Master Fund Units and Canadian Trust Units of each Series are issued at different dates, the Net Asset Value per unit of each Series of Canadian Trust Units will differ.

**Restrictions on Transfer, Assignment and Pledges**

Canadian Trust Units are not transferrable or assignable, and may not be pledged, by Unitholders without the Investment Manager's prior consent, which may be granted or withheld in the Investment Manager's sole and absolute discretion. Any purported transfer, assignment or pledge of Canadian Trust Units not made with the Investment Manager's consent shall be null and void and of no force or effect whatsoever.

In the event of the death, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Unitholder, the executor, administrator, guardian, trustee or other personal representative of that Unitholder shall be deemed to be the assignee of the Unitholder's Canadian Trust Units but shall not be admitted as a Unitholder without the consent of the Investment Manager, in its sole discretion.

**Financial Reporting**

Subject to standing instructions from the Unitholder, within ninety (90) days after the end of each fiscal year (or such other period as required by applicable law), the Investment Manager will forward to each Unitholder an annual report for such fiscal year consisting of (i) audited financial statements for such fiscal year; (ii) a report of the auditor on such financial statements; (iii) tax information to enable each Unitholder to properly complete and file his or her tax returns in Canada in relation to his or her Canadian Trust Units.

Subject to standing instructions from the Unitholder, the Investment Manager will forward to each Unitholder unaudited semi-annual financial information concerning the Partnership within sixty (60) days of the end of the relevant interim financial period. Information respecting the Net Asset Value per unit of Canadian Trust Units will be provided on a quarterly basis and on a more frequent basis at the discretion of the Investment Manager.

Financial reports of the Trust will be prepared in accordance with Canadian generally accepted accounting principles for publicly accountable entities, which incorporates IFRS.

**Risk Factors**

An investment in the Trust involves significant risks and is suitable only for those persons who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. There can be no assurance that the Fund will achieve its investment objective. An investment in the Trust carries with it the inherent risks associated with investments in equities, equity-related securities, debt and debt-related securities and the use of leverage and short sales. See Section 15 - "*Risk Factors*". Each prospective Unitholder should carefully review this Offering Memorandum, the Declaration of Trust and the other agreements and documents referred to herein before deciding to invest in the Trust.

**Tax Matters**

See Section 10 - "*Certain Tax Considerations*".

Prospective Unitholders should consult with their own tax advisors with specific reference to their own situation as it relates to an investment in the Trust.

**Release of Confidential Information**

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

## 2. DIRECTORY

<b>Registered Office of the Trust</b>	IBV Capital Global Value Trust 401 Bay Street Suite 1515 Toronto, Ontario M5H 2Y4
<b>Fund Administrator</b>	Apex Fund Services (Canada) Ltd. 350 Bay Street Suite 1200 Toronto, Ontario M5H 2S6
<b>Investment Manager</b>	IBV Capital Ltd. 401 Bay Street Suite 1515 Toronto, Ontario M5H 2Y4
<b>Auditor</b>	PricewaterhouseCoopers LLP 18 York Street Suite 2600 Toronto, Ontario M5J 0B2
<b>Prime Brokers</b>	BMO Nesbitt Burns 130 King Street West 14th floor Toronto, Ontario M5X 1J4
<b>Legal Counsel</b>	AUM Law Professional Corporation 110 Yonge Street Suite 400 Toronto, Ontario M5C 1T4  Conyers Dill & Pearman (Cayman) Limited Boundary Hall, 2nd Floor, Cricket Square PO Box 2681 Grand Cayman KY1-1111

Written inquiries relating to the Trust should be addressed to IBV Capital Global Value Trust at the address of the Investment Manager set forth above.

### **3. INVESTMENT PROGRAM**

#### **Investment Objective**

The investment objective of the Fund is to provide Unitholders with consistent and attractive rates of return over a long-term time horizon and throughout various market environments. As the Investment Manager, we will seek to accomplish this by investing (on the long and occasionally short sides) in equity, fixed income, and related instruments. Our primary geographic focus will be developed markets and to a lesser extent developing markets. In order to achieve our objective, we intend to employ a variety of investment strategies to take advantage of profitable opportunities in capital markets as discussed below.

The Trust itself will pursue its investment objective through its investment in the Master Fund. The Fund's investment strategy and portfolio will generally be conducted through, and held by, the Master Fund.

#### **Investment Philosophy**

The "IBV" in IBV Capital Ltd. stands for Investment By Value. Consistent with our name, we take a fundamental value driven approach to investing. There are many factors involved in making consistently successful investments. These factors are sometimes clearly visible and significant in nature. Other times, they are hidden and very nuanced. We believe the key factor to successful long-term investing is both understanding and carefully managing the risk-return relationship. This is because we think there is a strong causal relationship between risk and returns. To manage the risk-return relationship, one must clearly define risk and understand its potential effects on return. We define risk as the probability of a permanent loss of capital. As a consequence, we concentrate our efforts on producing attractive returns in absolute terms.

At times, we believe the market is inefficient. This is often a result of psychological excesses and investor constraints. When the markets become inefficient, securities become mispriced. This mispricing can occur in the market at large or in specific geographic regions, industries, or sectors but we find it to be more identifiable at the individual security level. This mispricing phenomenon can create attractive investment environments if one is patient when deploying capital. We are very patient and this patience allows us to take advantage of investment opportunities presented by an inefficient market.

To uncover investment opportunities that exhibit attractive return and risk characteristics, we continuously conduct research across a broad array of markets, geographies, industries, sectors, and securities. Once we have found a potential opportunity that we believe exhibits attractive qualities, we conduct a more detailed assessment of the investment opportunity's attributes. Our research focuses on factors that have shown to be effective at differentiating between strong and weak performing investments. These factors include a company's business model and resulting economics, its financial performance and the factors contributing to such performance and the company's anticipated growth prospects. We also assess the dynamics and outlook of the industry in which a company participates. All the while, we consider the existing economic and investing climate in conjunction with conducting this company specific research.

Once a detailed analysis of the company (or financial instrument) and its operating environment has been completed, we develop a conservative assessment of its intrinsic value. Intrinsic value, in general terms, is the actual perceived value of a security or company based only on an investor's assessment of its underlying fundamentals. Intrinsic value may or may not be the same as its current market value. This is because market values are often determined by a combination of factors beyond the underlying fundamentals, including fear, greed, and market participant constraints.

Our interest lies in issuers (or financial instruments) that have a market value below (and hopefully well below) their intrinsic value. We are especially interested when a catalyst exists that will help a market value converge with the intrinsic value. When this particular scenario exists, and we are comfortable with the purchase price, we will make an investment.

We place an emphasis on mitigating risk and believe this function is the cornerstone of our investment philosophy. We believe making investments when the market value of an issuer or financial instrument is well below its intrinsic value is a key factor in accomplishing this objective. By purchasing securities that we perceive to be priced below their intrinsic values, we believe we can simultaneously earn attractive returns and prudently manage risk. As we see it, the larger the variance between the intrinsic value and the market price, the lower the relative risk of loss. A larger variance also produces greater returns when and if the intrinsic value and market price eventually converge. In other words, we do not subscribe to the belief that one must always take more risk to earn an attractive return.

We have a long investment horizon. This gives the company (or financial instrument) we select time for its intrinsic value to be reflected in its market value. It also reduces the amount of portfolio turnover. However, because significant movements in market prices and the accumulation of income can occur over a short, intermediate, or long-term time horizon, we cannot predetermine the length of most investments.

### **Investment Strategy**

The Investment Manager seeks to accomplish the Fund's investment objective primarily by employing the following strategies:

#### *Investing Long in Securities*

Taking a long position involves buying securities in anticipation of significant price appreciation and participation in the securities' income streams. We will make long investments in securities of issuers identified as attractive investment candidates by our investment process. The long investments will include securities of issuers that:

- Have a sound business model
- Enjoy strong economic fundamentals
- Have a history of allocating capital prudently
- Have a conservative capital structure
- Possess a deep management team with unquestionable integrity

#### *Short Selling Securities*

Short sales involve selling a security that the Master Fund does not own in anticipation of a price decline. A short sale occurs when the Master Fund borrows a security from a third party. In a short sale, the Master Fund must repurchase the security at a later date in order to replace the security that was borrowed from the third party. This is known as covering the short position. If the price of the borrowed security has fallen, the security will be repurchased at a lower price than that at which it was initially sold, and the difference between the price the Master Fund paid to repurchase the borrowed security to cover the short position and the price at which the security was sold to the second party (plus any interest rebate on the proceeds from the original short sale, less commission costs, dividends and other transaction expenses) will represent profits to the Master Fund. If the Master Fund repurchases the borrowed security at a higher price than that at which it was initially sold, the Master Fund will incur a loss.

The Master Fund will engage in short selling of securities of issuers identified as unattractive investments and/or to hedge the market exposure of the Master Fund's long positions. We believe opportunities exist in short selling for reasons that are similar to why opportunities exist in long investments. Occasionally, investors' over-exuberance for an issuer's securities or particular markets or sectors as a result of attractive prospects or external market factors creates a significant imbalance in the risk-reward profile of a security that ultimately becomes unsustainable. This exuberance can be exacerbated by the external and internal limitations imposed on certain institutional investors, who control the majority of funds available for equity investments. Such institutional investors may be legally precluded or may be unwilling to sell securities short. This creates a fundamental imbalance between the buy and the sell side of the market.

Theoretically, the price of a security can increase indefinitely. Conversely, the price of a security can only fall to zero. Therefore, on short positions, the Master Fund can incur unlimited losses whereas our gains are limited. This does not appear to be a fair trade-off and from our perspective makes short selling extremely risky. We believe the easiest way to mitigate risk is to limit our use of risky strategies and practices. Therefore, to mitigate the risks associated with short selling, the Master Fund will use the strategy sparingly. Only in select circumstances, when we believe the risk-return profile is overwhelmingly in our favor, will the Master Fund engage in selling short a security. Some of the circumstances that must exist to persuade us to short sell are when an issuer is exhibiting extreme management, financial and operating deficiencies or issuers that are absurdly overvalued in the marketplace.

#### *Pair Trading*

Pair trading involves taking short positions from time to time in securities of one issuer while taking a long position in securities of another issuer, in an attempt to gain from the relative valuation differences between the two issuers. A pair's trade will be made when we feel the long position will appreciate in value when compared to the short position.

### *Private Placements and IPOs*

The Master Fund may participate in initial public offerings, secondary offerings and private financings (including special warrant financings).

### *Derivatives*

The Master Fund may use derivatives for hedging and non-hedging purposes. As a hedging strategy, derivatives may be used to reduce or hedge against various risks, including currency exchange risk associated with the Master Fund's foreign investments. As a non-hedging strategy, derivatives may be used to obtain investment exposures to certain issuers, markets and industries. The Master Fund may use, but are not limited to, the following derivatives: clearing corporation and over-the-counter (OTC) options, swaps, futures and forwards.

### *Portfolio Management*

We believe good investments are rare and great investments are rarer still. Conversely, bad investments are often available and easy to participate in. We will construct the Master Fund's portfolio by only systematically adding securities that exhibit the qualities we seek. Since we only seek great investments and they infrequently arise, it benefits our investors to allocate their capital to those select opportunities when they do become available.

The types and asset classes that represent great investment opportunities to us change over time. At one point in time, fixed income and their related products may exhibit the characteristics we seek. At other times, equities provide the more attractive opportunities. We believe that to earn attractive returns without taking the commensurate risk, energy and capital should be focused on the opportunity set that exists. This may result in the Master Fund's portfolio becoming concentrated around certain issuers, industries or markets.

The foregoing describes our approach to portfolio composition when we perceive there to be investment opportunities in the market. If the quality of the investments we seek is not available, we will increase the Master Fund's cash position and wait for investment opportunities we believe to be attractive. We believe this is the more risk adverse approach to investing. Fortunately, this approach can provide the Master Fund with available cash to deploy when the circumstances change and the opportunities we seek become available.

### *Leverage*

Leverage does not contribute to returns. It simply magnifies the rate of return. Leverage also magnifies losses and increases costs. Consequently, the use of leverage carries considerable risk. Consistent with our investment philosophy, we prefer to mitigate the Master Fund's risks. However, since short selling (described above) is in itself a form of borrowing, we do feel the need to have some flexibility. Therefore, the Master Fund is authorized to borrow in order to increase its investment leverage, but will restrict leverage to a ratio of 1.5:1 of its total assets.

The Master Fund does not intend to borrow as a key component of its investment strategy or to accomplish its investment objectives. On average, over time, we expect the Master Fund will utilize a minimal amount of leverage, if any, at the time of investment. On a position-by-position basis, the Master Fund will adhere to applicable margin requirements.

### **Risk Management**

We define risk as the probability of a permanent loss of capital. We manage risks using qualitative and quantitative risk assessment techniques to systematically identify the Master Fund's risks and to assess the probability they will lead to a permanent loss of capital.

First, we assess the risks embedded in a single security. In broad terms we evaluate risk factors that include: liquidity, size, sector exposure, industry exposure, position size, and importantly issuer specific factors such as operational and financial risks. We then compare the Master Fund's exposures in one security with all other securities in the portfolio. We then look for overlapping exposures that may be increasing the risks of the entire portfolio. In the event we find a risk exposure that has a probability of causing a permanent loss in capital, and that probability is higher than we are comfortable with, we will either hedge the exposure or eliminate it altogether. Specifically, we can mitigate unwanted risk exposures utilizing a variety of techniques, including reducing investment positions, entering pair trades, utilizing derivatives, and/or selling the position.

We believe an effective risk mitigation technique is our patience for allocating capital only when we believe the risk-reward profile is overwhelmingly in our favor. The risk-reward profile we patiently seek often appears in securities that have a market price that is far below their intrinsic value and exhibit the sound investment characteristics we have discussed.

While we typically will try to mitigate risk in selecting investments, the risk management techniques used by us cannot provide any assurance that the Master Fund will not be exposed to risks of significant investment losses. See Section 15 - "Risk Factors."

**Readers are cautioned that the foregoing is not intended to be an exhaustive description of the Master Fund's investment strategies nor a complete list of all investment strategies that may be employed. At various times, the Master Fund may employ some, all or variations of the investment strategies discussed above as well as others, some of which may involve higher levels of risk. There are risks associated with each strategy and there is no assurance that any of the Master Fund's strategies will be profitable. See Section 15 - "Risk Factors".**

#### **Investment Restrictions**

The investment activities of the Master Fund will be conducted in accordance with certain restrictions, which include the following:

##### *Sole Undertaking*

The Master Fund will not engage in any undertaking other than the investment of the Master Fund's assets in accordance with the Master Fund's investment objective and investment strategies.

##### *Interest of the Investment Manager*

The Master Fund will not purchase portfolio securities from, or sell portfolio securities to, the Investment Manager or any of its affiliates or any individual who is a partner, director or officer of any of them, any employee of the Investment Manager or any portfolio managed by the Investment Manager.

##### *Commodities*

Unless the Investment Manager obtains the appropriate registration under applicable securities laws, the Master Fund may not purchase any physical commodity.

##### *Qualified Investments*

The Master Fund will restrict its investments to "qualified investments" as defined under section 115.2 of the *Income Tax Act* (Canada).

#### **4. BACKGROUND AND BIOGRAPHIES OF THE INVESTMENT MANAGER**

In December 2010, Kris Shah and Frank Baylis, original principals of Baylis Medical Company Inc., a leading privately-held medical device manufacturer, engaged Jonathan Talbot Babineau to manage their respective families' investible assets. Both families shared the same investment objective to produce consistent and attractive long-term rates of return in all market environments. They also shared the same aversion to risk. Mr. Babineau long subscribed to an investment philosophy that is consistent with the families' objectives. Since January 2011, Mr. Babineau has managed the families' portfolios consistent with his investment principles, which constitute the Investment Manager's investment philosophy as described above.

In 2013, Messrs. Shah, Baylis and Babineau concluded that other investors must be looking to achieve similar investment objectives. Moreover, Mr. Babineau's investment philosophy, which is well grounded in simple business fundamentals, had proved successful for the Shah and Baylis families. Taking this all into consideration, Messrs. Shah, Baylis and Babineau felt compelled to form the Investment Manager and launch the Master Fund, originally with the Partnership, as its sole Feeder Vehicle, in 2014. In 2020, the Investment Manager launched the Trust as a parallel Feeder Vehicle to the Partnership.

IBV Capital Ltd. is a boutique investment management firm that provides portfolio management services to high net worth individuals and institutional clients.

IBV Capital Ltd. is incorporated under the laws of Ontario and is registered with the Ontario Securities Commission and the Autorité des Marchés Financiers of Quebec as an investment fund manager, portfolio manager and exempt market dealer and with the Alberta Securities Commission, British Columbia Securities Commission and Nova Scotia Securities Commission as an exempt market dealer. IBV Capital Ltd. may from time to time hold other registrations required to comply with applicable securities laws.

IBV Capital Ltd., as the investment fund manager and portfolio manager of the Fund, is responsible for the Trust's and the Master Funds' investment program and their day-to-day activities.

### **Officers and Directors of the Investment Manager**

#### **Jonathan Talbot Babineau, CFA**

Mr. Jonathan Talbot Babineau is a co-founder, President, Chief Executive Officer, and Chief Investment Officer of the Investment Manager and has overall responsibility for the Fund's investment and trading decisions. Mr. Babineau has been the Chief Investment Officer of the Investment Manager since its inception in 2012. Mr. Babineau has over a decade of value investing experience. Prior to forming the family office and founding IBV Capital, Mr. Babineau held various positions at institutional real estate firms where he was responsible for investment activities and strategic planning. Mr. Babineau is a CFA Charterholder and earned an Honours Economics and Financial Management degree from Wilfrid Laurier University. Mr. Babineau sits on the Wealth Management Committee of the Alternative Investment Management Association (AIMA).

#### **Krishan Shah, P. Eng.**

Mr. Krishan (Kris) Shah is a co-founder and a director of the Investment Manager. Mr. Shah has over 25 years of experience in building successful businesses including OME Group, a SR&ED tax consulting firm, and Baylis Medical, an international medical device manufacturer. Mr. Shah began his career as an engineer at Northern Telecom, moving on to become one of the original principals of Baylis Medical. Shortly thereafter, Mr. Shah founded OME Group, later selling the business to Ernst & Young LLC. In 2011, Mr. Shah founded a Canadian multi-family office before forming IBV Capital Ltd. in 2012.

#### **Corey MacGregor, CPA, CA**

Ms. Corey MacGregor is Vice President of Finance and Operations, and Chief Compliance Officer of the Investment Manager. Ms. MacGregor is responsible for the financial and operational aspects of the business. She drives the compliance and regulatory functions and works closely with IBV Capital's service partners. Prior to joining IBV Capital, she was a Manager in the private funds group at Brookfield Asset Management. Prior to joining Brookfield, Ms. MacGregor was an Experienced Senior Associate in the financial services audit group at PricewaterhouseCoopers (PwC). Ms. MacGregor has a Bachelor of Arts, Honors Business Administration from The University of Western Ontario, Richard Ivey School of Business. Ms. MacGregor is a Chartered Professional Accountant, Chartered Accountant.

## **5. OFFERING OF CANADIAN TRUST UNITS**

Canadian Trust Units are offered on a continuous basis only through registered dealers to experienced and sophisticated investors pursuant to available prospectus exemptions, and where applicable, registration exemptions in accordance with applicable securities legislation in all provinces and territories of Canada other than Newfoundland and Labrador ("**Offering Jurisdictions**").

To date the Investment Manager has designated the following two Classes of Canadian Trust Units:

- Class A Canadian Trust Units are available to all eligible subscribers resident in the Offering Jurisdictions who meet the minimum investment criteria.
- Class F Canadian Trust Units are available to (a) eligible subscribers who participate in fee-based programs through authorized registered dealers; (b) eligible subscribers in respect of whom the Trust does not incur distribution costs; and (c) eligible individual subscribers in the Investment Manager's sole discretion.

A new Series of Canadian Trust Units within each Class will generally be issued each month in which a subscription takes place.



Additional Classes of Canadian Trust Units may be offered in the future without notice to, or approval of, existing Unitholders and each Class may be subject to different fees.

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

The Investment Manager reserves the right in its sole discretion, to accept or reject orders, to change the minimum amount for investments in any Class of Canadian Trust Units, and to discontinue or suspend the offering as a whole, or of any Class.

There are certain timing and processing rules applicable to subscriptions and redemptions. See 19 - *"Procedures to Purchase Canadian Trust Units"* and Section 8 - *"Summary of the Declaration of Trust - Redemption of Canadian Trust Units"*.

### **Prospectus Exemptions**

Units are being sold under available exemptions from applicable Canadian prospectus requirements, only to investors (a) who are accredited investors under the *Securities Act* (Ontario) and NI 45-106; (b) who invest a minimum of CAD\$150,000 in the Trust, and are not individuals and are not resident in Alberta, or (c) to whom Canadian Trust Units may otherwise be sold without a prospectus.

Purchasers will be required to make certain representations in the Subscription Agreement and the Investment Manager will rely on such representations to establish the availability of the applicable prospectus exemptions described above. Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least CAD\$5,000,000, must also represent to the Investment Manager (and may be required to provide additional evidence at the request of the Investment Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The so-called "Offering Memorandum Exemption" is not being relied upon and investors do not have the benefit of certain additional protections that applicable securities laws give to investors of an issuer that - relies on the Offering Memorandum Exemption.

### **Accredited Investors**

A list of the qualifying criteria for accredited investors is set out in the Subscription Agreement delivered with this Offering Memorandum, but generally includes individuals who have net investment assets of at least CAD\$1,000,000, or personal income of at least CAD\$200,000 or combined spousal income of at least CAD\$300,000 (in the previous two years with reasonable prospects of same in the current year). A registered adviser, including the Investment Manager, acting on behalf of a fully managed (discretionary) account also qualifies as an accredited investor.

### **Eligible Investors**

By executing the Subscription Agreement delivered with this Offering Memorandum, each Unitholder agrees to notify the Investment Manager in writing of its status regarding whether it is a non-resident of Canada or a partnership that is not a "Canadian partnership" or a "financial institution," in each case within the meaning of the Tax Act, and to immediately notify the Investment Manager in writing at any time if its status in this regard changes and, regardless of whether and/or when such written notice is provided, such Unitholder may be deemed to have been removed from the Fund as of the Valuation Date immediately preceding the event giving rise to such notification obligation. Any Unitholder who fails to provide evidence satisfactory to the Investment Manager of such status when requested to do so from time to time may be removed as a Unitholder.

### **Subscription Price**

Canadian Trust Units are offered at a price of USD\$100 per Canadian Trust Unit. The Investment Manager retains the discretion to change this policy.

The number of Canadian Trust Units issued to a Unitholder upon acceptance of its subscription shall be equal to (x) the aggregate amount of the Unitholder's subscription, (y) divided by USD\$100.

Investors interested in subscribing for Canadian Trust Units should follow the procedures set forth in Section 19 - *"Procedures to Purchase Canadian Trust Units"*.

## Minimum Initial Subscriptions

The minimum initial investment in the Trust is (i) USD\$1,000 for investors who qualify as accredited investors under the *Securities Act* (Ontario) and National Instrument 45-106 – *Prospectus Exemptions*, or (ii) CAD\$150,000 for investors who are not individuals and are not resident in Alberta, net of any sales commissions and other fees, payable in U.S. dollars or in Canadian dollars converted to U.S. dollars at the applicable exchange rate prevailing as of the relevant Valuation Date as determined by the Investment Manager (or such lesser amount as the Investment Manager may in its discretion accept).

## Additional Investments

Following the required initial minimum investment in the Trust, Unitholders may make additional investments of not less than USD\$1,000 provided that, at the time of the subscription for additional Canadian Trust Units, the Unitholder is an accredited investor as defined in the *Securities Act* (Ontario) and NI 45-106 or another exemption is available. The Investment Manager may, in its sole discretion, from time to time permit additional investments of lesser amounts. These minimums are net of any front end commissions paid by an investor to his or her registered dealer.

## Series Roll-Up

On each Valuation Date on which Canadian Trust Units are issued, a new Series of Canadian Trust Units will generally be issued at a Net Asset Value per unit of USD\$100. All changes in Net Asset Value (i.e. all income and expenses, and all unrealized gains and losses) of the Trust shall be borne proportionately by each Class and Series based on their respective Net Asset Values, except as follows: (i) subscription proceeds received by the Trust in respect of a Series of Canadian Trust Units shall accrue to the Net Asset Value of such Trust; and (ii) all redemption proceeds paid out by the Trust in respect of a Canadian Trust Unit of a Series shall be deducted from the Net Asset Value of such Series, fees payable to the Investment Manager and all other fees and expenses incurred in respect of a Canadian Trust Unit of a Series shall be deducted from the Net Asset Value of such Series.

At the end of each year, and following the payment of all fees and expenses of the Trust, the Investment Manager may determine that some or all Series of the same Class will be re-designated in order to reduce the number of outstanding Series of each Class. This will be accomplished by amending the Net Asset Value per unit of all such Series so that they are the same, and consolidating or subdividing the number of Canadian Trust Units of each such Series so the aggregate Net Asset Value of Canadian Trust Units held by a Unitholder does not change. Unitholders' rights will not be affected in any way as a result of this process.

## Registered Plans

Provided the Trust qualifies as a "mutual fund trust" for the purposes of the Tax Act at all relevant times, Canadian Trust Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans or tax-free savings accounts ("**Registered Plans**"). Any Master Fund Units or other securities received upon the Redemption of Canadian Trust Units will not be qualified investments for such plans.

Notwithstanding that Canadian Trust Units are expected to be qualified investments for a Registered Plan, the annuitant or the holder thereof, as the case may be, will be subject to penalty taxes in respect of the Canadian Trust Units if such properties are a "prohibited investment" (as defined in the Tax Act) for the Registered Plan, as applicable. The Canadian Trust Units will not be a "prohibited investment" provided that the holder or annuitant, as the case may be: (i) deals at arm's length with the Trust, and (ii) does not have a "significant interest" in the Trust (within the meaning of the Tax Act). Generally, a holder or annuitant, as the case may be, will not have a "significant interest" in the Trust unless the holder or annuitant, as the case may be, owns interests as a beneficiary under the Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Trust, either alone or together with persons and partnerships with whom the holder or annuitant, as the case may be, does not deal at arm's length. The Canadian Trust Units will generally not be a "prohibited investment" if the Canadian Trust Units are "excluded property" as defined in the Tax Act for Registered Plans.

## 6. INVESTMENT MANAGEMENT AGREEMENT

Under an investment management agreement by and among the Investment Manager, the General Partner, the Trust, the Master Fund and the Partnership (the "**Investment Management Agreement**"), the Investment Manager will invest and reinvest the assets of the Fund in accordance with the investment objective and policies of the Fund described in Section 3 - "*Investment Program*". A copy of the Investment Management Agreement is available from the Investment Manager upon request.

## **Management Fee**

Under the terms of the Investment Management Agreement, the Master Fund will pay to the Investment Manager, for its services as investment manager to the Fund, a monthly management fee (the “**Management Fee**”) equal to:

- (a) 1/12 of 1.75% of the Net Asset Value of the Class A Master Fund Units (determined in accordance with the Master Fund LPA); and
- (b) 1/12 of 0.75% of the Net Asset Value of the Class F Master Fund Units (determined in accordance with the Master Fund LPA);

plus any applicable federal and provincial taxes.

The Management Fee will be paid monthly in arrears, based on the aggregate Net Asset Value of each series of Master Fund Units (other than any Master Fund Units for which the Management Fee will not be charged) as of the last Business Day of each month. The Management Fee will be adjusted for subscriptions and redemptions occurring during the month.

The Investment Manager will receive the Management Fee from the Master Fund. No management fee will be paid at the Trust level or from other Feeder Vehicles. The Class M Master Fund Units and Class PD1 Master Fund Units are not subject to a Management Fee or a Performance Allocation.

## **Other Provisions of the Investment Management Agreement**

The Investment Management Agreement provides that it will continue until terminated i) by mutual agreement at any time or by any party thereto on not less than 90 days’ prior written notice to all other parties, ii) by the Trust, the Master Fund and/or the Investment Manager, as applicable, if any other party is in material breach of the terms of the Investment Management Agreement and such breach is not remedied within 15 days of notice of said breach to the applicable party or iii) as to the Trust upon termination of either the Master Fund or the Trust. In addition, any party thereto may immediately terminate the Investment Management Agreement as to that party i) if an order is made or a resolution passed or other proceedings taken for the dissolution of any other party, ii) if the Investment Manager no longer has all licenses or registrations required to act as contemplated therein, iii) if any other party consents to or makes a general assignment for the benefit of creditors, or makes a proposal to creditors under any insolvency law, or is declared bankrupt or if a liquidator, trustee in bankruptcy, custodian or receiver is appointed by such other party and iv) in the event that the Investment Manager provides its notice to terminate the Investment Management Agreement and fails to appoint a successor in accordance with the terms thereof.

In the event that the Investment Manager terminates the Investment Management Agreement with respect to the Master Fund and/or the Trust, as applicable, pursuant to clause (ii) above, the Investment Manager must appoint a successor, which appointment must be approved by a majority of the securityholders of the applicable Fund, unless the successor is an affiliate of the Investment Manager. If no successor is appointed or the securityholders of the applicable Fund fail to approve a successor, the Fund shall be terminated.

The Investment Manager may not assign the Investment Management Agreement with respect to a party thereto without the prior written consent of such party.

Under the Investment Management Agreement, the Trust, the Master Fund and each other Feeder Vehicle will, to the fullest extent legally permissible under all applicable laws indemnify and hold harmless the Investment Manager and its members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the “**Affiliated Parties**”), against any loss, liability or expense (including, without limitation, losses due to trade errors caused by such persons), judgments, fines, amounts paid or to be paid in settlements and reasonable attorney’s fees and expenses incurred or suffered by an Affiliated Party in connection with the good faith performance of his, her or its responsibilities to the Fund; provided, however, that an Affiliated Party will not be indemnified for losses resulting from his, her or its gross negligence, wilful misconduct or dishonesty. An Affiliated Party will, subject to the requirement to provide certain representations regarding acting in good faith and repayment, and to the extent legally permissible, be advanced amounts in connection with the Fund’s indemnification obligation; provided, however, that if it is later determined that such party was not entitled to indemnification, then such party will promptly reimburse the Fund for all advanced amounts.

## 7. PERFORMANCE ALLOCATION

At the end of each Performance Period (defined below) and on any date that a Unitholder redeems Canadian Trust Units and the corresponding number of Master Fund Units are redeemed by the Trust, the corresponding series of Class A Master Fund Units and Class F Master Fund Units held by the Trust are subject to a performance allocation (the “**Performance Allocation**”) equal to 20% of the amount, if any, by which the Performance Change (defined below) exceeds the High Water Mark (defined below), if applicable.

The Performance Allocation is accrued monthly and is paid after the last Business Day of each Performance Period. Upon the redemption of Canadian Trust Units and the corresponding redemption of the Master Fund Units, the Performance Allocation accrued on the corresponding series of Master Fund Units will be allocated to the units redeemed within 15 Business Days of the end of the month in which such units were redeemed.

The “**High Water Mark**” in respect of a Master Fund Unit, as at any date, means the higher of:

- (a) the Net Asset Value per Master Fund Unit on the date of issue of such Master Fund Unit, together with any Accumulated Hurdle; and
- (b) the Net Asset Value per Master Fund Unit of such Master Fund Unit on the last Business Day of the most recent Performance Period for which the Performance Allocation was paid or payable with respect to such Master Fund Unit, together with any Accumulated Hurdle.

The “**Hurdle**” is the trailing 12-month average yield of the one-year risk free rate, defined as the “Generic United States 1 Year Government Bond Yield” (Bloomberg Ticker Symbol: GB12) as reported on each Valuation Date.

Payment of the Performance Allocation will be as follows:

- (a) 50% of the total Performance Allocation shall be paid to the Incentive LP in cash after the end of the relevant Performance Period; and
- (b) 50% of the total Performance Allocation (the “**Deferred Performance Allocation**”) shall be allocated to a deferred performance account (the “**Deferred Performance Account**”) subject to a lock-up period (the “**Lock-Up Period**”) terminating on the calculation of the Performance Change for the subsequent Performance Period.

### Performance Allocation Adjustment

At the end of each subsequent Performance Period, if there is a:

- (a) **Positive Performance Change**, then the Lock-Up Period will terminate and the Deferred Performance Allocation will be released to the Incentive LP (together with any income earned thereon); or
- (b) **Negative Performance Change**, then an amount from the Deferred Performance Allocation equal to the percentage obtained by dividing the Negative Performance Change by the previous Positive Performance Change will reduce the Deferred Performance Account (as will any income earned on the amount so deducted) and such amounts will be allocated to the series of Master Fund Units held by the Trust corresponding to the Canadian Trust Units held by Unitholders in respect of whom the Deferred Performance Allocation was made. The maximum Negative Performance Change will be equal to the Deferred Performance Allocation together with any income earned thereon. If a Unitholder redeems any Canadian Trust Units prior to the end of the subsequent Performance Period, the Trust will redeem a corresponding number of Master Fund Units and the Deferred Performance Allocation allocated to such Master Fund Units will be forfeited and will be allocated to the Incentive LP within 15 Business Days of the end of the month in which the Master Fund Units were redeemed.

“**Performance Period**” for any class and/or series of Master Fund Units means, with respect to a limited partner of the Master Fund, the period commencing on January 1 of each year and ending on December 31 of such year; provided, however, that if a Feeder Vehicle subscribes for any class and/or series of Master Fund Units on a date other than January 1 of any year, then the first Performance Period with respect to such subscription shall be the period commencing on the date of such subscription and

ending on December 31 of such year. If, prior to the end of a calendar year, such Feeder Vehicle redeems all or a portion of its Master Fund Units in any class and/or series or transfers any such class and/or series of the Master Fund Units to a substituted limited partner of the Master Fund, or the final distribution to such Feeder Vehicle is made following the termination of the class and/or series of the Master Fund Units, then the last Performance Period with respect to such Feeder Vehicle with respect to such class or series of the Master Fund Units (or, in the case of a partial withdrawal or transfer, the last Performance Period with respect to the amount withdrawn or transferred) shall end on the date of such withdrawal, substitution or final distribution.

**“Performance Change”** for a Performance Period with respect to any series of the Master Fund Units held by any limited partner of the Master Fund means, the amount, expressed as a percentage, if any, by which (i) the Net Asset Value per unit of the such series of Master Fund Units as of the last day of such Performance Period (before giving effect to any Performance Allocation for such Performance Period) exceeds (ii) the Net Asset Value per unit of the same series of Master Fund Units as of the first day of such Performance Period (after giving effect to any Performance Allocation for the preceding Performance Period). If the amount specified in clause (i) exceeds the amount specified in clause (ii) for a Performance Period, such difference shall be a **“Positive Performance Change”** and if the amount specified in clause (ii) exceeds the amount specified in clause (i), such difference shall be a **“Negative Performance Change”**.

**“Accumulated Hurdle”** means the accumulated amount calculated and accrued on each Valuation Date equal to the product of (a) the Hurdle (prorated for the number of days in the year since the last Valuation Date); and (b) the Net Asset Value per Master Fund Unit on the applicable Valuation Date.

By structuring the Performance Allocation as above, the Fund creates a unique relationship with its investors, in that the return earned by the Investment Manager and its affiliates becomes highly correlated with the investment success of the Unitholders.

The Investment Manager may make such adjustments to the High Water Mark and Accumulated Hurdle of a Class and/or Series as are determined by the Investment Manager to be necessary to account for the payment of any distributions, splits or consolidation on or of Master Fund Units or any other event or matter that would, in the opinion of the Investment Manager, impact upon the computation of Performance Allocation. Any such determination of the Investment Manager shall, absent manifest error, be binding on all limited partners of the Master Fund, including the Trust.

Because the proceeds of Class A Canadian Trust Units and Class F Canadian Trust Units will be invested in Class A Master Fund Units and Class F Master Fund Units, respectively, Unitholders holding Class A Canadian Trust Units and Class F Canadian Trust Units will indirectly bear the Performance Allocations charged to the corresponding series of Class A Master Fund Units and Class F Master Fund Units.

Since the Incentive LP will receive the Performance Allocation at the Master Fund level, no incentive fee or allocation will be paid or allocated at the Trust level.

The Fund may create additional classes, subclasses and series that may have higher or lower Management Fees, Performance Allocations or other fees and features and such classes, subclasses and series may be restricted to one or more investors or classes of investors by the agreement of the General Partner and/or the Investment Manager, as applicable.

## **8. SUMMARY OF THE DECLARATION OF TRUST**

The Trust is governed by the Declaration of Trust made by the Investment Manager on January 15, 2020, as may be amended and restated from time to time. The following is a summary of the Declaration of Trust. This summary is not intended to be complete and each investor should carefully review the Declaration of Trust itself for full details of these provisions.

### **The Canadian Trust Units**

The Trust may issue an unlimited number of Canadian Trust Units in an unlimited number of classes (each, a **“Class”**), with each Class having such terms, conditions and features (including with respect to payment of Management Fees attributable to the corresponding class of Master Fund Units) as the Investment Manager may determine in its sole discretion upon the creation of such Class. A new series (each, a **“Series”**) of each Class of Canadian Trust Units will be issued on each date on which Canadian Trust Units in such Class are issued. Each Canadian Trust Unit of a Series shall be equal to each other Canadian Trust Unit of the same Series with respect to all matters. Canadian Trust Units shall be denominated in U.S. dollars or in such other currency

selected by the Investment Manager. The Trust is offering two classes of Canadian Trust Units pursuant to this Offering Memorandum:

- (a) Class A Canadian Trust Units, which may be offered to eligible subscribers who meet the minimum criteria; and
- (b) Class F Canadian Trust Units, which may be offered to (a) eligible subscribers who participate in fee-based programs through authorized registered dealers; (b) eligible subscribers in respect of whom the Trust does not incur distribution costs; and (c) eligible individual subscribers in the Investment Manager's sole discretion.

Any issued and outstanding Canadian Trust Units of any Series of a Class may be consolidated, subdivided or converted into, or re-designated as, Canadian Trust Units of any other Series of that Class (after accrual or payment of any Management Fees applicable to such Series) as of the last Business Day of each calendar year or at such other time as the Investment Manager may determine in its sole discretion. In addition, the Trust may convert Canadian Trust Units of any Class or Series into a number of Canadian Trust Units of another Class or Series. In connection with any such consolidation, subdivision, conversion or re-designation, the number of Canadian Trust Units of the affected Series and/or Class shall be adjusted if and as necessary such that the aggregate Net Asset Value of such Unitholder's affected Canadian Trust Units remains unchanged. All conversions of Canadian Trust Units from one Class or Series to any other Class or Series shall be effected by way of compulsory redemption of Canadian Trust Units in one Class or Series and the issue of new Canadian Trust Units in the other Class or Series.

On all matters subject to a vote of or consent by the Unitholders under the Declaration of Trust, each Unitholder shall be entitled to one vote per each USD\$1.00 of Net Asset Value attributable to the Canadian Trust Units held by such Unitholder. The Trust may, in the Investment Manager's sole discretion, issue one or more Classes of non-voting Canadian Trust Units.

#### **Calculation of Net Asset Value**

The Trust's "**Net Asset Value**" shall mean, as of any date, the difference between the Trust's liabilities and the Trust's total assets, as calculated by the Investment Manager or its designee on the accrual basis of accounting in accordance with International Financial Reporting Standards ("**IFRS**") and the following principles:

- (a) The value of each Master Fund Unit held by the Trust as of any date shall be the Net Asset Value per unit of each such Master Fund Unit as of such date;
- (b) if the Trust holds any securities, investments or assets other than Master Fund Units, such securities, investments or assets shall be valued by the Investment Manager or its designee in accordance with the provisions for valuation of securities and other assets of the Master Fund set forth below;
- (c) to the extent not paid or accrued by the Master Fund and reflected in the Net Asset Value per unit of each Master Fund Unit, other fund expenses (including Organizational Expenses, as defined in Section 9 – "*Expenses*") and any reserves therefor, shall be treated as liabilities;
- (d) no value will be assigned to goodwill;
- (e) securities contributed to the Trust as capital contributions, if any, shall be treated as if purchased by the Trust at market value on the date of contribution, and securities distributed from the Trust as redemption proceeds, if any, will be treated as if sold by the Trust at market value on the date of distribution;
- (f) the Net Asset Value of the Trust shall be calculated in U.S. dollars; and
- (g) the Net Asset Value per unit of the Canadian Trust Units will be rounded to such number of decimal places as the Investment Manager may determine.

In connection with the determinations of the Trust's Net Asset Value, the Investment Manager or its designees may consult with and are entitled to rely upon the advice of the Fund's brokers, custodians or other advisers. The Trust has retained the Investment Manager, pursuant to the Investment Management Agreement, to determine the value of the Trust's assets in accordance with the principles set out above, and has also retained the Administrator to, among other things, calculate the Trust's Net Asset Value and the Master Fund's Net Asset Value.

The Master Fund's assets shall each be valued as follows:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the General Partner (or its delegate) 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 General Partner (or its delegate) determines to be the reasonable value thereof;

- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the General Partner (or its delegate), in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Date or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the Master Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; 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;
- (d) 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 General Partner (or its delegate);
- (e) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Master Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (f) purchased or written clearing corporation options, options on futures, over-the-counter options, debt like securities and listed warrants shall be valued at the current market value thereof;
- (g) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Master Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value of the Master Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (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, at 4:00 p.m. (Eastern time) or such other time as the General Partner (or its delegate) may designate from time to time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (i) the value of the securities of an investment fund shall be the net asset value or similar value of the securities of the investment fund as provided by the manager, administrator or party acting in a similar capacity of the investment fund and available to the General Partner (or its delegate) as of a time proximate to the close of business on the date on which the Net Asset Value of the Master Fund is being calculated, whether or not the securities of such investment fund are listed or dealt with on a stock exchange. If a net asset value or similar value of the investment fund as of a time reasonably proximate to the close of business on the date on which the Net Asset Value of the Master Fund is being calculated is not available to the General Partner (or its delegate), the value shall be based on an estimate provided by the Investment Manager or in such other manner as the General Partner (or its delegate) shall determine;
- (j) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (k) all securities, property and assets of the Master Fund valued in a foreign currency and all liabilities and obligations of the Master Fund payable by the Master Fund in foreign currency shall be converted into U.S. funds by applying the rate of exchange obtained from the best available sources to the General Partner (or its delegate), including, but not limited to, the General Partner (or its delegate) or any of its affiliates;
- (l) all expenses or liabilities (including distributions payable to the Investment Manager) of the Master Fund shall be calculated on an accrual basis; and

- (m) the value of any security or property to which, in the opinion of the General Partner (or its delegate), 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 General Partner (or its delegate) from time to time provides.

### **Distributions**

The Trust does not intend to make distributions except as provided below.

The Trust intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each calendar year to ensure that the Trust is not liable for income tax under Part I of the Tax Act after taking into account any loss carry forwards and capital gains refunds. Subject to the provisions of the Declaration of Trust, distributions will be allocated amongst the Classes and Series of Canadian Trust Units in such manner as the Investment Manager considers appropriate and equitable. Any such distribution will be in made cash or in the form of additional Canadian Trust Units at the Investment Manager's sole discretion, which, in the case of distributions in the form of additional Canadian Trust Units, will immediately after distribution be consolidated with existing Canadian Trust Units such that Unitholders will hold the same number of Canadian Trust Units of each Class as prior to such distribution of additional Canadian Trust Units, unless the Investment Manager determines otherwise.

### **Redemptions of Canadian Trust Units**

No Unitholder shall be entitled to have the Trust redeem any of its Canadian Trust Units or to otherwise receive any distributions from the Trust except as provided for in the Declaration of Trust or as otherwise consented to, and upon such terms as may be determined by, the Investment Manager in its sole discretion.

An investment in the Fund is intended to be a long-term investment. However, holders of Class A Canadian Trust Units and Class F Canadian Trust Units may request at any time that such Canadian Trust Units be redeemed on the last Business Day in any fiscal quarter (a "**Redemption Date**"), upon not less than 60 days' prior written request to the Investment Manager. Any requests for redemption received after such time will be processed as of the next Redemption Date.

Redemption requests submitted by investors are irrevocable unless they are not honoured by the Trust on the applicable Redemption Date. If a redemption request is not honoured on the applicable Redemption Date, the request for redemption may be withdrawn within 15 days following the Redemption Date on which the redemption request was not honoured.

Redemptions of Canadian Trust Units are generally effected by the concurrent redemption of the corresponding number and class and/or series of Master Fund Units held by the Trust at the applicable Net Asset Value per unit thereof in accordance with the Master Fund LPA. The amount received by the Trust from redemptions of any Master Fund Units for which a Performance Allocation is chargeable shall be net of the amount, if any, of the accrued Performance Allocations chargeable to such Master Fund Units as of the date of such redemption, to the extent such accrued amount is not reflected in the Net Asset Value per unit of the Master Fund Units redeemed as of such date, and shall include any pre-paid Management Fee charged to the redeemed Master Fund Units in respect of any period after the Redemption Date. The redemption proceeds for each Canadian Trust Unit redeemed by the Unitholder shall be an amount equal to the Net Asset Value attributable to such Canadian Trust Unit as of the close of business on the Redemption Date. Redemption proceeds for Canadian Trust Units will generally be paid within 10 Business Days of the Redemption Date.

In the event that a Unitholder has made a redemption request on the applicable Redemption Date for three consecutive calendar quarters and, following such redemption request such Unitholder has not received the full value of its redemption request after the applicable Redemption Date of the third consecutive calendar quarter, the redemption request (or the remainder thereof in the case of a partial redemption) shall be distributed to such Unitholder on the applicable Redemption Date of the fourth consecutive calendar quarter following the initial date of the redemption request.

If a Unitholder requests a redemption of Canadian Trust Units that have not been held by such Unitholder for at least 12 months, the Investment Manager may, in its sole discretion, withhold 3% from the aggregate Net Asset Value of the Canadian Trust Units being tendered for redemption (an "**Early Redemption Fee**"). The Early Redemption Fee will be retained by the Fund. the Investment Manager has the sole discretion to waive or reduce the amount of the Early Redemption Fee.

If all of the Canadian Trust Units of a particular Class held by a Unitholder are being redeemed, then, in such event, (i) the Investment Manager may hold back up to 5% of the aggregate redemption amount payable to such Unitholder until the Master



Fund has finalized its year-end audit for the period covering the applicable Redemption Date; (ii) payment of an amount equal to 95% of the total redemption payment due in respect of those redeemed Canadian Trust Units shall be made within 15 Business Days of the Redemption Date, and (iii) the balance of the redemption proceeds shall be paid to the Unitholder as soon as practicable following completion of the Master Fund's audit for the fiscal year in which the Redemption Date occurs, and after giving effect to any year-end adjustments deemed necessary or appropriate by the General Partner, including the establishment of reserves that the General Partner deems necessary or appropriate to account for contingent or other liabilities of the Master Fund existing as of the Redemption Date.

Redemption proceeds may be paid in cash or in kind or a combination thereof at the discretion of the Investment Manager. If a Unitholder that is a Registered Plan receives Master Fund Units or other securities, such Master Fund Units or other securities will not be a qualified investment for the Registered Plan. This would give rise to adverse tax consequences. See Section 15 "*Risk Factors – Redemptions in Kind*" and Section 16 "*Certain Tax Considerations – Certain Canadian Federal Tax Considerations*".

The Investment Manager may, at any time and in its sole discretion, permit redemptions at any other times or otherwise modify or waive any of the conditions or requirements for redemptions for any Unitholders, including affiliates of the Investment Manager, without notice to or the consent of any Unitholders.

Redemptions of Canadian Trust Units may be suspended or the date of payment of redemption proceeds may be postponed in such circumstances as the Investment Manager may reasonably determine, including for any period during which redemptions of Master Fund Units are suspended or the date of payment of redemption proceeds for Master Fund Units held by the Trust is postponed. Examples of such circumstances include, without limitation, if the General Partner and/or the Investment Manager, as applicable, reasonably determines that: (i) the Master Fund's assets are invested in such a manner so as to not reasonably permit immediate liquidation of sufficient assets in a timely fashion to meet redemption requirements; (ii) there exists a state of affairs that constitutes circumstances under which liquidation by the Master Fund of part or all of its investments is not reasonable or practicable, or would be prejudicial to the Master Fund or the investors in the Fund, including the Unitholders generally, including if, in the General Partner's sole judgment, a material adverse change or disruption has occurred in the financial, banking or capital markets generally which has had or could reasonably be expected to have a material adverse effect on the Fund; (iii) not suspending redemptions would have an adverse effect on continuing Unitholders; (iv) the General Partner is unable to value the assets of the Master Fund with reasonable reliability; (v) if any market or stock exchange on which a material part of the assets of the Master Fund are traded is closed (other than for ordinary holidays), or dealings thereon are restricted, suspended or experience a material interruption or disruption in ordinary trading; (vi) there is a disruption to the means of communications normally employed in determining the prices of a material part of the investments of the Master Fund; (vii) the assets of the Master Fund are invested in investments which the Master Fund is unable to realize, or if realized would be at a value determined by the General Partner to be a discount to their true value; (viii) if the Master Fund and/or the Trust is unable (or it is not practicable) to distribute any such investment for the redemption of the applicable Canadian Trust Units and the corresponding Master Fund Units, as applicable; (ix) if requests for redemptions received by the Master Fund for any Redemption Date would result in redemption payments in an aggregate amount exceeding 25% of the Net Asset Value of the Master Fund as of such Redemption Date; or (x) where the satisfaction of redemption requests is prohibited by law. Redemptions may also be suspended upon an announcement by the General Partner and/or the Investment Manager, as the case may be, that the Master Fund and/or the Trust will be terminated, as applicable. In the event of a suspension or postponement of redemptions, the Investment Manager will give notice to Unitholders of such suspension or postponement.

The Trust shall have the right, in the Investment Manager's sole discretion, to redeem any or all of a Unitholder's Canadian Trust Units at any time, by giving 5 Business Days' prior written notice to such Unitholder, including in the event that a Unitholder is no longer eligible to invest in the Trust and/or in order to ensure that no adverse tax consequences may result to the Trust or the Unitholders due to the Unitholder's investment in the Trust. Payment for any mandatorily redeemed Canadian Trust Units shall be made to the Unitholder within 60 days of the Redemption Date. However, upon a mandatory redemption of all of a Unitholder's Canadian Trust Units of any Class, payment of the redemption proceeds with respect to the redeemed Canadian Trust Units of such Class shall be made: (i) 95% within 15 Business Days of the Redemption Date, and (ii) the balance as soon as practicable following completion of the Master Fund's audit for the fiscal year in which the redemption occurs, and after giving effect to any year-end adjustments deemed necessary or appropriate by the Investment Manager, including the establishment of reserves that the Investment Manager deems necessary or appropriate to account for contingent or other liabilities of the Trust existing as of the Redemption Date.

## **Transfers**

Canadian Trust Units are not transferrable or assignable, and may not be pledged, by Unitholders without the Investment Manager's prior consent, which may be granted or withheld in the Investment Manager's sole and absolute discretion. Any purported transfer, assignment or pledge of Canadian Trust Units not made with the Investment Manager's consent shall be null and void and of no force or effect whatsoever.

In the event of the death, disability, incapacity, adjudication of incompetency, termination, bankruptcy, insolvency or dissolution of a Unitholder, the executor, administrator, guardian, trustee or other personal representative of that Unitholder shall be deemed to be the assignee of the Unitholder's Canadian Trust Units but shall not be admitted as a Unitholder without the consent of the Investment Manager, in its sole discretion.

## **Management of the Trust**

The management and control of the Trust shall be vested exclusively in the Investment Manager in its capacity as the Trustee and manager of the Trust. In its capacity as manager and portfolio manager, the Investment Manager is responsible for the management, investment management and strategy decisions pursuant to the Investment Management Agreement and may delegate any accounting, recordkeeping, reporting or other administrative duties to the Administrator. The Investment Manager shall have the power on behalf and in the name of the Trust to carry out any and all of the purposes of the Trust and to enter into and perform all contracts, acts and other undertakings that it may deem necessary, advisable or incidental thereto.

The Unitholders shall have no part in the management of the Trust and shall have no authority or right in their capacities as Unitholders to act on behalf of the Trust in connection with any matter.

The Investment Manager may, from time to time, employ any person or engage third parties to render services to the Trust on such terms and for such compensation as the Investment Manager may determine in its sole discretion, including the Administrator, auditors, accountants, custodians, attorneys, investment consultants, brokers or finders. Such employees and third parties may be affiliates of the Investment Manager or any Unitholder. Persons retained, engaged or employed by the Trust may also be engaged, retained or employed by and act on behalf of the General Partner, the Investment Manager, the Master Fund, any Feeder Vehicle, any of their affiliates, one or more Unitholders or investors in a Feeder Vehicle or any of their respective Affiliates.

## **Other Activities of the Investment Manager**

The Investment Manager shall devote such of its time as, in its discretion, it deems to be necessary and sufficient for the conduct of the Trust's business. Neither the Investment Manager nor its affiliates, nor any stockholder, member, partner, principal, director, officer, manager, employee or agent of the foregoing (a "**Related Person**") shall be precluded from engaging, presently or in the future, and without accountability to the Trust or any Unitholder, in any other business venture or ventures of any nature and description, including the management, financing, syndication or development of other investment funds, accounts or ventures that are similar to the Fund, or from acting as investment manager, adviser or consultant to others, a trustee of another trust or a general partner of any limited partnership, nor shall the Investment Manager, or any of its affiliates or Related Persons be precluded from directly or indirectly purchasing, selling and holding securities for their own individual accounts or the accounts of such other businesses, irrespective of whether any of the same securities are also purchased, sold or held for the account of the Fund. Neither the Trust nor any Unitholder shall have any rights in or to other business ventures or the income or profits derived from other activities by the Investment Manager, any of its affiliates or any of its Related Persons or from any transaction in securities affected by the Investment Manager, any of the affiliates or any of its Related Persons for any account other than that of the Fund, nor shall the Investment Manager, any of the affiliates or any of its Related Persons be under any obligation to first offer any investment opportunities to the Fund or to allocate investments (as between the Fund, individual clients, or otherwise) in any particular manner, other than as they shall determine in their sole discretion.

## **Exculpation and Indemnification of the Investment Manager**

None of the Investment Manager, any affiliates thereof, or any of their respective securityholders, members, partners, principals, directors, officers, managers, trustees, employees, agents or consultants (each, an "**Indemnified Person**") shall be liable to the Trust or to any Unitholder for any errors of judgment or for any act or omission, or losses due to any such error, act or omission, of any Indemnified Person in connection with the conduct of the affairs of the Fund or otherwise in connection with the Declaration of Trust or the matters contemplated herein, unless such error, action or inaction constitutes fraud, gross negligence or wilful misconduct. In addition, no Indemnified Person shall be liable to the Trust or to any Unitholder for any mistake, action

or omission to act, negligence, dishonesty or bad faith of any broker, advisor or other agent of the Fund selected by the Investment Manager or other Indemnified Person with reasonable care. The Investment Manager and any Indemnified Person may consult with auditors, accountants and counsel with respect to Fund affairs and be fully protected and justified in any action or inaction that is taken or omitted with the advice or option of such auditor, accountant or counsel, provided that such auditor, accountant or counsel has been selected by the Investment Manager or other Indemnified Person with reasonable care.

For the purposes of the Declaration of Trust and the limited partnership agreement of the Master Fund (the “**Master Fund LPA**”), gross negligence has been defined as a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of a breach of a duty of care owed to another.

The Trust shall indemnify and hold harmless each Indemnified Person from and against any and all claims, liabilities, losses, damages, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties, and legal costs and expenses, including attorney’s fees and expenses, of investigating or defending against any claim or threatened claim) (collectively, “**Losses**”) arising from claims, demands, investigations, actions, suits or proceedings, whether civil, criminal or administrative, in which any Indemnified Person may be involved, as a party or otherwise, by reason of its relation to the Fund or the management or conduct of the affairs of the Fund, whether or not any such Indemnified Person continues to serve in such capacity at the time any such Losses are paid or incurred. No Indemnified Person shall be entitled to indemnification hereunder against any Losses found by a court to have arisen from such Indemnified Person’s gross negligence, wilful misconduct or breach of its standard of care, and which finding is no longer subject to appeal.

Expenses incurred by an Indemnified Person in defense or settlement of any claim that may be subject to a right of indemnification hereunder shall be advanced by the Trust prior to the final disposition thereof upon receipt of a written undertaking, reasonably satisfactory to the Investment Manager, by or on behalf of the Indemnified Person to repay such amount to the extent that it shall be determined ultimately by a court of competent jurisdiction that such Indemnified Person is not entitled to be indemnified hereunder.

The rights of indemnification and contribution provided in the Declaration of Trust shall be in addition to any rights to which any Indemnified Person may otherwise be entitled by contract or as a matter of law, and shall extend to their respective successors and assigns.

#### **Reports to Unitholders**

Subject to standing instructions from the Unitholder, within ninety (90) days after the end of each fiscal year or such other period as required by applicable law, the Investment Manager will forward to each Unitholder an annual report for such fiscal year consisting of (i) audited financial statements for such fiscal year; (ii) a report of the auditor on such financial statements; and (iii) tax information to enable each Unitholder to properly complete and file his or her tax returns in Canada in relation to an investment in Canadian Trust Units.

Subject to standing instructions from the Unitholder, the Investment Manager will forward to each Unitholder unaudited semi-annual financial information concerning the Trust within sixty (60) days of the end of the relevant interim financial period. Information respecting the Net Asset Value per unit of the Canadian Trust Units held by the Unitholder will be provided on a quarterly basis and on a more frequent basis at the discretion of the Investment Manager.

Financial reports of the Trust will be prepared in accordance with Canadian generally accepted accounting principles for publicly accountable entities, which incorporates IFRS.

Unitholders are entitled to receive, on request and free of charge from the Investment Manager, a copy of the annual and semi-annual financial statements relating to the Master Fund.

#### **Fiscal Year**

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

#### **Amendment of the Declaration of Trust**

The Investment Manager may, without prior notice to or consent from any Unitholder, amend the Declaration of Trust:

- (a) in order to create additional Classes or Series and the terms thereof;

- (b) in order to protect the interests or for the benefit of the Unitholders or the Trust, if necessary;
- (c) to cure any ambiguity or clerical error or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision if such amendment does not and shall not in any manner have a material adverse effect on the interests of any Unitholder as a Unitholder;
- (d) to reflect any changes to any applicable legislation; or
- (e) in any other manner provided that such amendment does not and shall not have a material adverse effect on the interests of any Unitholder.

Within 15 days following the date of any material amendment to the Declaration of Trust made without notice to or consent from any Unitholder, the Investment Manager shall provide Unitholders with a copy of the amendment.

The Declaration of Trust may be amended at any time by:

- (a) the Investment Manager with the consent of the Unitholders given by Special Resolution (defined below); or
- (b) the Investment Manager without the consent of the Unitholders provided the Unitholders are given not less than sixty (60) 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 Unitholder is given the opportunity to redeem all of such Unitholder's Canadian Trust Units as of the Redemption Date prior to the effective date of such amendment (in such event the Investment Manager shall be deemed to have waived the required redemption notice, to the extent necessary, and to have waived the Early Redemption Fee on such Canadian Trust Units, if any).

A change to the investment objectives and strategies of the Trust or the Master Fund may be made by the Investment Manager and/or the General Partner, as the case may be without the consent of the Unitholders provided that sixty (60) days' prior written notice is given to the Unitholders as described in paragraph (b) above.

A "**Special Resolution**" means a resolution approved by the Investment Manager and by not less than 66 2/3% of the votes cast by those Unitholders who vote on the resolution, in person or by proxy, at a meeting of the Unitholders, or at any adjournment thereof, called and held in accordance with the Declaration of Trust, or a written resolution signed by Unitholders holding Canadian Trust Units entitled to be voted on such a resolution with an aggregate Net Asset Value of not less than 66 2/3% of the Net Asset Value of all of the Canadian Trust Units entitled to be voted on the resolution.

### **Other Agreements**

The Investment Manager, on its own behalf or on behalf of the Trust, at any time and without the approval of any Unitholder, may execute side letters or similar written agreements ("**Other Agreements**") to or with Unitholders executed in connection with the admission of such persons to the Trust, which have the effect of establishing rights under or altering or supplementing the terms of the Declaration of Trust, including with respect to redemptions, or payments or rebates of Management Fees or Performance Allocations attributable to the corresponding Master Fund Units held by the Trust. Any terms contained in an Other Agreement to or with a Unitholder shall govern with respect to such Unitholder notwithstanding the provisions of the Declaration of Trust.

### **Term**

The Trust has no fixed term. The existence of the Trust shall continue until the first to occur of (i) the Investment Manager's decision, in its sole discretion, to dissolve the Trust upon not less than 60 days' prior notice to the Unitholders; (ii) the Investment Manager's resignation or other termination as trustee and/or manager of the Trust if a successor trustee and/or manager has not been appointed in accordance with the provisions of the Declaration of Trust or the Investment Management Agreement, as applicable; or (iii) the procurement of a court order of dissolution.

## **Removal or Resignation of the Trustee and Appointment of Successor Trustee**

The trustee of the Trust may, subject to certain provisions of the Declaration of Trust, be removed and a replacement trustee elected by a Special Resolution of the Unitholders if a material breach or default of the provisions of the Declaration of Trust by the trustee remains uncured 90 days after written notice thereof has been provided to the trustee.

The trustee may voluntarily resign as trustee of the Trust by giving notice to Unitholders not less than 60 days prior to the date when such resignation shall take effect. The trustee may also be deemed to resign as trustee of the Trust in certain circumstances set out in the Declaration of Trust. In the event of such resignation, the trustee is required to nominate a replacement trustee, which will be automatically appointed if such replacement trustee is an affiliate of the trustee, or which will be appointed upon 60 days' prior notice to Unitholders if such replacement trustee is not an affiliate of the trustee.

If, after the effective date of the resignation or removal of the trustee, no successor has been appointed within 60 days, the Investment Manager or any Unitholder may apply to court for the appointment of a replacement trustee.

## **9. EXPENSES**

The Trust will bear its own expenses and, indirectly, a pro rata portion (based on its interest in the Master Fund) of the operating expenses of the Master Fund. The expenses of the Trust may include, without limitation:

- (a) legal, compliance, administrator, audit and accounting expenses (including third party accounting services), including the Trust's costs of preparation of financial statements and/or reports to Unitholders;
- (b) expenses (including legal, accounting, filing, printing and related expenses) incurred in connection with the organization and funding of the Trust, which will be amortized over a period of 60 months from the date of the establishment of the Trust (the "**Organizational Expenses**");
- (c) all costs and expenses associated with the qualification for sale of the Canadian Trust Units in the Offering Jurisdictions;
- (d) ongoing administrative expenses of the Trust and the applicable portion of the administrative expenses of the Investment Manager attributable to the operation of the Trust;
- (e) any insurance costs (including any D&O and E&O insurance costs of the Investment Manager in its capacity as the trustee of the Trust, but not including financial institution bond coverage costs);
- (f) custodial fees, if any, and bank service fees;
- (g) certain regulatory, compliance or filing expenses related to the Trust;
- (h) legal fees and expenses in connection with any action or proceeding or preparing any reports or documents required to be filed on behalf of the Trust pursuant to applicable laws or regulations;
- (i) expenses of conducting Unitholder meetings;
- (j) indemnification or extraordinary costs or expenses or liabilities relating to the affairs of the Trust;
- (k) costs and expenses of liquidating the Trust;
- (l) any taxes, fees or other governmental charges levied against the Trust and all costs and expenses incurred in connection with any tax audit, investigation, settlement or review of the Trust; and
- (m) any other expenses related to the purchase, sale or transmittal of the Trust's assets.

The expenses of the Master Fund may include, without limitation:

- (n) legal, compliance, administrator, audit and accounting expenses (including third party accounting services), including the Master Fund's costs of preparation of financial statements;
- (o) expenses relating to securityholder proxy voting services;
- (p) ongoing administrative expenses of the Master Fund and the General Partner and the applicable portion of the administrative expenses of the Investment Manager attributable to the operation of the Master Fund;
- (q) insurance costs (including D&O and E&O insurance for the General Partner, but not including financial institution bond coverage, if any);

- (r) investment expenses and fees related to acquiring, holding, monitoring and disposing of the Master Fund's investments, including all direct trading expenses, brokerage commissions and service fees and clearing and settlement charges;
- (s) interest on margin accounts and other indebtedness;
- (t) borrowing charges on securities sold short;
- (u) custodial and bank service fees;
- (v) certain regulatory, compliance or filing expenses related to the Master Fund;
- (w) legal fees and expenses in connection with any action or proceeding or preparing any reports or documents required to be filed on behalf of the Master Fund pursuant to applicable laws or regulations;
- (x) indemnification or extraordinary costs or expenses or liabilities relating to the affairs of the Master Fund;
- (y) costs and expenses of liquidating the Master Fund;
- (z) any taxes, fees or other governmental charges levied against the Master Fund and all costs and expenses incurred in connection with any tax audit, investigation, settlement or review of the Master Fund;
- (aa) any other expenses related to the purchase, sale or transmittal of the Master Fund's assets, and
- (bb) expenses related to the Incentive LP's Deferred Performance Account (as defined in Section 7 – "*Performance Allocation*").

The expenses charged to the Trust or the Master Fund, as applicable, and the method of allocating of such expenses among the classes and series of Canadian Trust Units and Master Fund Units, as applicable, will be determined by the Investment Manager in its sole discretion and in accordance with the Investment Manager's expense allocation policies.

Expenses incurred by the Trust and the Master Fund, as applicable, will be deducted when determining the respective Net Asset Value of the Trust and the Master Fund, as applicable, and will generally be allocated by the Investment Manager to the applicable classes and series of Canadian Trust Units and/or Master Fund Units, as applicable, in respect of which the expenses were incurred.

The Investment Manager and/or the General Partner may from time to time, in each of their sole discretion, waive or reimburse the Trust or the Master Fund, as the case may be, for some of their expenses, including Organizational Expenses.

For financial reporting purposes, IFRS requires that the Organizational Expenses be treated as an expense when incurred. The financial statements of the Trust and the Master Fund will include a comparison of the Net Asset Value per unit for financial reporting purposes to the Net Asset Value per unit used for all other purposes, including the processing of subscriptions and redemptions.

The Management Fee will not be charged at the Trust level, but will instead be charged at the Master Fund Level. See Section 6 "*Investment Management Agreement – Management Fee*".

Except to the extent described above, the Investment Manager will render its services to the Trust and the Master Fund at its own expense and will be responsible for its overhead expenses including: office rent; utilities; furniture and fixtures; stationery; secretarial/internal administrative services; salaries; employee insurance and payroll taxes.

## **10. DEALER COMPENSATION**

### **Sales Commission**

No sales commission is payable to the Investment Manager in respect of Canadian Trust Units purchased directly by a subscriber. Registered dealers through whom a subscriber purchases Canadian Trust Units may charge a negotiated sales commission of up to 5%. Any such sales commission will be negotiated between the registered dealer and the subscriber and will be payable directly by the subscriber to the dealer. Investments in the Trust, including any required minimum investments, are net of such commissions.

### **Servicing Commission**

From the Management Fee received by the Investment Manager in respect of the series of Master Fund Units corresponding to the Class A Canadian Trust Units, the Investment Manager may pay a monthly servicing commission (the "**Servicing Commission**") to registered dealers whose clients hold Class A Canadian Trust Units. The rate of Servicing Commission will be negotiated between

the Investment Manager and registered dealers. The payments are calculated as at the last Valuation Date of each month and paid monthly in arrears by the Investment Manager.

The Investment Manager may pay additional compensation from its own account to registered dealers, individuals and entities who refer investors to the Fund on a case-by-case basis. Any such arrangements will be made in accordance with applicable legislation. Such payments may be modified or discontinued by the Investment Manager at any time. See Section 14 - *"Potential Conflicts of Interest"*.

## 11. ADMINISTRATOR

The Administrator, Apex Fund Services (Canada) Ltd., has been appointed by the Investment Manager, pursuant to a written administration agreement (the **"Administration Agreement"**), to provide administrative services to the Trust. The Administrator has its principal place of business at 350 Bay Street, Suite 1200, Toronto, ON M5H 2S6.

An affiliate of the Administrator, Apex Fund Services Ltd., has been appointed by the Investment Manager pursuant to a written administration agreement substantially similar to the Administration Agreement to provide administrative services to the Master Fund.

The Administrator, in the case of the Trust, and Apex Fund Services Ltd., in the case of the Master Fund, will calculate the Net Asset Value of the Trust and the Net Asset Value of the Master Fund, keep the books and records of the Trust and the Master Fund as required by applicable law or otherwise for the proper recording of the financial affairs of the Trust and the Master Fund, liaise with the Trust and the Master Fund's auditor with respect to the audit of the financial statements for each financial year of the Trust and the Master Fund, reconcile records of investments maintained by the Trust and the Master Fund, calculate all the operating expenses of the Trust and the Master Fund, determine the Management Fees, the Performance Allocation and the Net Asset Value of the Canadian Trust Units of each Unitholder, calculate each Unitholder's share of taxable income, expenses, gains and losses of all types, and complete the T3 return and T3 slips for the Unitholders, maintain the register of all the Unitholders of the Trust and partners of the Master Fund, prepare financial statements for the Trust and the Master Fund, pay to or deposit with the Trust and the Master Fund's bankers all moneys, bills and notes received by it on behalf of the Trust and the Master Fund, manage and make payments from accounts of the Trust and the Master Fund, manage and process subscriptions and redemptions, process allocations and distributions of income (including capital gains), dividends and/or losses to each Unitholder of the Trust and partner in the Master Fund and provide other services as agreed between the Trust, the Master Fund, the Investment Manager and the Administrator from time to time.

The Administrator and Apex Fund Services Ltd. will receive fees from the Trust and the Master Fund, respectively, in accordance with the Administration Agreement.

The Administrator has agreed to provide its services in accordance with applicable law and to exercise the care, diligence, and skill that would reasonably be expected of a prudent and professional administrator in providing the services set out in the Administration Agreement, subject to the control of and review by the Investment Manager. The Fund has agreed to indemnify and hold harmless the Administrator from and against all liabilities, damages, costs, claims and expenses (including and without limitation reasonable legal fees and amounts actually and reasonably incurred, with the consent of the Investment Manager, such consent not to be unreasonable withheld) (the **"Claims"**) incurred by the Administrator or its officers, employees, servants, or agents in the performance of any of their obligations or duties under the Administration Agreement (including and without limitation complying with directions given to the Administrator by or on behalf of the Investment Manager) except where such Claims arise from the Administrator's own gross negligence, willful misconduct, fraud, breach of its standard of care or material breach of the Administration Agreement. The Administrator will not be liable to the Trust and the Master Fund for any loss suffered by the Trust, the Master Fund, the General Partner or the Investment Manager in connection with the performance by the Administrator of its obligations under the Administration Agreement, except a loss resulting directly from the gross negligence, willful misconduct, fraud, breach of its standard of care or material breach of the Administration Agreement on the part of the Administrator in the performance of its obligations and duties. The Administrator will not be liable for any indirect, special or consequential loss howsoever arising.

The Administration Agreement may not be terminated within two years of the date of the Administration Agreement unless mutually agreed between both parties and thereafter may be terminated by either party upon at least 90 days' prior written notice to the other party. The Administration Agreement may also be terminated by either party under certain circumstances,

including bankruptcy or insolvency of the other party, and by the Investment Manager in the event of a change of control of the Administrator.

The Administrator is not responsible for any trading or valuation decisions of the Trust and the Master Fund all of which decisions will be made by the Investment Manager.

**THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICE TO THE FUND AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE FUND'S PERFORMANCE. THE ADMINISTRATOR WILL NOT BE RESPONSIBLE FOR MONITORING ANY INVESTMENT RESTRICTIONS OR COMPLIANCE WITH THE INVESTMENT RESTRICTIONS AND THEREFORE WILL NOT BE LIABLE FOR ANY BREACH THEREOF.**

## **12. AUDITOR**

PricewaterhouseCoopers LLP is the auditor for the Fund, and the General Partner or the Investment Manager, as applicable may change the Fund's auditor without prior notice to the Unitholders. Canadian law does not restrict the ability of auditors to limit their liability and the engagement letter or agreement the Fund has entered into with its auditor may contain exculpation provisions and provisions requiring the Fund to indemnify the auditor under certain circumstances.

## **13. BROKERAGE AND CUSTODY**

The Investment Manager is authorized to choose the broker or dealer to be used for each securities transaction for the Fund. In selecting brokers or dealers to execute transactions, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Investment Manager's practice to negotiate "execution only" commission rates, thus the Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Canadian securities laws permit an investment manager to use client brokerage commissions or "soft dollars" to obtain research and order execution goods and services that provide lawful and appropriate assistance in the investment decision-making process as long as that process is disclosed. Except for services that would be a Fund expense or as otherwise described below, the Investment Manager will limit the use of "soft dollars" to only obtain research and order execution goods and services. Research goods and services, as defined by applicable securities laws, may include, but are not limited to, research reports (including market research), certain financial newsletters and trade journals, software providing analysis of securities portfolios, corporate governance research and rating services, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, consultants' advice on portfolio strategy, data services (including services providing market data, company financial data and economic data), advice from brokers on order execution, and certain proxy services. Order execution goods and services, as defined by applicable securities laws, may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians), trading software operated by a broker-dealer to route orders, software that provides trade analytics and trading strategies, software used to transmit orders, clearance and settlement in connection with a trade, electronic communication of allocation instructions, routing settlement instructions, post trade matching of trade information, and services required by the Ontario Securities Commission or a self regulatory organization such as comparison services, electronic confirms or trade affirmations. The use of "soft dollars" arising from the Fund's investment transactions for services other than research and brokerage will be limited to goods and services that would otherwise be a Fund expense. The use of commissions to obtain such other services would be outside the parameters of applicable securities laws.

In some instances, the Investment Manager may receive a product or service that may be used only partially for functions within applicable securities laws (e.g., an order management system, trade analytical software or proxy services). In such instances, the Investment Manager will make a good faith effort to determine the relative proportion of the product or service used to assist the Investment Manager in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside what would be permissible under applicable securities laws. The proportion of the product or service attributable to assisting the Investment Manager in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside what would be permissible under applicable securities laws will be paid for by the Investment Manager from its own resources.



Research and brokerage services obtained by the use of commissions arising from the Fund's portfolio transactions may be used by the Investment Manager in its other investment activities and thus, the Fund may not necessarily, in any particular instance, be the sole direct or indirect beneficiary of the research or brokerage services provided.

Although the Investment Manager will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between the Investment Manager and its clients.

In order to make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, when selecting brokers and negotiating commission rates, the Investment Manager will take into account the financial stability and reputation of brokerage firms and the research, brokerage or other services provided by such brokers. The Investment Manager may place transactions with a broker or dealer that (i) provides the Investment Manager (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Fund or other products advised by the Investment Manager (or an affiliate), if otherwise consistent with seeking best execution, provided the Investment Manager is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

When appropriate, the Investment Manager may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

The Master Fund will maintain an account with the Prime Brokers, through which the Master Fund may execute trades, borrow securities and maintain custody of its securities.

The Fund reserves the right, in its sole discretion, to change the brokerage and custodial arrangements described above without further notice to Unitholders.

#### **14. POTENTIAL CONFLICTS OF INTEREST**

Securities regulation in Ontario requires that potential conflicts of interest be fully disclosed in this Offering Memorandum. Such potential conflicts are perceived to arise whenever a registrant such as the Investment Manager participates in the distribution of securities of a related or connected issuer.

In this case, because the Investment Manager acts as the trustee, manager and investment manager of the Trust and as the manager and investment manager of the Master Fund, and is an affiliate of the General Partner and the Incentive LP and because the Investment Manager earns fees from the ongoing management of the Fund's investment portfolio, the Trust is considered both a related issuer and a connected issuer of the Investment Manager. Details of this relationship and the fees earned by the Investment Manager are fully disclosed elsewhere in this Offering Memorandum.

The Investment Manager will use its best efforts in connection with the purposes and objectives of the Fund and will devote so much of its time and effort to the affairs of the Fund as may, in its judgment, be necessary to accomplish the purposes of the Fund. Under the terms of the Investment Management Agreement, the Investment Manager may from time to time be a portfolio manager to discretionary accounts and to other investment funds in addition to the Trust, the Partnership and the Master Fund. If the availability of any particular investment security is limited and that security meets the investment objective of the Fund and also that of one or more of the Investment Manager's other managed accounts and investment funds, such security will be allocated on an equitable basis having regard to whether the security is currently held in any of the relevant investment portfolios, the relevant size and rate of growth of the Fund, the managed accounts and the other funds, and any other factors which the Investment Manager considers reasonable.

The Investment Manager and its officers, directors, employees and agents (collectively the "**Affiliated Parties**") may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Fund. Without limiting the generality of the foregoing, any of the Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage investment funds, separate accounts or capital for others, may have, make and

maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. In this regard, it should be noted that the Investment Manager serves as investment manager to the Partnership, the Trust and the Master Fund and the General Partner serves as general partner to the Partnership, the Master Fund and the Incentive LP. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Fund. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which the Fund invests as well as interests in investments in which the Fund does not invest. One or more of the Affiliated Parties may also have a significant interest, directly or indirectly, in the Master Fund, and/or be a substantial securityholders of the Investment Manager, from time to time. A "significant interest" in the Master Fund means that any one Affiliated Party (directly or indirectly) holds more than 10% of the outstanding securities of the Master Fund, or that one or more Affiliated Parties together or individually (directly or indirectly) hold more than 50% of the outstanding securities of the Master Fund. A "substantial securityholder" of the Investment Manager means that one Affiliated Party or a group of Affiliated Parties (directly or indirectly) owns more than 20% of the voting securities of the Investment Manager.

As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Fund and other entities, in allocating investments among the Fund and other entities and in effecting transactions for the Fund and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

In addition, purchase and sale transactions (including swaps) may be effected between the Fund and the other entities or accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

From the standpoint of the Fund, simultaneous identical portfolio transactions for the Fund and the other clients may tend to decrease the prices received, and increase the prices required to be paid, by the Fund for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Fund and the other clients in an equitable manner as determined by the Investment Manager. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Fund for the same investment positions to be taken or liquidated at the same time or at the same price, however all transactions will be made on a "best execution" basis.

It should be noted that the Prime Brokers and the Administrator act as prime broker and administrator for other funds and thus may have conflicts from time to time.

In certain circumstances, the Investment Manager may pay referral fees to registered dealers, individuals and entities who refer investors to the Fund on a case-by-case basis. Although any such arrangements will be made in accordance with applicable legislation, such arrangements may give rise to conflicts of interest.

## **15. RISK FACTORS**

**The following risks factors should be carefully considered before making an investment in the Fund. Readers are cautioned that the risk factors identified below and elsewhere in this Offering Memorandum and the discussion thereof are not exhaustive. Many risk factors are beyond the Investment Manager's control and each contributes to the possibility that the Fund's investment objective will not be met or that the Fund's performance may be materially different from those expressed or implied herein.**

**Prospective investors should read this entire Offering Memorandum and consult with their legal, financial and other professional advisors before making a decision to invest in the Fund.**

### **Speculative Investment**

**The Fund (including the Trust through its investment in the Master Fund) is highly speculative and an investment in the Fund entails substantial risks. The Fund is not intended as a complete investment program. The Fund is intended only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment and who have a limited need for liquidity in their investment.**

### **General Economic and Market Conditions**

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

### **Foreign Market Exposure**

The Fund will, at any time, include securities established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to similar Canadian and U.S. issuers, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. issuer. Other risks include the application of foreign tax law, changes in governmental administration or economic or monetary policy, and the effect of local market conditions on the availability of public information. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

### **Foreign Currency Exposure**

Securities included in the Fund may be valued in or have exposure to currencies other than the U.S. dollar and, accordingly, the Net Asset Value of a Class will, when measured in U.S. dollars, be affected by fluctuations in the value of such currencies relative to the U.S. dollar. However, the Investment Manager may hedge the U.S. dollar exposure to the foreign currency in whole or in part. There can be no assurance that gains or losses on currency hedging transactions will be matched in timing or characterization with losses and gains on the securities valued in foreign currencies in which the Fund invests.

### **Nature of investments**

The Investment Manager has broad discretion in making investments for the Fund. Investments will generally consist of securities and other financial instruments in the financial services universe and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities and the value of its investments. In addition, the value of the Fund's portfolio may fluctuate as the general level of interest rates fluctuates. **No guarantee or representation is made that the Fund's investment objective will be achieved.**

### **Changes in Investment Strategy**

The Investment Manager may alter the Fund's investment objective, strategies and restrictions without prior approval of the Unitholders if the Investment Manager determines that such changes are in the best interests of the Fund, subject to providing at least 60 days' prior written notice to Unitholders of any changes therein and in such case, providing Unitholders with the right to redeem their Canadian Trust Units then held.

### **Small to Medium Capitalization Companies**

The Fund may invest a portion of its assets in the securities of companies and other issuers with small-to medium-sized market capitalizations. While the Investment Manager believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in securities of larger issuers. For example, due to thin trading in the securities of some small-capitalization issuers, an investment in these securities may be more illiquid than securities of larger capitalization issuers.

### **Special Situations**

The Fund may invest in issuers involved in (or the target of) acquisition attempts or tender offers or in issuers involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss.

Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled issuers in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such issuers. In connection with such transactions (or otherwise), the Fund may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when the Fund enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

### **Non-Canadian Securities**

The Fund may invest in securities of non-Canadian governments and issuers and which are not denominated in Canadian dollars, or in options on such non-Canadian securities. Investing in securities of non-Canadian governments and issuers that are generally denominated in non-Canadian currencies and utilization of options on non-Canadian securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the Canadian government or Canadian issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in Canada, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### **Short Sales**

The Fund may engage in short sales of securities. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. There is a risk that the securities borrowed by the Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Short selling is a part of the Fund's investment strategy; however, it is possible that regulatory, self-regulatory or legislative action may be taken by governments, regulators or other authoritative bodies around the world that may restrict the ability of the Fund to enter into short sales or cause the Fund to publicly disclose or report short positions or have other compliance-related consequences on the Fund and/or the Investment Manager. Short sale reporting obligations may result in all or a portion of the Fund's portfolio being open to public and regulatory scrutiny. Such public reporting (and the frequency thereof) could provide competitors and others insight into the Fund's investment strategy and portfolio composition, and may provide competitors and others the ability to attempt to replicate or reverse-engineer the Fund's portfolio.

Any prohibition or limitation on the Fund's ability to undertake short sales of securities and other financial instruments in any geographic region could materially adversely affect the Fund's portfolio, its investment strategy and the likelihood of achieving its investment objective. Any such regulatory, self-regulatory or legislative action may also cause the Fund to incur additional costs, which may be substantial, in complying with such laws and rules and may result in greater operational risk.

### **Derivatives**

To the extent that the Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Fund, and hence the Fund should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

There has been an international effort to increase the stability of the over-the-counter derivatives market in response to the recent financial crisis; however, the overall impact of these efforts remains unclear.

### **Options**

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### **Convertible Securities**

The Fund may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the Issuer's underlying shares or the shares of another issuer or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

### **Use of Leverage**

As noted in Section 3 – "*Investment Program*" above, the Fund may utilize leverage. The use of leverage may result in the Fund controlling substantially more assets than the Fund has equity. Leverage increases the Fund's returns if the Fund earns a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Fund to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Investment Manager may find it difficult or impossible to obtain leverage for the Fund. In such event, the Fund could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager being forced to unwind the Fund's positions quickly and at prices below what the Investment Manager deems to be fair value for such positions.

### **Lack of Diversification**

The Fund's portfolio will primarily be invested in securities and other financial instruments and may not be widely diversified among sectors, industries, issuers, types of securities or geographic areas. Accordingly, the Fund's portfolio may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification.

### **Convergence Risk**

The Fund may pursue relative value strategies by taking long positions in securities the Investment Manager believes to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricing underlying the Fund's trading positions were to fail to converge toward, or were to diverge further from, the Investment Manager's expectations, the Fund may incur a loss.

### **Portfolio Turnover**

The investment strategy of the Fund may require the Investment Manager to actively trade the Fund's portfolio, and as a result, turnover and brokerage commission expenses of the Fund may significantly exceed those of other investment entities of comparable size.

### **Counterparty Risk**

To the extent that the Fund invests in swaps, “synthetic” or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-Canadian securities, the Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

### **Brokerage and Custodial Risk**

There are risks involved in dealing with the custodians or prime brokers who settle the Fund’s trades. The Fund maintains custody accounts with its prime brokers and primary custodians, BMO Nesbitt Burns (the “**Prime Brokers**”). The Fund may engage additional brokers and custodians from time to time, as the General Partner or the Investment Manager, as applicable determines to be necessary or advisable. Although the Fund will monitor its Prime Brokers and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that the Fund may use from time to time, will not become bankrupt or insolvent. While there are laws that seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Fund assets, the Fund would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Fund and/or the Prime Brokers may appoint sub-custodians in certain non-Canadian jurisdictions to hold the assets of the Fund. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-Canadian jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a Fund by a custodian may not be available to the Fund. Under certain circumstances, including certain transactions where the Master Fund’s assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Master Fund’s assets are held at a non-Canadian custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Master Fund and the Master Fund could be exposed to a credit risk with regard to such parties. Custody services in certain non-Canadian jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-Canadian jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-Canadian jurisdictions, the ability of the Master Fund to recover assets held by a sub-custodian in the event of the sub-custodian’s bankruptcy or insolvency could be in doubt, as the Master Fund may be subject to significantly less favorable laws than many of the protections that would be available under Canadian laws. In addition, there may be practical or time problems associated with enforcing the Fund’s rights to its assets in the case of a bankruptcy or insolvency of any such party.

### **Lack of Liquidity of Fund Investments**

Fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

### **Limited Transfer and Rights**

The resale or transfer of Canadian Trust Units is subject to restrictions imposed by the Declaration of Trust, including consent by the Investment Manager, and applicable securities legislation. Transfers of Canadian Trust Units will be permitted only with the written consent of the Investment Manager. Redemptions of Canadian Trust Units are subject to restrictions imposed by the Declaration of Trust as to the timing and fulfillment of redemption requests for Canadian Trust Units. See Section 8 – “*Summary of the Declaration of Trust*”. Consequently, holders of Canadian Trust Units may not be able to liquidate their investment in a timely manner and the Canadian Trust Units may not be readily accepted as collateral for a loan.

### **Performance Allocation**

The payment at the Master Fund level of a percentage of the Master Fund’s net profits to the Incentive LP, which is an affiliate of the Investment Manager, may cause the Investment Manager to make investments that are riskier or more speculative than

would be the case if this allocation were not made. Since the Performance Allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

### **Limited Operating History for the Fund**

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

### **Dependence on the Investment Team**

The success of the Fund depends in substantial part on the skill and expertise of the Investment Manager's investment team. There can be no assurance that any individual will continue to be affiliated with the Investment Manager throughout the life of the Fund or will continue to be available to manage the Fund. The unavailability of members of the investment team to manage the Fund could have a material adverse effect on the Fund.

### **No Right to Control the Fund's Operations**

The Fund will be managed exclusively by the Investment Manager and the General Partner (with respect to the Master Fund). Unitholders will not make decisions with respect to the management, disposition or other realization of any investment, the day-to-day operations of the Fund, or any other decisions regarding the Fund's business and affairs. Unitholders should expect to rely solely on the ability of the Investment Manager and the General Partner (with respect to the Master Fund) with respect to the Fund's operations. An investment in the Fund should be regarded as a passive investment.

### **Fees and Expenses**

The Fund is obligated to pay fees, brokerage commissions, legal, accounting, filing and other expenses regardless of whether it realizes profits.

### **Recourse to the Fund's Assets**

The assets of the Fund, including any investments made and any capital held by the Fund, are available to satisfy all liabilities and obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

### **Indemnification**

The Fund will be required to indemnify the Investment Manager and the General Partner, as applicable, and each other Indemnified Person for liabilities incurred in connection with the management of the Fund's activities, except under certain circumstances. Such liabilities may be material and may have an adverse effect on the returns to the Unitholders. The indemnification obligation of the Fund would be payable from the assets of the Fund. See Section 8 - "*Summary of the Declaration of Trust*".

### **Master-Feeder Fund Structure**

Multiple Feeder Vehicles invest substantially all of their capital in the Master Fund. The master-feeder fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. Feeder Vehicles with smaller investments in the Master Fund may be materially affected by the actions of larger Feeder Vehicles. For example, if a larger Feeder Vehicle redeems from the Master Fund, the remaining Feeder Vehicles may experience higher *pro rata* operating expenses, thereby producing lower returns. Similarly, the Master Fund may become less diverse and its investment assets less liquid due to a redemption by a larger Feeder Vehicle, resulting in increased portfolio risk. Further, a master-feeder structure entails two layers of operating costs, those attributable to the Feeder Vehicles in addition to the proportionate share of the expenses of the Master Fund.

### **Tax Liability**

Prospective investors are urged to consult with their own tax advisers with respect to their tax situation and the effects of an investment in the Trust. There can be no assurances that the structure of the Fund or the investments made by the Master Fund

will be tax efficient for any particular investor. For example, Unitholders may incur tax liabilities in excess of actual cash distributions made prior to the date the liability arises or the tax is due. Further, in general, tax laws, rules and procedures are extremely complex and subject to change. See Section 16 - "*Certain Tax Considerations*".

### **Portfolio Valuation**

Valuations of the Fund's investment assets, which will affect the Fund's Net Asset Value, the amount of the Investment Management Fee payable to the Investment Manager and Performance Allocation to the Incentive LP, may involve uncertainties and determinations based on judgments. Third-party pricing information may at times not be available regarding the Fund's investments. The Investment Manager may have a limited ability to obtain accurate market quotations for purposes of valuing such investments, which may require the Investment Manager to estimate, in accordance with its established valuation policies, the value of the Fund's investments on a Valuation Date, and the Investment Manager is not required to obtain an independent appraisal of such investments. If the Investment Manager's valuation should prove to be incorrect, the value of the Fund's investments could be adversely affected.

The Fund may have some of its assets in investments that, by their very nature, may be extremely difficult to value accurately. To the extent that the value designated by the Fund to any such investment differs from its 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 his or her Canadian Trust 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 an investor might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund. In addition, there is risk that an investment in the Fund by a new investor (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 Fund. Furthermore, there is a risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more to purchase Canadian Trust Units 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 Fund. The Fund does not intend to adjust the Net Asset Value per unit of any class of Canadian Trust Units or Master Fund Units retroactively.

Finally, the Fund may not be able to convert its investments to cash at a fair market price when it needs to or it may bear additional costs in doing so.

### **Effects of Substantial Withdrawals**

Substantial withdrawals by limited partners of the Master Fund and/or investors of any Feeder Vehicle within a short period of time could require the Master Fund to arrange for the Master Fund's positions to be liquidated more rapidly than would otherwise be desirable, which could (i) adversely affect the value of the remaining investors' interests in the Fund, (ii) cause the Fund to utilize leverage in order to satisfy redemption requests, which could cause the remaining investors to bear the costs of such leverage, or (iii) result in the General Partner and/or the Investment Manager choosing to terminate the Fund. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

### **Side Letters**

The Trust, the Master Fund, any other Feeder Vehicle, the Investment Manager or the General Partner may, from time to time, without the approval of or notice to any Unitholder, enter into agreements ("**Other Agreements**") with certain prospective, existing or other investors in the Fund whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in this Offering Memorandum. For example, such terms and conditions may provide for special redemption rights, rebates or reductions in fees to be paid by the investors, rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated with such investors. Any such Other Agreements will be solely at the discretion of the Investment Manager or the General Partner and may, among other things, be based on the size of the investor's investment in the Fund, an agreement by such investor to maintain a minimum investment in the Fund for a specified period of time, or other similar commitment by the investor.

### **Fund of Fund Risk**



The Trust will invest all or substantially all of its net assets in the Master Fund. The investments of the Master Fund will be selected by the Investment Manager, in its capacity as investment fund manager and portfolio manager of the Master Fund, in its sole discretion, in the interest of achieving the investment objective of the Master Fund. Since the Trust invests all or substantially all of its net assets in the Master Fund, it has the same risks as the Master Fund.

The Trust is a limited partner of the Master Fund and as a result there are certain risks applicable to the Trust in its capacity as a limited partner of the Master Fund. While it is expected that the Trust will have limited liability, if the Trust were to lose its status as a limited partner, it could cease to have limited liability and could be subject to certain adverse tax consequences.

It could also be liable for its subscription price, *pro rata* share of undistributed income retained by the Master Fund and for any portion of the subscription price returned to the Trust by the Master Fund. In addition, in certain circumstances, the Trust could be required to return distributions previously made by the Master Fund. Where the Trust has received the return of all or part of the amount contributed to the Master Fund, the Trust is nevertheless liable to the Master Fund or, where the Master Fund is dissolved, to its creditors for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Master Fund to all creditors who extended credit or whose claims otherwise arose before the return of the contribution. The occurrence of any of the above could have an adverse effect on the value of the Canadian Trust Units.

### **Liability of Unitholders**

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

### **Legal Counsel**

Although AUM Law Professional Corporation ("**AUM Law**") and Conyers Dill & Pearman (Cayman) Limited ("**CDP**") participated in the preparation of this Offering Memorandum and may from time to time advise the Fund with respect to the law of Ontario, Canada and the Cayman Islands, respectively, AUM Law and CDP have not independently verified any factual assertions made in this Offering Memorandum and are not responsible for the Fund's compliance with its investment program or applicable law. No person should invest in the Fund as a result of AUM Law's or CDP's participation in the preparation of this Offering Memorandum or their representation of the Fund. AUM Law, CDP, the Investment Manager, the Trust and the Master Fund urge each prospective investor to consult with its own legal, accounting, business, investment, pension and tax advisors to determine the appropriateness and consequences of an investment in the Fund and arrive at an independent evaluation of the merits of such investment. Prospective investors are not to construe to contents of this Offering Memorandum as legal, accounting, business, investment, pension or tax advice.

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

Legal, tax and regulatory changes to laws or administrative practice could adversely affect the Fund. Interpretation of law or administrative practice may affect the characterization of the Fund's earnings as capital gains or income, which may increase the level of tax borne by the investor as a result of increased allocations of taxable income from the Fund. The Master Fund may receive dividends on shares held in foreign companies and such dividends may be subject to foreign withholding taxes. Changes to foreign tax laws could adversely affect the net amount of dividends received by the Master Fund.

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the U.S. (the "**IGA**"), and related Canadian legislation, the Fund is required to report certain information with respect to investors who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans), to the Canada Revenue Agency ("**CRA**"). The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Convention. If the Fund is unable to comply with any of its obligations under the IGA, the imposition of a 30% U.S. withholding tax on certain specified payments (i.e. "withholdable payments" as defined under the regulations to

the U.S. Foreign Account Tax Compliance Act (“**FATCA**”) made to the Fund, as well as penalties under the Tax Act, may affect the Net Asset Value of the Fund and may result in reduced investment returns to Unitholders.

In accordance with Part XIX of the *Income Tax Act* (Canada) which implements the Organisation for Economic Co-operation and Development Common Reporting Standard (“**CRS**”), the Investment Manager is required to report on behalf of the Fund certain information with respect to Unitholders who are tax resident in jurisdictions other than Canada and the U.S., or who are controlled by one or more individuals who are tax resident in such jurisdictions. The CRA will then exchange the information with the tax authorities in the relevant participating foreign jurisdictions.

The administrative costs of compliance with FATCA and CRS may also cause an increase in the operating expenses of the Fund further reducing returns to Unitholders. Unitholders should consult their own tax advisers regarding the possible implications of this legislation on them and their investments. Subscribers for Canadian Trust Units acknowledge that any information reported to the CRA by Investment Manager under FATCA or CRS in connection with the subscriber’s investment in Units shall not be treated as a breach of any restriction upon the disclosure of information that may be imposed by Canadian law or otherwise.

The CRA can assess the Master Fund for a failure of the Master Fund to withhold tax on distributions made by it to non-resident investors that are subject to withholding tax, and typically would do so rather than assessing the non-resident investors directly. Accordingly, any such re-determination by the CRA may result in the Master Fund being liable for unremitted withholding taxes on prior distributions made to investors who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As the Master Fund may not be able to recover such withholding taxes from the non-resident investors whose units were redeemed, payment of any such amounts by the Master Fund would reduce the Net Asset Value of the Fund.

New tax loss restriction rules will apply to the Fund if the Fund does not satisfy certain investment diversification conditions at a time when a person (counted together with its affiliates) becomes a majority Unitholder. This could happen when an investor or its affiliate acquires Canadian Trust Units. Each time the loss restriction rules apply, Unitholders may automatically receive unscheduled distributions of income and/or capital gain. These distributions must be included in the calculation of Unitholders’ income for tax purposes. Also, future distributions paid by the Fund may be larger than they otherwise would have been due to the restriction on the deduction of prior losses.

#### **Distributions and Allocations**

The Trust does not intend to make distributions and the Trust is not required to distribute its profits. If the Trust has taxable income for Canadian federal income tax purposes for a Fiscal Year, such income will be allocated to Unitholders in accordance with the provisions of the Declaration of Trust and will be required to be included in computing their income for tax purposes. The amount of income allocated to a Unitholder for tax purposes in any year may exceed, perhaps significantly, the amount of cash distributed to such Unitholder in respect of such year.

#### **Redemptions in Kind**

Provided that the Trust qualifies as a mutual fund trust for purposes of the Tax Act at all relevant times, the Canadian Trust Units will be qualified investments for trusts governed by Registered Plans. In the event that on redemption of Canadian Trust Units, a Unitholder that is a Registered Plan receives Master Fund Units or other securities, such Master Fund Units or other securities will not be a qualified investment for the Registered Plan. This would give rise to adverse tax consequences. See 16. “*Certain Tax Considerations*”.

#### **No Review by Regulatory Authorities**

This Offering Memorandum constitutes a private offering of the Canadian Trust Units in the Offering Jurisdictions pursuant to prospectus exemptions under the securities laws of Canadian provinces and territories. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, advertisement, or public offering of Canadian Trust Units. Neither this Offering Memorandum or any other material relating to this Offering has been reviewed or considered by the Ontario Securities Commission, CRA, or any other governmental or regulatory authority.

#### **Business and Regulatory Risks of Investment Funds**

The domestic and international regulatory environment for investment funds is evolving, and changes in the regulation of investment funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to

comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governments, self-regulatory organizations and judicial actions. The effect of any future regulatory change on the Fund could be substantial and adverse.

### **Data Security and Privacy Breaches**

The cybersecurity risks faced by the Investment Manager, the General Partner, the Fund, service providers and Unitholders have increased in recent years due to the proliferation of cyber-attacks that target computers, information systems, software, data and networks. Cyber-attacks include, among other things, unauthorized attempts to access, disable, modify or degrade information systems and networks, the introduction of computer viruses and other malicious codes such as "ransomware", and fraudulent "phishing" emails that seek to misappropriate data and information or install malware on users' computers. The potential effects of cyber-attacks include the theft or loss of data, unauthorized access to, and disclosure of, confidential personal and business-related information, service disruption, remediation costs, increased cyber-security costs, lost revenue, litigation and reputational harm which can materially affect the Fund. The Investment Manager and the General Partner, as applicable, continuously monitor security threats to its information systems and implements measures to manage these threats, however the risk to the Investment Manager, the General Partner and the Fund and therefore Unitholders cannot be fully mitigated due to the evolving nature of these threats, the difficulty in anticipating such threats and the difficulty in immediately detecting all such threats.

### **Future Regulation**

Growing concern about the lack of regulation of private investment partnerships and hedge funds has led to the proposal of various state, provincial and federal laws and regulations in the U.S., Canada and other jurisdictions regarding investment partnerships and hedge funds and may in the future lead to additional such proposals. Such regulatory proposals, or any future proposals, if adopted could adversely affect the Fund, including its business, financial condition and prospects.

## **16. CERTAIN TAX CONSIDERATIONS**

### **Certain Canadian Federal Tax Considerations**

The following is a general summary of the principal Canadian federal income tax consequences to a prospective Unitholder of the acquisition, holding and disposition of Units in the Fund acquired pursuant to this Offering Memorandum. It is assumed for the purposes of this summary that: (i) the Unitholder is an individual (other than a trust) that is a resident of Canada for purposes of the Tax Act; (ii) the Unitholder is the original purchaser and beneficial owner of the Units; (iii) the Unitholder deals at arm's length with the Fund, the Investment Manager and the Master Fund; (iv) the Unitholder has not entered into, and will not enter into, a "derivative forward agreement" or "synthetic disposition arrangement" with respect to the Units; and (v) the Unitholder holds the Units as capital property and not in the course of carrying on business, and the Units have not been acquired in a transaction considered to be an adventure in the nature of trade. Generally, Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have such Units, and any other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and all subsequent taxation years, deemed to be capital property. Such holders should consult their own tax advisors regarding their particular circumstances.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act or the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and the current published administrative practices of the Canada Revenue Agency (the "**CRA**"). This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from those described. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect Unitholders.

This summary is based on the assumption that the Fund will qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act before the 91st day after the end of its first taxation year, that the Fund will elect under subsection 132(6.1) of the Tax Act in its income tax return for its first taxation year to be deemed to have been a mutual fund trust from its inception, and that the Fund will continue to qualify as a mutual fund trust at all relevant times. In order to qualify as a mutual fund trust, among

other things, the Fund must restrict its undertaking to investing its funds in property and must comply on a continuous basis with certain minimum distribution requirements relating to the Units. The Investment Manager expects that the Fund will qualify as a mutual fund trust under the Tax Act at all relevant times. If the Fund does not qualify as a mutual fund trust at all relevant times, the income tax considerations could be materially different from that described below.

This summary is also based on the assumption that the Fund and the Master Fund will not invest in or hold (i) securities of a non-resident trust that is not an "exempt foreign trust" as defined in section 94 of the Tax Act, or (ii) securities of a non-resident entity that would require the Fund or the Master Fund to include an amount in income under sections 91, 94.1, or 94.2 of the Tax Act.

This summary is also based on the assumption that (a) the Fund will not be a "financial institution" for the purposes of the "mark-to-market" rules contained in the Tax Act, (b) the Fund will not be a "tax shelter" as that term is defined in the Tax Act and none of the investments held by the Fund will be "tax shelter investments" within the meaning of Section 143.2 of the Tax Act, and (c) "investments" (as defined in the Tax Act) in the Fund are not, and will not be, listed or traded on a stock exchange or any other trading system or other organized facility. If this assumption is not correct, the Fund would be a "specified investment flow-through trust" for purposes of the Tax Act and the consequences to the Fund and the Unitholders under the Tax Act would be materially different from that described below.

**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, and no representation with respect to the Canadian federal income tax consequences to any particular Unitholder is made. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholder's particular circumstances. Consequently, prospective purchasers of Units are advised to consult their own tax advisers with respect to their particular circumstances.**

## **Taxation of Unitholders**

### Distributions

A Unitholder is generally required to include in computing income the portion of the net income of the Fund, including net taxable capital gains (determined for purposes of the Tax Act), that is paid or payable to the Unitholder, whether that amount is received in cash, additional Units or otherwise. It is expected that the Fund will designate, to the extent permitted by the Tax Act, the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains or taxable dividends from Canadian corporations of the Fund. Income of the Fund derived from foreign sources may be subject to foreign withholding taxes which, to the extent permitted by the Tax Act, may be claimed as a deduction or credit by Unitholders. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply. To the extent amounts are designated as net taxable capital gains, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below under "Taxation of Capital Gains". The non-taxable portion of any net capital gains of the Fund, the taxable portion of which is so deemed to be paid to a Unitholder in a taxation year, will not be included in computing such Unitholder's income for the year.

Distributions by the Fund in excess of its net income for tax purposes in a year will not generally be included in the Unitholder's income for the year. However, a Unitholder will be required to reduce the adjusted cost base of his or her Units by the portion of any amount paid or payable to the Unitholder by the Fund (other than the non-taxable portion of certain capital gains the taxable portion of which was designated by the Fund for the year as described in the paragraph above) that was not included in computing the Unitholder's income. A Unitholder will realize a capital gain to the extent that the adjusted cost base of such Unitholder's Units would otherwise be a negative amount, and the adjusted cost base of such Units will be deemed to be nil immediately thereafter.

### Disposition of Units

On the disposition or deemed disposition of a Unit by a Unitholder, whether on redemption or otherwise, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder's income (such as an amount designated as payable by the Fund to a redeeming Unitholder out of capital gains or income of the Fund as described above).

For the purpose of determining the adjusted cost base to a Unitholder of Units when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all identical Units owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units.

The reclassification of Units as Units of another class of the Fund will generally not be considered to be a disposition for tax purposes and, accordingly, the Unitholder will not realize a gain or a loss as a result of a reclassification. The Unitholder's adjusted cost base of the Units received for the Units of another class will equal the adjusted cost base of the former Units.

Unitholders will be advised each year of the amount of net income, net taxable capital gains and return of capital paid or payable to them, the amount of net income considered to have been received as a taxable dividend and the amount of any foreign taxes considered to have been paid by them. Individuals may be liable for alternative minimum tax in respect of dividends received from taxable Canadian corporations and realized net taxable capital gains.

Subject to the provisions of the Declaration of Trust, distributions will be allocated amongst the Classes and Series of Units in such manner as the Investment Manager considers appropriate and equitable.

Where Units are redeemed by the transfer of Master Fund Units to the Unitholder thereof, the Unitholder will be considered to have disposed of such units for proceeds of disposition to the Unitholder equal to the fair market value of such Master Fund Units so distributed less any income or capital gain realized by the Fund as a result of the redemption of those Units to the extent such income or the taxable portion of such capital gain is designated by the Fund as payable by it to the redeeming Unitholder. Any such income and the taxable portion of any such capital gain that has been so designated will be required to be included in computing the Unitholder's income. The cost of any Master Fund Units in the Master Fund (other than, as described below under the heading "Taxation of Limited Partners in the Master Fund – At-Risk Amount", for the purposes of determining the Limited Partner's at-risk amount) transferred by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of the Master Fund Units at the time of such redemption.

#### Taxation of Capital Gains

One-half of any capital gain realized by a Unitholder, and the amount of any net taxable capital gains designated by the Fund in respect of such Unitholder, will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by such a Unitholder on a disposition, or deemed disposition, of Units is required to be deducted only from taxable capital gains of the Unitholder in the year of disposition, and any excess of one-half of such capital losses over taxable capital gains may generally be deducted in computing taxable income in the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

#### **Taxation of the Fund**

The taxation year of the Fund is the calendar year. In each taxation year, the Fund is subject to tax under the Tax Act on its income for the year, including net realized taxable capital gains, computed in accordance with the detailed provisions of the Tax Act, less any portion thereof that it deducts in respect of amounts paid or payable in the year to Unitholders. It is the Fund's intention to distribute to Unitholders in each year its net income and net realized capital gains (net of realized capital losses, non-capital loss carry forwards or capital loss carry forwards, if any), taking into account any entitlement to capital gains refunds, to such an extent that the Fund will not be liable in any year for income tax under Part I of the Tax Act. To the extent the Fund has insufficient funds to make cash distributions, the Fund will make distributions by the issuance of additional Units.

The income for purposes of the Tax Act of the Fund for a taxation year will include its share of the income of the Master Fund for its corresponding taxation year. The consequences to the Fund of being a Limited Partner in the Master Fund is described below under the heading "Taxation of Limited Partners in the Master Fund".

In computing its income for purposes of the Tax Act, the Fund may deduct reasonable administrative costs and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of any reasonable expenses incurred by it to issue Units. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such issue expenses pro-rated for a taxation year of the Fund that is less than 365 days.

In the event the Fund is otherwise liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the "**Capital Gains Refund**"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise as a result of the distribution of Master Fund Units in connection with the redemption of Units.

A distribution by the Fund of investments upon a redemption of Units will be treated as a disposition by the Fund of such investments so distributed for proceeds of disposition equal to their fair market value. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the distributed Fund investments and any reasonable costs of disposition. The Fund currently intends to treat as payable to and designate to a redeeming Unitholder any capital gain or income realized by the Fund as a result of the distribution of such property to the Unitholder.

The Fund is required to compute all amounts, including interest, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains for capital losses for the Fund may be affected by changes in the value of a foreign currency relative to the Canadian dollar.

### **Taxation of Limited Partners in the Master Fund**

The following is a general summary of the principal Canadian federal income tax consequences to a Limited Partner of holding and disposing of Master Fund Units. It is assumed for the purposes of this summary that: (i) the Limited Partner is the Fund or a Unitholder that is described above that acquired his or her interests on the redemption of Units; (ii) all costs or expenses incurred by or on behalf of the Master Fund or any Limited Partner are reasonable in relation to the property acquired and the services provided; (iii) the Limited Partner holds the Master Fund Units as capital property and not in the course of carrying on business, and the Master Fund Units have not been acquired in a transaction considered to be an adventure in the nature of trade; (iv) the Limited Partner has not entered into, and will not enter into, a "derivative forward agreement" or "synthetic disposition arrangement" in respect of the Master Fund Units; (v) at all relevant times no Master Fund Unit (or other investment) in the Master Fund is listed or traded on a stock exchange or other "public market"; and (vi) not more than 50% of the fair market value of all Master Fund Units will be held by one or more persons who are "financial institutions" for the purposes of the Tax Act.

#### Recognition of the Master Fund

The Tax Act does not define what constitutes a partnership but does describe the income tax consequences where one exists. In Interpretation Bulletin IT-90, dated February 9, 1973, CRA states its view that, generally, a partnership is the relation that subsists between persons carrying on business in common with a view to profit and that whether a particular arrangement at a particular time constitutes a partnership is a matter determined by relevant provincial law. Formal registration as a partnership under applicable law is not in itself decisive. The Investment Manager expects that each of the Master Fund will be considered to be a partnership for purposes of the Tax Act.

#### Computation of Master Fund Income or Loss

The Master Fund itself will not be a taxable entity and will not be required to file an income tax return in Canada. The income or loss of the Master Fund for a fiscal period for purposes of the Tax Act will be computed as if it were a separate person resident in Canada. The income of the Master Fund as determined for purposes of the Tax Act may differ from its income as determined for accounting or non-Canadian tax purposes and may not be matched by cash distributions.

#### Cash/Income Differences

Due to potential timing differences between income recognition for tax purposes and actual cash distributions, including as a result of the accrual of interest income as described further below, or dispositions of assets where proceeds are reinvested rather than distributed, for example, it is possible that a Limited Partner may incur tax liabilities in excess of actual cash distributions made prior to the date the liability arises or the tax is due. Given the wide range of investment strategies open to the Master Fund, it is not possible to predict the nature, timing or extent of the circumstances in which this may occur. In addition, it is possible that, for income tax purposes, income or gains will be allocated to Limited Partners with respect to cash distributions that are treated as a return of capital contributions under the Master Fund's distribution provisions.

### Computation of Income of Limited Partners

Each Limited Partner will be required to include in its income or loss for tax purposes for a taxation year, subject to the "at-risk" rules discussed below, the Limited Partner's share of the income or loss for each Fiscal Year of the Master Fund ending in, or at the end of, that taxation year whether or not the Limited Partner has received or will receive a distribution from the Master Fund. The Fiscal Year of the Master Fund ends on December 31 in each calendar year, and a Fiscal Year of the Master Fund will end upon the dissolution of the Master Fund. In general, a Limited Partner's share of any income or loss from the Master Fund from a particular source will be treated as if it were income or loss of the Limited Partner from that source, and any provisions of the Tax Act applicable to that type of income or loss will apply to the Limited Partner.

The characterization of the gains (or losses) realized by the Master Fund on the disposition of investments as either capital gains (or losses) or income gains (or losses) will depend largely on factual considerations, and no conclusions are expressed herein. In addition, there is no certainty that CRA will accept the position of the Master Fund in respect of each disposition. Under the Tax Act, certain taxpayers may make an irrevocable election under subsection 39(4) of the Tax Act to deem every "Canadian security" (as defined in the Tax Act for this purpose) to be held as capital property. Where a Canadian security has been disposed of by the Master Fund in a particular Fiscal Year of the Master Fund, a Limited Partner has made such an election and the Limited Partner is not a person to whom the election does not apply at the end of that Fiscal Year, the election will apply to the Limited Partner's share or any gain or loss arising on the disposition.

In certain circumstances the Master Fund will be required to include accrued but unpaid interest on investments in debt securities and, in some cases, the Master Fund may be required to accrue interest income based on a rate that exceeds the interest rate in respect of the debt security.

### Losses

To the extent of its at-risk amount, a Limited Partner's share of losses of the Master Fund (other than capital losses) for any Fiscal Year may be applied against income of the Limited Partner from any other source to reduce income for the relevant taxation year and, to the extent it exceeds other income for that year, generally may be carried back three years and forward 20 years and deducted in computing its taxable income for those years.

Allowable capital losses (one-half of capital losses) are only deductible against taxable capital gains (one-half of capital gains) for purposes of the Tax Act. Accordingly, a Limited Partner's share of any allowable capital losses of the Master Fund will be deductible against taxable capital gains realized in the year the loss is allocated or in any of the three years preceding the year or any year following the year to the extent and under the circumstances described in the Tax Act.

### At-Risk Amount

The at-risk amount of a Limited Partner in respect of the Master Fund is determined in accordance with detailed rules contained in the Tax Act. In general terms, the at-risk amount of a Limited Partner in respect of the Master Fund at the end of the fiscal period of the Master Fund is (i) the adjusted cost base of the Limited Partner's Master Fund Units at that time, plus (ii) the Limited Partner's share of the income of the Master Fund for the fiscal period, less the aggregate of (y) all amounts owing by the Limited Partner to the Master Fund or to a person with whom the Master Fund does not deal at arm's length, and (z) any amount or benefit (with certain specified exceptions) that the Limited Partner is entitled to receive where the amount or benefit is intended to protect the Limited Partner from any loss that may be sustained by virtue of being a member of the Master Fund or holding or disposing of Master Fund Units. Where a transferee acquires Master Fund Units from a transferor other than the Master Fund, the cost to the transferee of such Master Fund Units for purposes of determining the relevant at-risk amount is the lesser of the transferee's cost of such Master Fund Units and the transferor's adjusted cost base of such Master Fund Units. Where the adjusted cost base of the transferor cannot be determined, the at-risk amount of the transferee is nil.

The portion, if any, of the Master Fund's non-capital losses that is not deductible by a Limited Partner as a result of the at-risk amount rules will be deemed to be the Limited Partner's "limited partnership loss" in respect of the Master Fund for the year. As such, it may be carried forward and deducted by the Limited Partner in computing its taxable income for Canadian income tax purposes for any subsequent taxation year to the extent of its at-risk amount in respect of the Master Fund at the end of the last Fiscal Year of the Master Fund ending in or coinciding with the end of the taxation year, less its share of the Master Fund's losses from a business or property for that Fiscal Year.

### Disposition or Redemption of a Master Fund Unit

Where a limited partner disposes of, or is deemed to have disposed of, its Master Fund Units in the Master Fund, including on the dissolution of the Master Fund or on a withdrawal, the limited partner will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of the Master Fund Units, net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Limited Partner of the Master Fund Units. One-half of a Limited Partner's capital gain (or capital loss) realized must be included in computing the Limited Partner's income as a taxable capital gain (or allowable capital loss). An allowable capital loss will be deductible against a taxable capital gain realized in the year or in any of the three years preceding the year or any year following the year to the extent and under the circumstances described in the Tax Act. In certain circumstances, the suspended loss rules contained in the Tax Act may apply to defer recognition of capital losses on the disposition of Master Fund Units. The disposition of Master Fund Units to a person exempt from tax under the Tax Act may give rise to adverse consequences to the transferor.

Subject to the tax shelter investment rules in the Tax Act, the adjusted cost base of a Limited Partner's Master Fund Units at any time generally will be the amount contributed by the Limited Partner plus its allocated share of income of the Master Fund for each fiscal period ended before that time, minus its allocated share of losses of the Master Fund for each fiscal period ended before that time, minus the aggregate of all amounts that have been distributed to the Limited Partner in respect of the Master Fund Units before that time. In certain instances, further items (such as the non-taxable portion of capital gains and non-allowable portion of capital losses) may enter into the computation of the adjusted cost base. If a Limited Partner's Master Fund Units are not a tax shelter investment, the adjusted cost base of the Master Fund Units will be reduced by the amount of any debt that relates to becomes a negative amount as a result of any such adjustments, the negative amount is deemed to be a gain from the disposition of the Master Fund Units at the end of the fiscal period of the Master Fund.

Where a Limited Partner withdraws from the Master Fund during the course of a Fiscal Year of the Master Fund, the Master Fund will allocate income and loss in such a manner as to account for such withdrawal. The Tax Act provides that if a Limited Partner ceases to be a member of the Master Fund during a Fiscal Year, the Limited Partner's adjusted cost base of its Master Fund Units immediately prior to the disposition of such Master Fund Units will be adjusted to reflect the income or loss allocated to the Limited Partner for that fiscal period.

### Filing and Reporting Requirements

Each Limited Partner generally will be required to file an income tax return reporting his or her share of the income or loss of the Master Fund. The Master Fund will not prepare or file income tax returns on behalf of a Limited Partner nor will it file information returns on behalf of a Limited Partner. The General Partner will provide each Limited Partner with certain information required for income tax purposes pertaining to the investments in Master Fund Units.

The reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required by the Master Fund or by any Limited Partner. Accordingly, Limited Partners should consult their own advisers to ensure that all requisite reporting is made.

### The Cayman Islands Taxation

The Cayman Islands currently levy no taxes on profits, income, gains or appreciation of the Master Fund. No withholding taxes are levied in the Cayman Islands on remittances that may be made from the Master Fund to its limited partners by way of distributions or redemptions, or a liquidation of the Master Fund. The Master Fund, as an exempted limited partnership, has applied for a fifty-year undertaking under the Exempted Limited Partnership Law (Revised) of the Cayman Islands. Such undertaking provides that from the date of such undertaking to the date on which each such undertaking terminates: (a) no law that is enacted in the Cayman Islands that imposes any tax to be levied on profits or income or gains or appreciation will apply to it, or its operations; and (b) such tax or any tax in the nature of estate duty or inheritance tax will not be payable on its shares, interests, debentures or other obligations. An annual registration fee will be payable by the Master Fund to the Cayman Islands Government.

### General Considerations

The receipt of dividends (if any) by limited partners of the Master Fund, the redemption or transfer of partnership interests of the Master Fund and any distribution on a winding-up of the Master Fund may result in a tax liability for the limited partners of the Master Fund according to the tax regime applicable in their various countries of residence, citizenship or domicile. Limited



partners of the Master Fund resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Master Fund. The Fund, the General Partner, the Investment Manager and each of the Fund's agents shall have no liability in respect of the individual tax affairs of limited partners of the Master Fund.

**Investors should consult their professional advisers on the possible tax, legal, regulatory and other consequences of their applying for, purchasing, holding, selling, exchanging or redeeming interests under the laws of their country of incorporation, establishment, citizenship, residence or domicile.**

## **17. ELIGIBILITY FOR INVESTMENT**

Provided the Trust is and continues to qualify as a "mutual fund trust" at all relevant times for the purposes of the Tax Act, Canadian Trust Units will be qualified investments for trusts governed by Registered Plans.

Notwithstanding the foregoing, if the Canadian Trust Units are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP, the holder, annuitant or subscriber thereof, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Canadian Trust Units generally will not be a "prohibited investment" for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP provided that the holder, annuitant or subscriber thereof, as the case may be, deals at arm's length with the Trust and does not hold a "significant interest" (within the meaning of the Tax Act) in the Trust. In addition, the Canadian Trust Units will not be a "prohibited investment" for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP if the Canadian Trust Units are "excluded property" as defined in the Tax Act for such trust.

Any property received as a result of an in specie redemption of Canadian Trust Units by the Unitholders will not be a qualified investment for a trust governed by a Registered Plan and may be a prohibited investment for a trust governed by a RRSP, RRIF, TFSA, RESP or RDSP, which could give rise to adverse consequences to the Registered Plan or the holder, annuitant or subscriber thereunder.

## **18. GENERAL COMMENTS**

The summary set forth herein does not purport to be and should not be construed as a complete description of the Declaration of Fund, the Administration Agreement or the Investment Management Agreement, copies of which will be furnished on request to the Investment Manager. A copy of the Master Fund Partnership Agreement is available upon request from the Investment Manager.

Prospective investors should be aware of certain anti-money laundering requirements and regulatory considerations, as described below.

### **Prevention of Money Laundering**

In order to comply with applicable legislation aimed at the prevention of money laundering, each prospective investor will be required to represent in the Subscription Agreement that, among other things, neither he or she, or any director, officer and beneficial owner of it (unless the entity is specifically exempted), nor any of such person's mother or father, child, spouse or common-law partner, spouse's or common-law partner's mother or father, or brother, sister, half-brother or half-sister, is a "foreign politically exposed person", "domestic politically exposed person", "head of international organization" or a close associate of any of the foregoing, each as defined in the Subscription Agreement (generally, an individual who holds or has ever held certain offices or positions in or on behalf of Canada or a foreign country or an international organization).

Further, each prospective investor will be required to acknowledge that the Investment Manager may require additional information concerning investors in order to comply with their obligations and each prospective investor will agree to provide such additional information. If, as a result of any information or other matter which comes to the Investment Manager's attention, any director, officer or employee of the Investment 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. In addition to the foregoing, if certain persons resident in the Cayman Islands (including the Master Fund) have a suspicion that another person is engaged in criminal conduct, that person is, in certain circumstances,

required to report such suspicion pursuant to the anti-money laundering legislation of the Cayman Islands and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.

The Fund and the Administrator reserve the right to request such information as is necessary to verify the identity, address and source of funds of the Subscriber. In the event of delay or failure by the Subscriber to produce any information required for verification purposes, the Administrator will refuse to accept the subscription and the subscription monies relating thereto.

The Trust, or the Administrator on its behalf, may also request verification evidence in respect of a permitted transferee of Canadian Trust Units. If the prospective investor or transferee fails to produce, or delays in producing, any evidence required for verification purposes, the Trust, or the Administrator on its behalf, may refuse to accept the application or to register the relevant transfer (as the case may be). If that happens in the case of a subscription of Canadian Trust Units, any funds received will be returned without interest to the account from which those funds were originally debited.

The Trust reserves the right to refuse a redemption request from a Unitholder if:

- (a) the Investment Manager suspects or is advised that the payment of redemption proceeds to that Unitholder may result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction; or
- (b) that refusal is considered necessary or appropriate to ensure the compliance by the Trust or the Investment Manager with any such laws or regulations in any relevant jurisdiction.

Under no circumstances will payment be made to any party other than the Limited Partner requesting such redemption.

The Master Fund and each Feeder Vehicle will discharge their anti-money laundering obligations by implementing procedures substantially similar to the Trust insofar as practical and as subject to applicable legislation and regulatory requirements.

#### **Data Protection/Confidentiality**

Each subscriber and Unitholder will also be required to consent to and acknowledge that the Partnership, the Administrator and/or the Investment Manager may disclose to each other, to any regulatory body, to a delegate, agent or any other service provider to the Trust or the Administrator in any jurisdiction, including those outside of the U.S. or Canada, copies of the subscriber's subscription application and any information concerning the subscriber provided by the subscriber to the Partnership, the Administrator and/or the Investment Manager. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

#### *Indirect Collection of Personal Information*

By purchasing these Canadian Trust Units, the purchaser acknowledges that certain personal information about the purchaser and certain details of the distribution including the purchaser's name, address, telephone number and price of the securities purchased will be disclosed to certain regulatory authorities, including the Ontario Securities Commission (each, a "**Regulator**") and that such personal information is being collected indirectly by the applicable Regulators under the authority granted to it in securities legislation for the purpose of administering and enforcing securities legislation. By purchasing these Canadian Trust Units, the purchaser shall be deemed to have authorized such indirect collection of personal information by the applicable Regulator. The contact information for the public official in the local jurisdiction who can answer questions about the Regulator's indirect collection of the information is contained in the Subscription Agreement.

#### **Electronic Communication Consent**

The Trust, the Investment Manager, the Administrator or any agent of the foregoing may communicate with investors (e.g. financial statements, performance reports, manager letters) by using a variety of means including, but not limited to, by telephone, e-mail, password protected Internet website, regular mail and facsimile. A Unitholder may, at any time, notify the Trust that it does not wish to receive electronic communication and that it wishes to receive paper communication instead.

### **19. PROCEDURES TO PURCHASE CANADIAN TRUST UNITS**

Persons interested in purchasing Canadian Trust Units should inform themselves as to the legal requirements for the purchase of such Canadian Trust Units.

Subscriptions for Canadian Trust Units must be made by completing and executing the Subscription Agreement and by forwarding to the Investment Manager (or its designate) such Subscription Agreement together with a cheque (payable to “IBV Capital Global Value Trust Feeder”), confirmation of wire payment or such other form of payment as may be acceptable by the Investment Manager representing payment of the subscription price. Subscription orders may be sent to the Investment Manager or its designate by courier, priority post or electronic means.

Subscriptions for Canadian Trust Units will be accepted on a monthly basis as of the Valuation Date. A fully completed Subscription Agreement must be received by the Investment Manager or its designate prior to 4:00 p.m. (Toronto time) on the Business Day that is three (3) days prior to the applicable Valuation Date or otherwise the subscription will be processed as at the next Valuation Date. Canadian Fund Units may be purchased in U.S. dollars or Canadian dollars, but any subscription money received in Canadian dollars will be converted to U.S. dollars at the applicable exchange rate prevailing as of the relevant Valuation Date as determined by the Investment Manager. No subscription will be accepted unless the Investment Manager is satisfied that the subscription is in compliance with applicable securities legislation.

The Investment Manager reserves the right to accept or reject subscriptions in whole or in part in its sole discretion, and any monies received with a rejected order will be refunded forthwith, without interest, other compensation or deduction after the Investment Manager has made such determination.

All subscriptions for and/or transfers of Canadian Trust Units will, if required by the Investment Manager, be accompanied by evidence satisfactory to the Investment Manager confirming that the investor making the subscription or transfer is not and will not be a “designated beneficiary” of the Trust.

Subscription funds provided prior to a Valuation Date on which Canadian Trust Units are being subscribed for will be kept in a non-interest bearing account.

All Canadian Trust Units will be issued in book-entry only and not represented by a certificate, unless a Unitholder demonstrates that it is legally required to hold a certificate in respect of the Canadian Trust Units. The register of Unitholders of the Trust (the “**Register**”) shall be maintained at the office of the Administrator. The Register reflects the name and address of each of the Unitholders in the Trust, the amount and date of capital contributions made by each of the Unitholders and the amount and date of any payment to the Unitholders representing a return of any part of their subscription amounts. Notwithstanding anything to the contrary in the Declaration of Trust, each Unitholder will have no right to obtain any information with respect to the other Unitholders in the Fund, including the Register, to the maximum extent permitted by applicable law.

## **20. PURCHASERS' RIGHTS**

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

### **Cooling-off Period**

Securities legislation in certain jurisdictions may give a purchaser certain rights of rescission under certain circumstances, against the dealer who sold the Canadian Trust Units to them, but those rights must be exercised within a certain time period (which may be as short as 48 hours) following the purchase of the Canadian Trust Units. There may also be a right to rescind within 60 days under a contractual plan under the legislation of certain jurisdictions.

### **Statutory Right of Action in the Event of a Misrepresentation**

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

As used herein, “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in 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 Canadian Trust Units.

The following is a summary of the rights of rescission or damages, or both, available to investors under the securities legislation of Ontario, Manitoba, New Brunswick, Yukon, Nova Scotia, Prince Edward Island, Saskatchewan, Nunavut and the Northwest Territories. The provinces of Alberta, British Columbia and Québec do not currently offer any rights of rescission in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation. Investors should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of these rights or consult with a legal adviser.

### **Rights for Investors in Ontario**

If this Offering Memorandum, together with any amendment hereto, is delivered to an investor resident in Ontario and contains a Misrepresentation, without regard to whether the Misrepresentation was relied upon by the investor, the investor will have a right of action against the Trust for damages or, alternatively, while still the owner of the purchased Canadian Trust Units, for rescission, provided that:

1. no action may be commenced to enforce a right of action:
  - (a) for rescission more than 180 days after the date of the purchase; or
  - (b) for damages more than the earlier of (i) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of purchase;
2. the Trust will not be liable if it proves that the investor purchased the Canadian Trust Units with knowledge of the Misrepresentation;
3. in an action for damages, the Trust will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Canadian Trust Units as a result of the Misrepresentation relied upon;
4. in no case shall the amount recoverable exceed the price at which the Canadian Trust Units were sold to the investor; and
5. the Trust will not be liable for a Misrepresentation in forward-looking information if the Trust 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 Trust had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

### **Rights for Investors in Manitoba, Yukon, Nunavut and Northwest Territories**

The following is a summary of rights set out in The *Securities Act* (Manitoba), The *Securities Act* (Nunavut) and The *Securities Act* (Northwest Territories), each of which having substantially similar provisions with respect to a statutory right of action in the event of a Misrepresentation.

In the event that this Offering Memorandum or any amendment hereto contains a Misrepresentation, an investor is deemed to have relied on the Misrepresentation and has a right of action for damages against the Trust, every person performing a function or occupying a position with respect to a Trust which is similar to that of a director of a company of the Trust at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum, or alternatively, while still the owner of the purchased Canadian Trust Units, a right of rescission against the Trust, provided that:

1. no action may be commenced to enforce a right of action:
  - (a) for rescission more than 180 days after the date of the purchase; or
  - (b) for damages, the earlier of (i) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the date of the purchase;
2. no person or company will be liable if the person or company proves that the investor purchased the Canadian Trust Units with knowledge of the Misrepresentation;
3. no person or company (but excluding the Trust) will be liable if the person or company proves that (i) the Offering Memorandum was sent to the investor without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Trust that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the Misrepresentation, the person or company withdrew their respective consent to the Offering Memorandum and gave reasonable notice to the Trust of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
4. no person or company (excluding the Partnership) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been on Misrepresentation, or believed that there had been a Misrepresentation; and
5. in no case shall the amount recoverable exceed the price at which the Canadian Trust Units were sold to the investor.

#### **Rights for Investors in New Brunswick**

If the Offering Memorandum, together with any amendment thereto, delivered to an investor resident in New Brunswick contains a Misrepresentation that was a Misrepresentation at the time of purchase, the investor will be deemed to have relied on the Misrepresentation and will have a right of action against the Trust or selling security holder for damages or, alternatively, while still the owner of the purchased Canadian Trust Units, 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), provided that:

1. no action may be commenced to enforce a right of action:
  - (a) for rescission more than 180 days after the date of the purchase; or
  - (b) for damages more than the earlier of (i) one year after the investor first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of purchase;
2. the Trust will not be liable if it proves that the investor purchased the Canadian Trust Units with knowledge of the Misrepresentation;
3. in an action for damages, the Trust will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Canadian Trust Units as a result of the Misrepresentation relied upon; and
4. in no case shall the amount recoverable exceed the price at which the Canadian Trust Units were sold to the investor.

#### **Rights for Investors in Nova Scotia**

In Nova Scotia, in the event that this Offering Memorandum, together with any amendment hereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia) (the "**Nova Scotia Act**")), contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the investor resident in Nova Scotia will be deemed to have relied upon the Misrepresentation and will have a right of action against the Trust, every person acting in a capacity with respect to a Trust which

is similar to that of a director of a company at the date of this Offering Memorandum and every person who signed this Offering Memorandum for damages or, alternatively, while still the owner of the purchased Canadian Trust Units, for rescission against the Trust, provided that:

1. no action may be commenced to enforce a right of action more than 120 days:
  - (a) after the date on which payment was made for the Canadian Trust Units or;
  - (b) after the date on which the initial payment was made;
2. no person or company will be liable if the person or company proves that the investor purchased the Canadian Trust Units with knowledge of the Misrepresentation;
3. no person or company (but excluding the Trust) will be liable if the person or company proves that (i) the Offering Memorandum was delivered to the investor 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, (ii) after delivery of the Offering Memorandum and before the purchase of the Canadian Trust Units by the investor, on becoming aware of any Misrepresentation in the Offering Memorandum, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the 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 or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or the relevant part of the 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;
4. no person or company (but excluding the Trust) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed that there had been a Misrepresentation;
5. in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the Canadian Trust Units as a result of the Misrepresentation relied upon; and
6. in no case will the amount recoverable in any action exceed the price at which the Canadian Trust Units were sold to the investor.

These rights are intended to correspond with the rights against a seller of securities provided in the Nova Scotia Act and the securities regulations thereto and are subject to defences contained therein.

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

If this Offering Memorandum, or any amendment hereto, delivered to a purchaser of Canadian Trust Units resident in Prince Edward Island contains a Misrepresentation, the purchaser to whom this Offering Memorandum has been delivered and who purchases a Canadian Trust Unit offered by this Offering Memorandum shall have, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages against the Trust, every person acting in a capacity with respect to a Trust which is similar to that of a director of a company at the date of this Offering Memorandum, and every person who signed this Offering Memorandum, or, at the election of the purchaser, a right of rescission against the Trust (in which case the purchaser shall cease to have a right of action for damages), provided that:

1. no action may be commenced by a purchaser resident in Prince Edward Island to enforce a right of action
  - (a) for rescission more than 180 days after the date of the purchase; and
  - (b) for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;

2. no person will be liable if the person proves that the investor purchased the Canadian Trust Units with knowledge of the Misrepresentation;
3. in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Canadian Trust Units as a result of the Misrepresentation relied upon;
4. in no case will the amount recoverable in any action exceed the price at which the Canadian Trust Units were sold to the purchaser;
5. no person (excluding the Partnership) will be liable if it proves that (i) the Offering Memorandum was delivered to the investor without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable general notice that it was delivered without the person's knowledge or consent, (ii) after the delivery of the Offering Memorandum and before the purchase of the Canadian Trust Units by the investor, on becoming aware of any Misrepresentation in the Offering Memorandum, the person withdrew the person's consent to the Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the 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 the 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;
6. no person (excluding the Trust) 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;
7. 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; and
8. if a Misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, this Offering Memorandum, the Misrepresentation is deemed to be contained in this Offering Memorandum.

### **Rights for Investors in Saskatchewan**

If this Offering Memorandum, together with any amendment hereto, is delivered to an investor resident in Saskatchewan and contains a Misrepresentation at the time of purchase, the investor is deemed to have relied upon that Misrepresentation and will have a right for damages against (a) the Trust or a selling security holder on whose behalf the distribution is made; (b) every promoter and every person performing a function or occupying a position with respect to the Trust which is similar to that of a director of a company or the selling security holder, as the case may be, at the time the Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered; (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them; (d) every person who or company that, in addition to the persons or companies mentioned in clauses (a) to (c), signed the Offering Memorandum or the amendment to the Offering Memorandum; and (e) every person who or company that sells the Canadian Trust Units on behalf of a Trust or selling security holder under the Offering Memorandum or amendment to the Offering Memorandum, provided that:

1. 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, the earlier of (i) one year after the investor first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of the action;
- 2. no person or company will be liable if the person or company proves that the investor purchased the Canadian Trust Units with knowledge of the Misrepresentation;
- 3. no person or company (excluding the Trust) will be liable if the person or company proves that (i) the Offering Memorandum was delivered without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company immediately gave reasonable general notice to the Trust that it was delivered without the person's or company's knowledge, (ii) on becoming aware of any Misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable general notice to the Trust of the withdrawal and the reason for it, or (iii) with respect to any part of the 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 or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of or extract from the report, opinion or statement of the expert;
- 4. no person or company (but excluding the Trust) will be liable with respect to any part of the 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, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation; and
- 5. in no case shall the amount recoverable exceed the price at which the Canadian Trust Units were sold to the investor.

A subscriber resident in Saskatchewan who has delivered a subscription for Canadian Trust Units and who receives an amendment to this Offering Memorandum that discloses a material change in the affairs of the Trust or a change in the terms or conditions of the offering as described in this Offering Memorandum, that occurred or arose before the subscription has been accepted, may within two business days of receiving the amendment deliver a notice to the Investment Manager or agent through whom the Canadian Trust Units are being purchased indicating the subscriber's intention not to be bound by the Subscription Agreement.