

AVENTINE

ASSET MANAGEMENT

AVENTINE CANADIAN EQUITY FUND

January 1, 2017

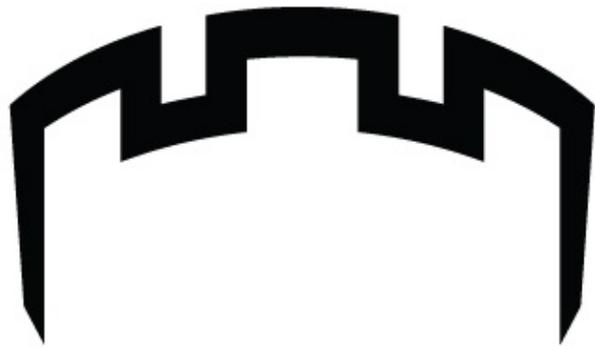
Continuous Offering

This Offering Memorandum constitutes a private offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is it to be construed as a prospectus, advertisement or public offering of the securities referred to herein.

Aventine Canadian Equity Fund (the "Fund") may be considered to be a related or connected issuer of Aventine Management Group Inc., which serves as the portfolio advisor, trustee and manager of the Fund. See "Related and Connected Issuers".

No securities commission or similar regulatory authority has passed on the merits of the securities offered nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of the material by the securities commissions or similar authorities in Canada.

The securities offered hereunder will be issued under exemptions from the prospectus requirements of the applicable securities laws of each of the provinces and territories of Canada other than Québec and Newfoundland & Labrador, and the rules, regulations and policies thereunder and will be subject to certain resale restrictions.



CONFIDENTIAL OFFERING MEMORANDUM

Dated: January 1, 2017

Continuous Offering

THE ISSUER:

Name: AVENTINE CANADIAN EQUITY FUND
Head Office: 2 Bloor Street West, Suite 3400, Toronto, Ontario M4W 3E2
Phone Number: (800) 961-1767
E-mail Address: info@aventine.ca
Fax Number: (416) 644-6001
Currently Listed or Quoted: These securities do not trade on any exchange or market.
Reporting Issuer: No
SEDAR Filer: No

THE OFFERING:

Securities Offered: An unlimited number of trust units (each, a "Unit" and together, the "Units") of the Fund designated as either Class A, Class F, Class I or Class O (each, a "Class") are being offered by Aventine Management Group Inc. ("Aventine" or the "Manager"), as manager on behalf of the Fund, on a continuous basis (the "Offering"). Each Class shall have the attributes and characteristics as set out under the heading "Securities Offered - Terms of Securities".

Price Per Security: The subscription price for the Units is initially \$100.00 and thereafter the applicable Net Asset Value per Unit on the last business day of each month (each, a "Valuation Day") in accordance with the Fund's Declaration of Trust. The Net Asset Value per Unit for subscriptions which are received and accepted before the close of business on a Valuation Day will be calculated as of that Valuation Day. The Net Asset Value per Unit for subscriptions received and accepted after such time will be calculated on the next following Valuation Day. See "Securities Offered".

Minimum/Maximum Offering: \$0/No maximum. **There is no minimum. You may be the only purchaser. Funds available under the Offering may be insufficient to accomplish our proposed objectives.**

Minimum Subscription Amount: For accredited investors, the minimum initial subscription price for the Units is \$50,000 (or such lesser amount as the Manager, in its sole discretion, may accept). For all other investors, the minimum initial subscription price for the Units is \$150,000 provided the investor is not an individual and was not formed solely for the purpose of investing in the Fund (except in Alberta where this exemption is not being made available to any investor) unless another prospectus exemption applies. See "Securities Offered - Subscription Procedure".

Payment Terms: The subscription price is payable upon subscription, by electronic funds transfer via the FundSERV network (www.fundserv.com) or other means satisfactory to the Manager. No financing of the subscription price will be provided.

Closing Date(s): The Units are being offered on a continuous basis. Closings of the sale of Units offered hereunder will take place monthly, on the last business day of each month.

Tax Consequences: **There are important tax consequences associated with purchasing, owning and disposing of the Units.** Units of the Fund are expected to obtain status as qualified investments for trusts governed by registered retirement savings plans, locked-in retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans and tax free savings accounts. See "Income Tax Consequences and RRSP Eligibility".

Selling Agent: None. Units of the Fund will be sold through registered dealers or brokers on a non-exclusive agency basis.

RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. See *"Resale Restrictions"*. However, you may elect to redeem any or all of your Units on the last business day of any month by following certain procedures. See *"Securities Offered – Redemption Procedure"*.

INVESTORS' RIGHTS

Securities legislation in the Offering Jurisdictions gives purchasers rights of rescission under certain circumstances against the dealer who sold Units to them, but those rights must be exercised within a certain time period (which may be as short as forty-eight (48) hours) following the purchase of Units. If there is a misrepresentation in this Offering Memorandum, you may have the right to sue either for damages or to cancel the agreement. See *"Investors' Rights"*.

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See *"Risk Factors"*.

FORWARD-LOOKING STATEMENTS

Certain statements included in this offering memorandum constitute forward looking statements, including those identified by the expressions "anticipate", "continue", "believe", "estimate", "expect", "may", "will", "intend" and similar expressions to the extent they relate to the Fund and/or the Manager. These forward looking statements are not historical facts but reflect the Fund's and/or the Manager's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks and uncertainties include, but are not limited to, regulatory decisions, changes in the global economy, general economic and business conditions, existing governmental regulations, supply, demand and other market factors including those set out under "Risk Factors". The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Forward-looking statements are made as of the date hereof, or such other date specified in such statements, and neither the Manager, nor any other person assumes any obligation to update or revise such forward-looking statements to reflect new information, events or circumstances, except as required by law.

TABLE OF CONTENTS

GLOSSARY III

USE OF NET PROCEEDS 1

 NET PROCEEDS AND USE OF NET PROCEEDS 1

BUSINESS OF THE FUND 1

 STRUCTURE 1

 OUR BUSINESS 6

 MATERIAL AGREEMENTS 7

 ADMINISTRATION FEES AND EXPENSES 9

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS 9

 COMPENSATION 9

 MANAGEMENT EXPERIENCE OF PORTFOLIO MANAGERS 10

 MANAGEMENT EXPERIENCE OF OTHER DIRECTORS AND SENIOR OFFICERS OF THE MANAGER 10

 CONFLICTS OF INTEREST 12

 ALLOCATION OF INVESTMENT OPPORTUNITIES 12

 FAIR DEALING WITH CLIENTS 12

 PERSONAL TRADING 13

 BROKERAGE ARRANGEMENTS 13

SECURITIES OFFERED 13

 TERMS OF SECURITIES 13

 SUBSCRIPTION PROCEDURE 14

 VALUATION PROCEDURES 16

 DISTRIBUTION OF INCOME AND CAPITAL GAINS TO UNITHOLDERS 19

 TRADING AND RESALE RESTRICTIONS 19

 TRANSFER BETWEEN CLASSES OF UNITS 20

 REDEMPTION PROCEDURE 20

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS AND RRSP ELIGIBILITY 21

 STATUS OF THE FUND 22

 TAXATION OF THE FUND 22

 TAXATION OF UNITHOLDERS 23

COMPENSATION PAID TO SELLERS AND FINDERS 24

 SERVICE FEE 24

 PERFORMANCE FEE 24

ADDITIONAL INFORMATION FOR INVESTORS PURCHASING UNITS THROUGH AVENTINE 25

 RELATED AND CONNECTED ISSUERS 25

 RELATED REGISTRANTS 25

 KYC AND SUITABILITY 26

 REPORTING 26

 REFERRAL ARRANGEMENTS 26

 INDEPENDENT DISPUTE RESOLUTION AND MEDIATION SERVICES 26

RISK FACTORS 26

 GENERAL 26

 LIMITED OPERATING HISTORY 27

 INVESTMENT ELIGIBILITY 27

 NET ASSET VALUE 27

POTENTIAL LACK OF DIVERSIFICATION.....	27
LIMITED ABILITY TO LIQUIDATE INVESTMENTS.....	27
PORTFOLIO TURNOVER.....	28
NOT A PUBLIC MUTUAL FUND.....	28
EQUITY SECURITIES.....	28
FOREIGN CURRENCY EXPOSURE	28
SECURITIES LENDING	28
OPTIONS.....	29
TRADING ERRORS	29
MARKET DISRUPTIONS.....	29
CLASS/SERIES RISK.....	29
COUNTERPARTY RISK.....	29
PERFORMANCE FEE TO THE MANAGER	29
LIMITED RESOURCES OF MANAGER.....	30
LOSSES AND EFFECTS OF SUBSTANTIAL REDEMPTIONS	30
RELIANCE ON MANAGEMENT	30
CONFLICTS OF INTEREST	30
INVOLVEMENT IN OTHER AND COMPETING ACTIVITIES	30
COMPETITION FOR SERVICES	31
LACK OF SEPARATE COUNSEL.....	31
EARLY TERMINATION	31
TAX LIABILITY	31
LEGAL, TAX AND REGULATORY RISKS	31
USING BORROWED FUNDS TO INVEST	32
LIABILITY OF UNITHOLDERS	32
REPORTING OBLIGATIONS	32
RESALE RESTRICTIONS	33
INVESTORS' RIGHTS.....	33
TWO DAY CANCELLATION RIGHT FOR CERTAIN INVESTORS.....	34
RIGHTS FOR INVESTORS IN ALBERTA.....	34
RIGHTS FOR INVESTORS IN BRITISH COLUMBIA	35
RIGHTS FOR INVESTORS IN MANITOBA.....	35
RIGHTS FOR INVESTORS IN NEW BRUNSWICK.....	37
RIGHTS FOR INVESTORS IN NORTHWEST TERRITORIES.....	38
RIGHTS FOR INVESTORS IN NOVA SCOTIA.....	40
RIGHTS FOR INVESTORS IN NUNAVUT	42
RIGHTS FOR INVESTORS IN ONTARIO.....	44
RIGHTS FOR INVESTORS IN PRINCE EDWARD ISLAND	45
RIGHTS FOR INVESTORS IN SASKATCHEWAN.....	46
RIGHTS FOR INVESTORS IN YUKON.....	49

GLOSSARY

The following terms appear throughout this Offering Memorandum. Care should be taken to read each term in the context of the particular provision of this Offering Memorandum in which such term is used.

Administrator	The Investment Administration Solution Inc., which provides bookkeeping, record-keeping, transfer agent and valuation services to the Fund under the Services Agreement.
Auditor	KPMG LLP, or any successor auditor of the Fund chosen by the Manager.
Business Day	any day on which the Toronto Stock Exchange is open for business.
Class	means a class of Units.
Closing	a closing of the sale of Units, which will occur on the last business day of each month or such other day as the Manager may determine from time to time.
Custodian	NBIN Inc., which provides asset custodian services to the Fund pursuant to the Prime Brokerage Agreement.
Declaration of Trust	the amended and restated master declaration of trust creating and governing the Fund dated April 30, 2016.
Fiscal Year	each consecutive period of twelve (12) months coinciding with the calendar year and ending on December 31.
Fund	the Aventine Canadian Equity Fund, established and governed by the Declaration of Trust.
High Water Mark	in respect a Unit of the Fund then outstanding, means the greater of: (i) the subscription price for the Unit; and (ii) the highest Net Asset Value for such Unit on a Performance Valuation Day. The High Water Mark will be appropriately adjusted for any unit distributions, consolidations and redesignations.
Hurdle Rate	means 3.5% pro-rated monthly from January 1 st and July 1 st of the relevant fiscal year or the date of subscription, as applicable.
IIROC	the Investment Industry Regulatory Organization of Canada.
Management Fee	means the management fee payable to the Manager in respect of each Class of Units as consideration for the management services provided by the Manager under the Declaration of Trust as more particularly set out under the heading " <i>Business of the Fund - Manager - Management Fee</i> ".
Manager and Trustee	Aventine Management Group Inc., a company continued under the Federal laws of Canada.
Net Asset Value	on a Valuation Day, is the net value of the assets of the Fund, of a Class and/or of a Series on such Valuation Day, as the context may require,

determined in accordance with the Declaration of Trust.

Net Asset Value per Unit	on a Valuation Day, in respect of each Class or Series, as the context may require, is the quotient obtained by dividing the amount equal to the Net Asset Value of the Class or Series, as applicable, on such Valuation Day by the total number of Units then outstanding in such Class or Series, as applicable.
Offering Jurisdictions	each of the provinces and territories of Canada, other than Québec and Newfoundland & Labrador.
Performance Fee	a fee payable to the Manager provided certain performance milestones are achieved as more particularly set out under the heading “ <i>Business of the Fund – Manager – Performance Fee</i> ”.
Performance Valuation Day	means the last Valuation Day of June and December each year (i.e., the last business day of each semi-annual period of the Fund).
Prime Broker	National Bank Financial Prime Services, an affiliate of NBIN Inc., which acts as the Fund’s prime broker for trade execution, trade settlement and brokerage services pursuant to the Prime Brokerage Agreement.
Prime Brokerage Agreement:	the agreement entered into between NBIN Inc. and the Fund setting out the terms under which NBIN Inc. will provide trade execution, trade settlement, brokerage and custodial services to the Fund, as such agreement may be modified, supplemented or restated from time to time.
Series	means a series of a Class.
Services Agreement	the agreement entered into between the Administrator and the Fund setting out the terms under which the Administrator will provide administrative, bookkeeping, record-keeping, transfer agent and valuation services to the Fund, as such agreement may be modified, supplemented or restated from time to time.
Subscription Agreement	a subscription agreement to subscribe for Units in the form (or forms if there is more than one) as the Manager may prescribe from time to time.
Tax Act	the <i>Income Tax Act</i> (Canada), R.S.C. 1985 (5th Supp.) c.I, as amended.
Unit	an undivided interest in a proportionate share of the assets of the Fund.
Unitholders	those investors whose subscriptions to purchase Units offered by this Offering Memorandum are accepted by the Fund and thereafter at any particular time the persons entered in the register or registers of the Fund as holders of Units and the singular form means one such registered holder.
Valuation Day	the last business day of each month, or any other day on which the Manager determines valuation is necessary.

USE OF NET PROCEEDS

Net Proceeds and Use of Net Proceeds

The Fund sells Units on a continuous basis, with Closings of the Offering occurring on the last business day of each month in which subscriptions are received, and at such other times as the Manager may determine. There is no minimum or maximum Offering. There are no selling commissions or fees payable by the Fund in respect of sales of any Units that would reduce the available funds. Investors purchasing Units through a dealer (other than the Manager) may pay a negotiated fee to their dealer of up to 2.0% of the Net Asset Value per Unit for each Unit of the Fund. The Management Fee and the Performance Fee associated with the Class A, Class F and Class O Units are payable out of the net assets of the Fund.

All expenses incurred in organizing the Fund, including setup fees related to the Fund's service providers, and all expenses incurred in connection with the Offering will be borne by the Manager out of its own funds. The Manager will also pay, out of its own funds, for all expenses associated with the identification and management of the Fund's investments. Ongoing operating expenses of the Fund, such as legal, custodian, audit, transfer, accounting, valuation and record-keeping fees, and any other expenses related to the administration of the Fund will be paid by the Manager and recovered from the Fund up to a threshold amount equal to 0.50% of year-end Net Asset Value (the "**Expense Cap**"). Except as set forth below, all operating and administrative expenses of the Fund in excess of the Expense Cap will be borne by the Manager. Certain costs, charges and expenses of the Fund such as commission or brokerage expenses, wire transfer fees and margin interest are not included in the Expense Cap and will be paid directly out of the Fund's assets and borne by the Fund. See "*Business of the Fund – Administrative Fees and Expenses*".

The Fund will use the net proceeds from the sale of Units to invest in securities and financial instruments pursuant to the Fund's investment objectives and strategies, policies and restrictions. See "*Business of the Fund – Our Business*".

BUSINESS OF THE FUND

Structure

The Aventine Canadian Equity Fund is an unincorporated open end investment trust which was formed on March 31, 2014 under the laws of Ontario pursuant to the terms of an amended and restated master declaration of trust dated as of March 31, 2014. The Fund is governed by the laws of Ontario.

The beneficial interest in the Fund is divided into Units of multiple Classes which may be issued in multiple Series. There is no limit to the number of Units or the number of Classes and Series that may be issued subject to any determination to the contrary made by the Manager. Each Unit within a particular Series will be of equal value; however, the value of a Unit in one Series may differ from the value of a Unit in another Series.

A new Series will generally be issued on a Valuation Day, if the Net Asset Value per Unit of the existing Series is less than the High Water Mark of that Series. At the end of each year, some or all of the Series of a Class may be rolled up into a single Series at the discretion of the Manager. Such roll up will be effected at the prevailing Net Asset Value per Unit of the initial Series (being the Series issued on the first Closing) and the Series being rolled up.

There are four Classes of Units (Class A, Class F, Class I and Class O) being offered for sale by the Fund pursuant to this Offering Memorandum. In addition to the Units described in this Offering Memorandum, the Fund may create additional Classes of Units, which may be offered in Series, with such attributes and characteristics as the Manager may determine, and which may be offered for sale to such persons as the Manager may determine without notice to or approval of existing Unitholders. See “*Securities Offered - Terms of Securities*”.

The **Class A Units** will be sold to retail investors through registered dealers or brokers, and purchasers of Class A Units may pay fees directly to their dealer or broker in respect of purchases, transfers and redemptions of Class A Units. The assets of the Fund represented by the Class A Units will be subject to operating costs, administrative expenses, the Management Fee and the Performance Fee.

The **Class F Units** are available to investors who have managed or fee-based accounts with their dealer, including those investors who are managed account clients of the Manager and whose aggregate account value lies below a certain asset threshold. Class F Units may only be purchased, transferred or redeemed through registered dealers or brokers. Purchasers of Class F Units may pay fees directly to their dealer or broker in respect of purchases, transfers and redemptions of Class F Units. The assets of the Fund represented by the Class F Units will be subject to operating costs, administrative expenses, the Management Fee and the Performance Fee. A lower Management Fee is payable on the Class F Units in recognition of the ongoing fees paid by these investors to their dealer for investment advice and other services.

The **Class I Units** will be sold to investors who are managed account clients of the Manager whose aggregate account value lies above a certain asset threshold or other investors in the discretion of the Manager. Class I Units may pay fees directly to their dealer or broker in respect of purchases, transfers and redemptions of Class I Units. The assets of the Fund represented by the Class I Units will be subject to operating costs and administrative expenses. An investor who purchases Class I Units must enter into a separate agreement with the Manager which sets out the negotiated Management Fee and the Performance Fee payable by the investor directly to the Manager.

The **Class O Units** will be sold to institutional investors. Class O Units may only be purchased, transferred or redeemed through registered dealers or brokers. Purchasers of Class O Units may pay fees directly to their dealer or broker in respect of purchases, transfers and redemptions of Class O Units. The assets of the Fund represented by the Class O Units will be subject to operating costs, administrative expenses, the Management Fee and the Performance Fee.

The head office and principal business address of the Fund is 2 Bloor Street West, Suite 3400, Toronto, Ontario, M4W 3E2. The fiscal year end of the Fund is December 31.

Manager

Aventine Management Group Inc. (“**Aventine**”) is the Manager of the Fund. The Manager was amalgamated under the laws of British Columbia on August 1, 2002 and continued under the Federal laws of Canada on March 24, 2014.

The Declaration of Trust sets out the rights, duties and obligations of the Manager relating to the investment management and administration of the Fund. Under the terms of the Declaration of Trust, the Manager has agreed to provide various services, including the day to day management of the Fund’s investment portfolio, determination of the investment policy for the Fund from time to time and the provision of investment analysis, advice and recommendations. As Manager of the Fund, the Manager will from time to time sell any or all investments of the Fund and reinvest the proceeds thereof or

exchange any or all of such investments for other investments. It is the responsibility of the Manager to ensure that all investments of the assets of the Fund are made in such a way as to comply with any statement made in this Offering Memorandum as to the investment policies, practices and objectives and investment restrictions.

The head office and principal business address of the Manager is 2 Bloor Street West, Suite 3400, Toronto, Ontario M4W 3E2.

As of the date of this Offering Memorandum, 35% of the issued and outstanding securities of the Manager are held by TerraNova Partners LP, an Ontario-based diversified investment fund focused primarily on growth oriented private companies. The remaining 65% of the equity securities of the Manager are held by certain directors and officers of the Manager, including the Portfolio Managers of the Fund.

The Manager is registered as a portfolio manager and investment fund manager with the securities commissions in British Columbia and Ontario and as a portfolio manager in the province of Alberta. The Manager expects to also become registered as an exempt market dealer in these provinces. The Manager may become registered in one or more of these categories in other provinces of Canada from time to time. The Manager is also the promoter of the Fund.

Management Fee

In consideration of the management services provided by the Manager under the Declaration of Trust, the Fund pays the Manager the Management Fee with respect to the Class A Units, Class F Units and Class O Units. The Management Fee associated with the Class I Units is paid to the Manager directly by the Class I Unitholder and, unless specified otherwise in the managed account or other agreement between the Manager and the Class I Unitholder, payment of the Management Fee may, in the Manager's sole discretion, be satisfied by quarterly redemptions of the Class I Units held by the Class I Unitholder. Holders of Class I Units should consult with their tax advisors about the tax implications of the redemption of Class I Units in these circumstances.

The Management Fee is payable quarterly, in arrears, but is calculated and accrues monthly as a percentage of the Net Asset Value of each applicable Series of Units that comprise the Fund on each Valuation Day. The Management Fee may vary from Class to Class and, to the extent payable by the Fund, will be deducted as an expense of the applicable Series in the calculation of the net profits of the Fund attributable to such Series. The Management Fee for each of the Classes of Units is as follows:

- Class A: 1/12 of 2.00% (2.00% per annum) of the Net Asset Value of each Series of Class A Units of the Fund on each Valuation Day that coincides with the last business day of a month.
- Class F: 1/12 of 1.00% (1.00% per annum) of the Net Asset Value of each Series of Class F Units of the Fund on each Valuation Day that coincides with the last business day of a month.
- Class I: As negotiated with the Manager and set out in the managed account or other agreement with the Class I Unitholder. No Management Fee is payable by the Fund in respect of Class I Units.

Class O: 1/12 of 0.50% (0.50% per annum) of the Net Asset Value of each Series of Class O Units of the Fund on each Valuation Day that coincides with the last business day of a month.

Management Fees are subject to applicable taxes, including HST.

Performance Fee

The Manager may also be eligible to receive a Performance Fee in respect of the Units as set out in more detail below. The Performance Fee in respect of the outstanding Class A Units, Class F Units and Class O Units will be calculated and accrued as a liability of the Fund on each Valuation Day. Performance Fees are calculated (in the manner described below) and accrued monthly on each Valuation Day. Any accrued Performance Fee will become payable semi-annually on each Performance Valuation Day (and upon the redemption of a Unit) and, with respect to the Class A Units, Class F Units and Class O Units, be paid to the Manager from the net assets of the Fund.

The Performance Fee associated with the Class I Units will be paid to the Manager directly by the Class I Unitholder and, unless specified otherwise in the managed account or other agreement between the Manager and the Class I Unitholder, payment of any Performance Fee for Class I Units may, in the Manager's sole discretion, be satisfied by regular quarterly redemptions of the Class I Units held by such Unitholder. Holders of Class I Units should consult with their tax advisors about the tax implications of the redemption of Class I Units in these circumstances.

The Manager will be entitled to a Performance Fee for a semi-annual period of a fiscal year of the Fund, in respect of a Unit then outstanding if: (i) the Net Asset Value per Unit of such Unit on the applicable Performance Valuation Day exceeds the High-Water Mark by an amount not less than the Hurdle Rate; and (ii) the High Water Mark for the

Unit for any subsequent semi-annual period exceeds the previous High Water Mark by an amount that is not less than the Hurdle Rate.

The amount of the Performance Fee, if any, for a given semi-annual period of a fiscal year of the Fund will be an amount equal to:

Class A or Class F 20% of the amount by which the Net Asset Value per Unit (calculated without taking into account the Performance Fee) on the Performance Valuation Day exceeds the sum of the High Water Mark and the Hurdle Rate.

Class I As negotiated with the Manager and set out in the managed account or other agreement with the Class I Unitholder. No Performance Fee is payable by the Fund in respect of Class I Units.

Class O 10% of the amount by which the Net Asset Value per Unit (calculated without taking into account the Performance Fee) on the Performance Valuation Day exceeds the sum of the High Water Mark and the Hurdle Rate.

The Performance Fee will generally be payable by the Fund and the Class I Unitholders, as applicable, within 10 business days of the applicable Performance Valuation Day.

Upon the redemption of any Units by a Unitholder, the accrued portion of any Performance Fee liability allocated to the redeemed Units will be payable by the Fund or the Class I Unitholder, as applicable, within 10 business days of the date on which the Units are redeemed as if such date were a Performance Valuation Day.

Performance Fees are subject to applicable taxes, including HST.

Trustee

The Manager is the trustee of the Fund in accordance with the terms of the Declaration of Trust. As trustee, the Manager holds title to securities owned by the Fund on behalf of the Unitholders, with responsibility under the Declaration of Trust to act in the best interest of Unitholders.

The Manager will not receive any fees for acting in the capacity of Trustee of the Fund.

Administrator

The Investment Administrations Solution Inc. is the administrator of the Fund. As Administrator, The Investment Administrations Solution Inc. processes all the purchases and redemptions of the Units, keeps a register of all Unitholders, conducts the valuation of the Fund on each Valuation Day and issues investor statements and annual tax slips to Unitholders.

In consideration of the bookkeeping, record-keeping and valuation services provided by the Administrator under the Services Agreement, the Fund pays the Administrator a monthly fee and certain additional transaction fees as set forth in the Services Agreement.

The head office and principal business address of the Administrator in Ontario is Suite 300, 390 Bay Street, Toronto, Ontario, M5H 2Y2.

Prime Broker and Custodian

NBIN Inc. is the custodian of the Fund. As Custodian, NBIN Inc. holds the Fund's cash and investments in safekeeping on behalf of the Fund.

National Bank Financial Prime Services, an affiliate of NBIN Inc., is the Fund's prime broker for trade execution, trade settlement, and brokerage services in respect of the Fund's portfolio investments.

In consideration of the brokerage services provided by the Prime Broker under the Prime Brokerage Agreement, the Fund pays NBIN Inc. fees and commissions on a per-transaction basis as set forth in the Prime Brokerage Agreement. No additional fees are payable by the Fund to NBIN Inc. in respect of the custodial services provided under the Prime Brokerage Agreement.

The head office and principal business address of the Prime Broker in Toronto is 130 King Street West, 4th Floor Podium, Toronto, Ontario, M5X 1J9.

The head office and principal business address of the Custodian is 250 Yonge Street, Suite 1900, P.O. Box 19, Toronto, Ontario, M5B 2L7.

Auditors

KPMG LLP are the auditors of the Fund. As Auditors, KPMG LLP provides assurance that the Fund's annual financial statements present fairly, in all material respects, its financial position and results of operations in accordance with Canadian generally accepted accounting principles.

The head office and principal business address of the Auditors in Vancouver, British Columbia is 5th Floor, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3.

Our Business

Investment Objectives

The Fund's fundamental investment objective is to provide long term capital growth through the selection and management of a concentrated basket of primarily publicly traded Canadian issuers.

Investment Strategies

To achieve the Fund's investment objectives, the Manager will select a portfolio of what it believes to be undervalued securities that are also demonstrating positive momentum in both price and operating metrics as well as strong growth characteristics. The Fund may also invest in short term catalyst driven opportunities.

Through extensive industry experience and a thorough analysis of the issuers fundamentals combined with proprietary quantitative and technical analysis, the Manager believes it possesses a competitive advantage with respect to the identification of market opportunities.

While the Fund intends to be primarily invested in Canadian issuers, it may invest up to 10% of its capital in non-Canadian issuers as opportunities present themselves.

Investment Policies and Restrictions

The Manager will adhere to the following investment policies and restrictions in implementing the investment objectives and strategies of the Fund:

- The Fund will not have minimum or maximum asset class weightings and there is no requirement to be fully invested.
- When the Fund is invested in equities, it will hold a minimum of 15 positions, and the equity securities of no single corporation shall exceed 10% of the Fund's capital at any time.
- The Fund's investment in equity and ETF securities will be restricted to only those securities listed on the Toronto, New York, American and NASDAQ Stock Exchanges. Investments in equity securities will be restricted by market sector such that no one particular Global Industry Classification Standard sector shall account for more than 40% of the Fund's assets.
- The Fund will not invest in equity securities with a market capitalization of less than \$100 million. The Fund will not invest in equity securities where the average monthly trading volume over the last twelve months is less than \$2 million per month.

- The Fund may have up to 10% of its capital invested in foreign currency denominated securities and may from time to time hedge all, part or none of this foreign currency exposure back to Canadian dollars using currency forwards, currency options, or other alternative means.
- Although the Fund does not expect to routinely employ financial leverage in its investment activities, the Manager has the ability to leverage the Fund's net investment exposure to a maximum of 120% of current Fund capital at any time. Additionally the Fund will have the ability to hold short investment exposure to a maximum of 20% of the Fund's current capital. The Fund's gross investment exposure shall at no time exceed 140% of current capital.
- Although the Fund does not expect to routinely employ the use of equity call or put options in its investment activities, the Manager has the ability to purchase long notional options exposure up to a maximum of 20% of current Fund capital. The Fund is not permitted to write equity options of any kind. Notional options exposure will be excluded from gross and net exposure calculations for the purposes of the 140% and 120% limits outlined above.
- The Fund may enter into a securities lending agreement with its Prime Broker to generate additional returns from long positions held.
- The Fund will not invest in non-marketable securities or the securities of any private corporations.
- Unless the Fund qualifies (or is deemed to have qualified) as a "mutual fund trust" under the Tax Act, the Fund will not invest in or hold any asset which does not qualify as a "qualified investment" under the Tax Act for a trust governed by a registered retirement income fund, registered retirement savings plan or deferred profit-sharing plan.

Material Agreements

The Declaration of Trust, the Services Agreement and the Prime Brokerage Agreement are the only material contracts which the Fund has entered into, other than contracts entered into in the ordinary course of business. A copy of these agreements may be inspected during normal business hours at the office of the Manager, 2 Bloor Street West, Suite 3400, Toronto, Ontario M4W 3E2.

Declaration of Trust

The Declaration of Trust is the constating document of the Fund and describes the terms and conditions respecting the issuance and redemption of Units, investment and valuation of the Fund's assets, determination and distribution of gains, management and administration of the Fund, duties of the Manager and Trustee, meetings of Unitholders and how the Declaration of Trust can be terminated or amended. These matters are summarized elsewhere in this Offering Memorandum. See in particular the disclosure under the headings "*Business of the Fund – Structure*" and "*Securities Offered*".

The following is a summary only of certain additional material provisions of the Declaration of Trust and does not purport to be complete.

- *Head Office.* The head office and the principal office of the administration of the Fund will be in Toronto, Ontario at the address of the Manager or at such other location as designated by the Manager.

- *Division of Fund into Classes and Series.* The beneficial interest in the Fund will be divided into interests of multiple Classes, each of which may be issued in multiple Series, each beneficial interest referred to as Units. Each Class and Series and its Unit and fractions thereof will be issued only as fully paid and non-assessable. There will be no limit to the number of Units or the number of Classes and Series that may be issued, subject to any determination to the contrary made by the Manager. No Class or Series or Unit or fraction thereof shall have any rights, preferences or priorities over any other Unit, except in respect of voting rights or as otherwise set out herein and/or in the Declaration of Trust (See “Voting”).
- *Consolidation or Subdivision of Units.* Units may be consolidated or subdivided by the Manager upon the Manager giving at least 21 days’ prior written notice to each Unitholder of its determination to do so. Additional provisions exist which permit the automatic consolidation of units reinvested pursuant to a taxable distribution such that the Net Asset Value per Unit of a Series is the same both before and after the unit reinvestment.
- *Certificates.* No certificates evidencing the ownership of Units will be issued.
- *Voting.* Each Unitholder will be entitled to one vote for each whole Unit held. No holder of a fraction of a Unit, as such, shall be entitled to notice of, or to attend or to vote at, meetings of Unitholders. A holder of a Unit of one Class and/or Series shall not be permitted to notice of, or to attend or vote at, meetings of Unitholders of another Class and/or Series.
- *Powers and Duties of the Manager.* The Declaration of Trust grants the Manager exclusive power to manage and direct the investment of the assets of the Fund and the powers necessary to perform its duties.
- *Resignation of Manager.* If the Manager shall at any time resign, become insolvent or bankrupt, the Declaration of Trust and the Fund will terminate unless within a period of ninety (90) days of the happening of such event a new manager has been appointed whose appointment shall be approved by a majority of Unitholders.
- *Status of Unitholders.* The ownership of all property of the Fund of every description and the rights to conduct the affairs of the Fund are vested exclusively in the Trustee and the Unitholders have no interest other than their beneficial interest in the Fund.
- *Liability of Unitholders.* No Unitholder will be held to have any personal liability as such for any obligation or claim arising out of or in connection with any contract or obligation of the Fund, the Manager or the Trustee.
- *Unitholder Meetings.* The Manager may convene a meeting of Unitholders as a whole or of any Class from time to time. The Manager will upon the written request of Unitholders holding not less than 50% of the outstanding Units of the Fund, call a meeting of Unitholders of the Fund. A holder of a Unit of one Class shall not be permitted to notice of, or to attend or vote at, meetings of Unitholders of another Class.
- *Amendment.* Subject to the provisions of the Declaration of Trust, the Declaration of Trust may be amended by the Manager if the amendment is not a material change, but no amendment shall be made which adversely affects the pecuniary value of the interest of any Unitholder in the Fund unless consent from Unitholders is obtained in accordance with the Declaration of Trust.

Services Agreement

The Manager entered into the Services Agreement with the Administrator on March 21, 2014, by way of addendum to an existing agreement between the Manager and the Administrator, pursuant to which the Administrator, on a fee for service basis, agreed to perform accounting, valuation, Unitholder record-keeping and other similar services as registrar and administrator of the Fund. Either party may terminate the Services Agreement at any time, provided that, as a condition to termination by the Manager, the Manager has settled any remaining outstanding fees payable under the agreement.

Prime Brokerage Agreement

Under the terms of the Prime Brokerage Agreement, NBIN Inc. has agreed to provide to the Fund, on a fee for services basis, trade execution, trade settlement and brokerage services through the Prime Broker. NBIN Inc. has also agreed to provide custodial services to the Fund for no additional fee. Either party may terminate the Prime Brokerage Agreement at any time with 5 business days' prior written notice.

Administration Fees and Expenses

The Fund is responsible for the payment of all fees and expenses relating to its operation, including the fees and expenses of the audit, accounting, administration (other than advertising and promotional expenses which are paid for by the Manager), record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of Units, providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest and all brokerage and other fees relating to the purchase and sale of the assets of the Fund.

With respect to the Fund's ongoing operating fees and expenses, the Manager pays the Fund's service providers as invoices are received and then seeks cost recovery from the Fund on a periodic basis throughout the year. The Manager has agreed to cap its recovery of Fund operating expenses at 0.50% of year end Net Asset Value. Certain costs such as commission expenses, wire transfer fees and margin interest are paid directly out of the Fund's assets and are excluded from the expense cap. The Manager will pay for all expenses associated with the identification and management of the Fund's investments (other than direct expenses such as margin interest and brokerage fees, which are the responsibility of the Fund as noted above).

DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

Compensation

The Board of Directors of the Manager is comprised of Vahan Kololian (Chairman), Jesse Gill, Andrew Shortreid and James Telfser.

The officers of the Manager are as follows: Andrew Shortreid is President and Chief Compliance Officer, Kathleen Vesely is Corporate Secretary, Jim Pottow is Chief Financial Officer and James Telfser is Vice-President.

None of the directors and/or officers of the Manager receive any direct compensation from the Fund or will be awarded any Units in the Fund for services provided. However, directors and/or officers of the Manager may invest their own money in the Fund from time to time. The Fund pays the Manager the Management Fee and the Performance Fee with respect to the Class A, Class F and Class O Units. See "*Business of the Fund – Manager – "Management Fee" and "Performance Fee"*".

Management Experience of Portfolio Managers

James Telfser and Jim Pottow are the Fund's portfolio managers. As portfolio managers, they will manage the investment portfolio of the Fund on a discretionary basis, consistent with the Fund's fundamental investment objective and in compliance with the Fund's investment policies and restrictions.

James Telfser, Portfolio Manager and Vice-President

Portfolio Manager and Vice-President of Aventine since March 31, 2014, James Telfser is responsible for the Fund's security selection and daily portfolio management.

Prior to joining Aventine, James was a portfolio manager for two industry leading funds at an independent investment firm based in Toronto, Canada with approximately \$1 billion in assets under management, including a Canadian equity fund that generated impressive performance results during James's involvement with security selection. He also served as an investment consultant focusing on the development and implementation of quantitative strategies for portfolio managers across Canada and the US. James blends quantitative and fundamental analysis to attempt to achieve superior risk adjusted returns.

James' capital markets experience includes 7 years in the roles of Investment Consultant, Analyst, Associate Portfolio Manager and Lead Portfolio Manager. He is a Chartered Financial Analyst (CFA) Charterholder and member of the Toronto CFA Society. He earned a Bachelor of Business Administration from Wilfred Laurier University with a focus in Finance. James currently sits on the board for Bay Street Hoops charity basketball tournament.

Jim Pottow, Portfolio Analyst and Chief Financial Officer

Portfolio Analyst and Chief Financial Officer of Aventine since March 31, 2014, Jim Pottow is responsible for the Fund's security selection and daily portfolio management.

Prior to joining Aventine, Jim was a portfolio analyst at an independent investment firm based in Toronto, Canada with approximately \$1 billion in assets under management, including a Canadian equity fund that generated impressive performance results during Jim's involvement with security selection.

Jim has over twenty-five years of both corporate and entrepreneurial experience working mostly in the financial services industry. Prior to him entering the securities industry in 2010, Jim spent 5 years working with Marsh & McLennan as the Country Manager for the Private Equity and M&A Services group in Canada. His own private equity experience includes 6 years with his own firm (Macassa Capital) and 2 years with Quilvest Private Equity SA, a division of Quilvest SA. He also worked for 5 years at The Becker Milk Company Ltd as Vice President of Operation, prior to the sale of this company in 1996, and 2 years for Bain & Company (a strategy consulting firm) where he focused extensively on private company valuations.

Jim has a Bachelor of Commerce from Queen's University and an MBA from Harvard Business School, He is a CFA Charterholder and member of the Toronto CFA society.

Management Experience of other Directors and Senior Officers of the Manager

Andrew Shortreid, President, Director and Chief Compliance Officer

President and Managing Director of Aventine since 2009, Andrew Shortreid holds firm-wide responsibility for the implementation and oversight of all investment activities at Aventine. Prior to this, Andrew was Portfolio Manager, Chief Operating Officer and Compliance Officer for Aventine's predecessor. He has

also previously served similar roles on an advisory basis for a number of boutique asset managers, investment funds and private equity firms.

Andrew Shortreid's capital markets experience includes 13 years in the roles of Analyst, Portfolio Manager, Chief Operating Officer and Chief Compliance Officer. Andrew co-founded his first asset management firm in 2004 and since 2006 has continuously held chief-level roles with Canadian securities registrants under the categories of Portfolio Manager, Investment Fund Manager and Exempt Market Dealer.

Andrew studied International Finance at the Chinese University of Hong Kong and earned a Bachelor of Commerce in International Business from the University of Victoria. Andrew is a CFA Charterholder and served as President of CFA Victoria from 2008 to 2011. He is a member of CFA Institute, the Global Association of Risk Professionals,

and the Market Technicians Association. He is a member of the Board of Advisors of the University of Victoria's Gustavson School of Business.

Vahan Kololian, Chairman of the Board

Vahan is an entrepreneur and investor. His career includes investment banking, operational management and private equity investing. In 2004, Vahan founded TerraNova Partners LP a diversified investment trust focused primarily on private equity investments. Vahan is currently a director of New Gold Inc. (TSX:NGD.CA, NYSE AMEX:NGD) and Lydian International Ltd. (TSX:LYD).

Prior to founding TerraNova Partners LP, Vahan was a co-founder and President (1990 – 2000) of Polar Capital Corporation, a private investment company based in Toronto. Vahan started his career in investment banking with Burns Fry Limited (now BMO Nesbitt Burns) in 1980. Vahan is a member of World Presidents' Organization and is active with several community service projects. Vahan is also co-founder and Chairman of The Mosaic Institute. Vahan holds a law degree from the University of Ottawa, a B.A. from the University of Western Ontario and a Certificate of Proficiency from the Langues et Lettres faculty of the University of Grenoble, France.

Jesse Gill, Director

Jesse is co-founder and Partner of TerraNova Partners LP where he is responsible for the day-to-day oversight of key portfolio companies and investment partnerships across several industries. In addition to serving as a director of the Manager Jesse is also a director of Compact Power Equipment Inc. and Savannah Mining Limited. Jesse has been a director of and advisor to numerous other public and private companies during his career.

Jesse started his career at Polar Capital in Toronto with the private equity group. He went on to work in investment banking with both Lehman Brothers in Toronto and Credit Suisse First Boston in New York City. Immediately prior to co-founding TerraNova Partners LP in 2004 Jesse worked in private equity at Littlejohn & Co. in Greenwich, CT. Currently based in New York City, Jesse holds a Bachelor of Commerce degree in Finance from McGill University.

Conflicts of Interest

Although the Manager will have various obligations to the Fund, situations may arise where the interests of the directors, officers, employees and shareholders of the Manager (being the promoter of the Fund) could conflict with the interests of the Fund.

The Manager, its respective officers, directors, employees, and shareholders are not limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Fund. Investment in the Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of the Manager or its affiliates or associates or to any profit therefrom or to any interest therein. The Manager may have a conflict of interest in carrying out its obligations to the Fund as a result of its involvement in competing activities.

The Fund will not have an independent review committee or any other form of management oversight and will rely exclusively upon the Manager to manage the business of the Fund and to provide managerial skill. The directors, officers, employees and shareholders of the Manager may have a conflict of interest in allocating their time between the business of the Manager and that of the Fund, and other businesses or projects in which they may become involved. The directors and officers of the Manager have, however, agreed to devote as much time to the Fund as is required for the effective management of the Fund.

The Manager as well as employees, directors and officers of the Manager may invest their own money in the Fund and may, from time to time, have substantial holdings in the Fund.

The Fund pays the Manager the Management Fee and the Performance Fee with respect to the Class A, Class F and Class O Units (ultimately borne by the holders of the different Classes of Units as discussed elsewhere in this Offering Memorandum).

Allocation of Investment Opportunities

In allocating investment opportunities among clients, including the Fund, the Manager will seek to ensure that all clients are dealt with in a fair manner. All security transactions, including new issues, are allocated to the client accounts for which trade orders were initiated. In situations where purchases or sales of securities, including new issues, are for multiple client accounts (block trades), partial fills will be allocated on a *pro rata* basis, except in situations where suitability or available liquidity are limiting factors. However, if such prorating should result in an inappropriately small portion for the client account, the allotment will normally be reallocated to another client account or in the case of new issues, may be returned to the broker.

The Manager will only use the weighted average price paid on a block trade when allocating to its client accounts, including the Fund. Broker commissions are allocated evenly on a *pro rata* basis across all applicable client accounts, including the Fund.

Fair Dealing with Clients

The Manager shall deal fairly and objectively with all clients, including the Fund, and prospective clients when disseminating material information of concern to such clients or when taking investment actions. Transactions for client accounts shall in all cases have priority over transactions where the Manager or an officer or employee of the Manager is a beneficial holder.

Personal Trading

The Manager has adopted a policy to limit, monitor and, in certain instances, restrict personal trading by the officers and employees of the Manager in order to ensure that there is no conflict between such personal trading and the interests of the investment funds managed by the Manager and the Manager's other clients.

Brokerage Arrangements

All decisions as to the purchase and sale of portfolio securities and all decisions as to the execution of these portfolio transactions, including the selection of market and dealer and the negotiation of commissions, where applicable, will be made by the Manager. In effecting portfolio transactions, the Manager will seek to obtain best execution of orders as required by applicable securities legislation.

To the extent that the terms offered by more than one dealer are considered by the Manager to be comparable, the Manager may, in its discretion, choose to purchase and sell portfolio securities from and to or through dealers who provide research, statistical and other services to the Manager in respect of their management of the Fund. The Manager will only enter into such arrangements in accordance with industry standards when it is of the view that such arrangements are for the benefit of its clients, however not all brokerage arrangements will benefit all clients at all times.

The Manager is provided with research, from time to time, from the dealers with whom it places trades for the Fund, as well as for its other clients. The Manager does not take into account the research it receives in determining the dealers through whom it will place portfolio transactions for the Fund.

SECURITIES OFFERED

Terms of Securities

An unlimited number of Class A, Class F, Class I Units and Class O Units are being offered under this Offering Memorandum on a continuous basis to investors in the Offering Jurisdictions pursuant to exemptions from the prospectus requirements contained in the securities legislation of those provinces. Closings of the sale of Units offered hereunder will take place monthly, on the last business day of each month. See "*Subscription Procedure*" below.

The beneficial interest in the Fund is divided into Units of multiple Classes which may be issued in multiple Series. There is no limit to the number of Units or the number of Classes and Series that may be issued, subject to any determination to the contrary by the Manager. Each Unit within a particular Series will be of equal value; however, the value of a Unit in one Series may differ from the value of a Unit in another Series. As of the date of the Offering Memorandum, there are four Classes of Units: Class A Units, Class F Units, Class I Units and Class O Units being offered for sale pursuant to this Offering Memorandum.

The subscription price for the Units is based upon the applicable Net Asset Value of the Units. The Net Asset Value per Unit for subscriptions which are received and accepted by the Manager before the close of business on a Valuation Day will be calculated as of that Valuation Day. The Net Asset Value per Unit for subscriptions received and accepted after such time will be calculated on the next following Valuation Day.

The Net Asset Value of each Series of Units that comprise the Fund is determined in accordance with the Fund's Declaration of Trust and is calculated by subtracting the aggregate amount of the total liabilities of the Fund attributable to each Series, including accruing fees or liabilities as are to be taken into

account as determined from time to time by the Manager from the total assets of the Fund attributable to each Series. The Net Asset Value of each Series of Units that comprise the Fund is divided by the number of Units of each Series outstanding (before Unit redemptions and subscriptions) at the close of business on a Valuation Day to determine the Net Asset Value per Unit for each Class. See "*Valuation Procedures*".

Units may be redeemed on the last business day of any month. Redemption amounts will be paid out within five (5) business days of the redemption date and may be subject to an early redemption fee. See "*Redemption Procedure*".

The Declaration of Trust is the constating document of the Fund and describes the terms and conditions respecting the issuance and redemption of Units, investment and valuation of the Fund's assets, determination and distribution of gains, management and administration of the Fund, duties of the Manager and Trustee, meetings of Unitholders and how the Declaration of Trust can be terminated or amended. See "*Material Agreements – Declaration of Trust*".

Subscription Procedure

Investors may only purchase Units of the Fund through qualified dealers or brokers (which may include the Manager). Qualified dealers or brokers will send orders to the Manager or its designate at its principal office via electronic communication facilities without charge to the investor on the day on which investor orders are placed.

For accredited investors, the minimum initial subscription price for the Units is \$50,000 (or such lesser amount as the Manager, in its sole discretion, may accept). This \$50,000 may be spread across different accounts. For all other investors, the minimum initial subscription price for the Units is \$150,000 provided the investor is not an individual and was not formed solely for the purpose of investing in the Fund (except in Alberta where this exemption is not being made available to any investor) unless another prospectus exemption applies.

Each prospective and qualified investor who desires to subscribe for Units must:

- (a) complete and sign a Subscription Agreement specifying the aggregate subscription amount and the Class of Units being subscribed for;
- (b) if the investor is resident in one of the Offering Jurisdictions, is purchasing Units having an aggregate acquisition cost of less than \$150,000, and is an accredited investor as defined in NI 45-106 or the *Securities Act* (Ontario), as applicable, complete and sign the Accredited Investor Questionnaire; and
- (c) deliver to the Manager or its designate, in trust, an electronic funds transfer via the FundSERV network or other means satisfactory to the Manager for the subscription price payable for the Units subscribed for.

Subscriptions are subject to acceptance, in whole or in part, by the Manager on behalf of the Fund and are subject to compliance with all applicable securities laws.

The purchase price per Unit will be an amount equal to the Net Asset Value per Unit subscribed for and may vary from Series to Series. The Net Asset Value per Unit for subscriptions which are received and accepted by the Manager before the close of business on a Valuation Day will be calculated as of that Valuation Day. The Net Asset Value per Unit for subscriptions received and accepted after such time will be calculated on the next following Valuation Day.

The subscription price is payable by the investor upon subscription, by electronic funds transfer via the FundSERV network or other means satisfactory to the Manager. No financing of the subscription price will be provided by the Manager.

The subscription amounts, Subscription Agreements and other documents will be held in trust by the Manager and released upon Closing. Where required pursuant to applicable securities law, the subscription amount will be held in trust by the Manager until midnight on the second business day after the investor signs a Subscription Agreement. Closings will occur on a continuous basis on the last business day of each month in which subscriptions are received.

Qualified investors

The Manager is offering for sale an unlimited number of Units on a continuous basis in each of the Offering Jurisdictions by way of private placement.

The Offering is being conducted pursuant to the exemptions from the prospectus requirements afforded by Section 73.3 of the *Securities Act* (Ontario), Section 2.3 of NI 45-106, and, except in Alberta, Section 2.10 of NI 45-106 and to whom Units may otherwise be sold in accordance with applicable securities laws.

The exemption pursuant to Section 2.3 of NI 45-106 and Section 73.3 of the *Securities Act* (Ontario) is available for distributions to investors purchasing as principal and who are “accredited investors” as defined in NI 45-106 or the *Securities Act* (Ontario), as applicable.

The exemption pursuant to Section 2.10 of NI 45-106 is available (except in Alberta) for distributions to non-individual investors purchasing as principals where the trade is made in a security that has an aggregate acquisition cost to the investor of not less than \$150,000, paid in cash at the time of acquisition.

The foregoing exemptions relieve the Fund from the provisions of the applicable securities laws of each of the Offering Jurisdictions, which otherwise would require the Fund to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Units will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The Fund will use qualified dealers or brokers to sell Units of the Fund (which may include the Manager) and may enter into non-exclusive agency agreements with such brokers or dealers in connection with such sales.

Acceptance of subscriptions

Subscriptions received are subject to rejection or acceptance in whole or in part by the Manager on behalf of the Fund within five (5) days of their receipt by the Manager or its designate. The Manager reserves the right to close the subscription books at any time without notice. Confirmation of the acceptance of a subscription will be forwarded by, or on behalf of, the Manager to the investor. The Manager is not obligated to accept any subscriptions, and will reject any subscription which the Manager considers to be not in compliance with applicable securities laws and regulations. If any subscription is rejected, the Manager will return to the investor within five (5) days after making the decision to reject the subscription, the Subscription Agreement, any other documentation delivered by the investor, and the subscription funds comprising such subscription without interest or penalty.

Subject to the contractual rights of action, and a two day right of withdrawal for certain investors, and subject to applicable securities laws, the investor's subscription may not be withdrawn, cancelled, terminated or revoked by the investor for a period of five (5) days from the date of receipt of the subscription by the Manager, unless previously accepted by the Manager.

Units of the Fund will be issued to an investor if a Subscription Agreement substantially in the form prescribed by the Manager from time to time is received by the Fund and accepted by the Manager and if payment of the subscription price is made via the FundSERV network or other means satisfactory to the Manager.

An investor who subscribes for Units by executing and delivering a Subscription Agreement will become a Unitholder after the Manager accepts such subscription and the Fund has received the subscription price.

Additional investments

Additional investments in the Fund are generally permitted without a Unitholder having to complete a further Subscription Agreement, provided that the Unitholder's initial investment was equal to a minimum of \$150,000, the additional investment is for the same Class as the initial investment and the Unitholder, as at the date of the additional investment, holds securities of the Fund that have an acquisition cost of not less than \$150,000 or a net asset value of not less than \$150,000 (the "Additional Investment Conditions"). Subsequent purchases on this basis must be at least \$10,000 or such other amount determined by the Manager at any time, in its discretion.

If a Unitholder wishes to make an additional investment in the Fund but does not meet the Additional Investment Conditions or is resident in Alberta, then the Unitholder must complete a further Subscription Agreement.

Unit certificates

No certificates evidencing ownership of the Units will be issued to a Unitholder. Following each purchase or redemption of Units, Unitholders will receive a written confirmation from their dealer indicating details of the transaction including the Class, number and dollar value of the Units purchased or redeemed, the Net Asset Value per Unit and the Class, number and dollar value of Units held by the Unitholder following such purchase or redemption.

Valuation Procedures

The "Net Asset Value" of the Fund shall be the then fair market value of the assets of the Fund at the time the calculation is made less the amount of its liabilities at that time. The Net Asset Value of each Series (the "**Series Net Asset Value**") shall be the then fair market value of the assets of the Fund attributable to such Series less the amount of the liabilities of the Fund attributable to such Series as determined by the Manager acting reasonably in accordance with industry standards including accruing fees or liabilities (including any Performance Fee that may accrue in favour of the Manager), at that time. The "Net Asset Value per Unit" for each Series shall be the quotient obtained by dividing the amount equal to the Series Net Asset Value by the total number of outstanding Units in such Series, including fractions of Units. The Net Asset Value of the Fund, Series Net Asset Value and the Net Asset Value per Unit shall be computed by the Manager as provided in the Declaration of Trust as at the close of business on every Valuation Day.

The fair market value of the assets and the amount of the liabilities of the Fund in the aggregate and attributable to each Series, shall be calculated by the Manager in such manner as the Manager in its sole discretion shall determine from time to time, subject to the following:

- (a) liquid assets (which term includes cash on hand or on deposit, bills and demand notes, accounts receivable, prepaid expenses, cash dividends (including unpaid but declared dividends provided that the record date for such dividends is on or before the date of determination of the net asset value) and interest accrued and not yet received) will be valued at their full face amount unless the Manager determines that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend or interest amount is not worth the full face value, in which event the value shall be the fair value as determined by the Manager;
- (b) securities listed on a stock exchange will be valued at the closing sale price or, if there is no closing sale price, the average of the closing bid and closing asked price or lacking any recent sales or any record thereof, the latest available sale price or latest available bid price all as reported by any report in common use;
- (c) securities and other assets for which market quotations are not readily available will be valued at the lesser of their fair market value (determined on the basis of such price or yield equivalent quotations or arm's length transaction or on such other appropriate basis), as determined by the Manager, and then-historical cost, provided that if a higher price is established for such securities and other assets as a result of an arm's length transaction, the value of such securities and other assets held by the Fund may be revalued to reflect such price;
- (d) 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 Day at such times as the Manager, in its discretion, deems appropriate;
- (e) short-term investments, including notes and money market instruments, shall be valued at cost plus accrued interest;
- (f) 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 Valuation Time or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the 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;
- (g) all Fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds at the Bank of Canada daily noon exchange rate, or if unavailable at a rate of exchange obtained from the best sources available to the Administrator including, but not limited to, the Administrator or any of its affiliates;
- (h) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Fund or by the Fund's predecessor in title or by law shall be the lesser of (i) the value thereof based on reported quotations in common use; and (ii) 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 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 restrictions will be lifted is known;

- (i) the value of any security which is a debt obligation and which, at the time of acquisition, had a remaining term to maturity of one year or less, shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition. For the purposes of the foregoing, interest accrued will include amortization over the remaining term to maturity of any discount or premium from face value of an obligation at the time of its acquisition; and
- (j) the liabilities of the Fund shall be deemed to include all liabilities of the Fund of whatsoever kind and nature except liabilities represented by outstanding Units and, for greater certainty but without limitation, include:
 - (i) all bills, notes and accounts payable;
 - (ii) all administrative expenses payable or accrued;
 - (iii) all obligations for the payment of money or property, including distributions of net income and net realized capital gains, if any, declared, accrued or credited to the Unitholders but not yet paid on the day before the day as of which the Net Asset Value per Unit is being determined; and
 - (iv) all allowances authorized or approved by the Manager for taxes (if any) or contingencies.

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

Where, for the purposes of the foregoing calculation of the Net Asset Value of the Fund, the Series Net Asset Value and the Net Asset Value per Unit and the calculation of any distributions hereunder, the Manager is provided with a value, quotation, or other information related thereto by a third party (collectively "**Third Party Data**"), including without limitation, any third party data provider, the Investment Manager or their respective agents, the Manager may rely on such Third Party Data and shall not be required to make any investigation or inquiry as to the accuracy, completeness or validity of such Third Party Data. If such Third Party Data is not available to the Manager as of a time reasonably proximate to the Valuation Day, such valuation of the securities or other assets of the Fund shall be based on an estimate or estimates provided by the Manager. Such estimate or estimates will be final and binding and will be considered to be the actual value of such securities or other assets for the purposes of any distribution, Net Asset Value of the Fund, Series Net Asset Value or Net Asset Value per Unit calculations. Neither the Manager nor the Trustee shall have any responsibility or liability, whatsoever, for any loss or damage arising out of or in connection with the Manager's reliance on or any failure to provide such Third Party Data or any such estimates.

The Manager utilizes the services of the Administrator in the process of calculating the Net Asset Values; however, the completeness and accuracy of this calculation is ultimately the responsibility of the Manager. While the goal is to produce completely accurate valuations at all times, errors and adjustments may occur periodically. The Manager has put in place procedures to detect and correct any such errors and make appropriate adjustments, if necessary.

Distribution of Income and Capital Gains to Unitholders

The Fund will distribute its net income for tax purposes and net realized capital gains (less capital losses) so that the Fund will not be liable in any year for income tax. Such distributions, if any, will be declared on a date determined by the Manager, and will be reinvested in additional Units of the same Class and Series of the Fund held by the investor, unless the Unitholder gives written notice to the Manager in advance that the Unitholder wants to receive its distributions in cash.

The Manager shall allocate such amounts payable among the Classes and/or Series of Units, as applicable, in a manner considered by the Manager to be equitable to all Unitholders having regard to the expenses of the Fund attributable to each Series and the Net Asset Value of each Series. The composition of distributions made on the

Units of any particular Series, as between net income and net capital gains, will generally be determined on a *pro rata* basis except with respect to Units that were issued (or redesignated as part of that Series) after January 1st of the year in which the distribution will be paid. In that case, composition of the payment will generally depend on the portion of net income and net capital gains of the Fund earned or realized during the period that the Unit was outstanding.

In determining the amount of net realized capital gains and net income payable to Unitholders, the Manager may, in accordance with the Tax Act, make allocations to one or more redeeming Unitholders of their share, as included in the reported redemption price of their Units, of all or a portion of the Fund's net realized capital gains or net income in the taxation year ending in the calendar year (or deemed taxation year), with any such net realized capital gains or net income not allocated to redeeming Unitholders, being distributed to remaining Unitholders at the end of such taxation year as set forth above.

Trading and Resale Restrictions

This Offering of Units is made only on a private placement basis to investors who are eligible to purchase on an exempt basis under, and subject to compliance with, applicable securities laws. **There is no market for the Units. The transferability of the Units will also be subject to resale restrictions under applicable securities laws.**

The Fund will be entitled to require and may require, as a condition of allowing any transfer of any Unit, the transferor or transferee, at their expense, to furnish to the Fund evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Fund) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

The Fund is not a reporting issuer in any of the provinces or territories of Canada and does not intend to become a reporting issuer in any province or territory of Canada. The Units will be subject to an indefinite hold period. Notwithstanding such indefinite hold period, and subject to approval by the Fund as referred to above, investors may be able to transfer between certain Classes of Units (transfers between Class A and Class F Units and Class I and Class O Units will generally be permitted) and to transfer Units to another person pursuant to another exemption from the prospectus requirements of applicable securities laws, or pursuant to an order permitting such trade granted by applicable securities regulatory authorities. This matter should be discussed with the Manager. See "*Transfer Between Classes of Units*" below. Units may also be redeemed on the last business day of each month. See "*Redemption Procedure*" below.

This Offering Memorandum and all related subscription documents should be reviewed by prospective investors and their professional advisers prior to subscribing for Units.

Transfer Between Classes of Units

A Unitholder of any Class may be entitled to transfer, at any time, all or, subject to any minimum investment or other requirements for a particular Class prescribed by the Manager and set forth in this Offering Memorandum (or other like document), any part of the Units of one Class registered in its name to another Class of Units, by giving written notice to the Manager. The notice must contain a clear request that a specified number of Units (or fractions thereof) be transferred between the Classes and provide detailed instructions regarding the Class of Units to be acquired, and the signature on the transfer notice must, if requested by the Manager, be guaranteed by a Canadian chartered bank, a trust company or securities dealer acceptable to the Manager. The Administrator, in its capacity as registrar of the Fund, may charge a fee to the Unitholder to effect a transfer of Units between Classes. As of the date of this Offering Memorandum, transfers between Class A and Class F Units and transfers between Class I and Class O Units, will generally be permitted, subject to such transfers being in compliance with applicable securities laws. Transfers between Classes other than those mentioned above may be permitted in the sole discretion of the Manager and subject to compliance with applicable securities laws.

Redemption Procedure

Each Unitholder is entitled to require payment of the Net Asset Value of all or any of his Units by giving written notice to the Manager, which notice must contain a clear request that a specified number of Units of a specified Class are to be redeemed or the dollar amount which the Unitholder is required to be paid, and the signature on the redemption notice must, if requested by the Manager, be guaranteed by a Canadian chartered bank, a trust company or a registered broker or securities dealer acceptable to the Manager.

The Manager may, at its discretion, charge Unitholders a redemption charge in an amount up to a maximum of 3.0% of the Net Asset Value of the Units being redeemed if such Units are redeemed before the Unitholder has held them for 120 days. In addition, the Administrator, in its capacity as registrar of the Fund, may charge a fee to the Unitholder to effect a redemption of Units.

A redemption request, properly completed, must reach the Manager at its offices not later than the close of business on a Valuation Day in order for the redeeming Unitholder to receive the Net Asset Value per Unit calculated on that Valuation Day.

The proceeds payable on redemption will be the applicable Net Asset Value per Unit of the Units redeemed, which may vary from Series to Series, less any applicable redemption charges. The Manager will, within five (5) business days after the Valuation Day, and subject to receipt by the Manager, of written notice in respect of redemption requests arrange for the payment of the value of the Units being redeemed by mailing or delivering a cheque, or by such other manner of payment (including electronic funds transfer) approved by the Manager from time to time, in the relevant amount in Canadian funds to the Unitholder. Upon the redemption of any Class and Series of Units by a Unitholder, the accrued portion of any Performance Fee liability allocated to the redeemed Units for that Series will be payable by the Fund, or the Class I Unitholder as applicable, within 10 business days of the end of the month in which the Units were redeemed.

Redemption requests will be processed in the order in which they are received. Redemption requests specifying a forward date or specific price will not be processed. The Fund is not required to redeem or pay any redemption amounts in respect of any Units unless the above described procedures are followed.

As noted above, Management Fees and Performance Fees associated with the Class I Units will be paid directly by the Class I Unitholder. Unless specified otherwise in the managed account or other agreement between the Manager and the Class I Unitholder, payment of these fees may, in the Manager's sole discretion, be funded by quarterly redemptions of the Class I Units held by these Unitholders. The

purpose of such redemptions is to facilitate the payment of Management Fees and Performance Fees associated with the Class I Units without the need for making an additional investment in the Class I Unitholders managed account with the Manager. Such redemptions will not require prior written notice and will be made at the sole discretion of the Manager and may have tax implications for Class I Unitholders.

The Manager may suspend, or continue suspension of the right of a Unitholder to require the Fund to redeem Units for any period during which normal trading is suspended on any market on which a substantial part of the securities owned by the Fund are then listed or with the consent of the appropriate securities regulatory authorities for any period during which the Manager determined that conditions are such that the disposal of the assets of the Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of the Fund's assets.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on RRSP eligibility of these securities.

The following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act and the regulations thereunder generally applicable to a Unitholder who acquires Units of the Fund and who, for

purposes of the Tax Act, is resident in Canada, holds the Units as capital property and deals at arm's length with the Fund. Generally, Units of a Fund 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 have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Unitholder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), or a "specified financial institution" or "restricted financial institution" to a Unitholder an interest in which is a "tax shelter investment" (all as defined in the Tax Act). This summary is based upon the provisions of the Tax Act, and any regulations thereunder in force at the date hereof and the understanding of the current published administrative and assessing practices of the Canada Revenue Agency ("**CRA**") and takes into account all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) (the "**Tax Proposals**"). There can be no assurance that the Tax Proposals will be implemented in their current form or at all. No advance income tax ruling has been requested in respect of this Offering. This summary does not otherwise take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an Investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholders' particular circumstances, including the

province or provinces in which the Unitholder resides or carries on business. Accordingly this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units of the Fund or any Unitholder. Consequently, prospective Unitholders should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units based on their particular circumstances.

Status of the Fund

Mutual fund trust

This summary is based on the assumption that the Fund will qualify as a “unit trust” as defined in the Tax Act. In order to so qualify, the undertaking of the Fund must be restricted to the investing of its funds in property (other than real property or an interest in real property), the acquiring, holding, maintaining, improving, leasing or managing of real property (or interest in real property) that is capital property of the Fund, or a combination of these activities.

It is intended, and this summary assumes, that these requirements will be satisfied and that the Fund will continue to qualify as a “unit trust” and that the Fund will be a “registered investment” and/or a “mutual fund trust” (all within the meaning of the Tax Act) at all relevant times. In the event that the Fund were not to qualify as a “registered investment” or a “mutual fund trust”, the income tax considerations would in some respects be materially different from those described below.

The Fund will not be subject to the SIFT trust rules in the Tax Act as long as Units are not listed or traded on a stock exchange or other public market.

Qualified investment

Provided the Fund is a “registered investment” and/or a “mutual fund trust” at all material times, the Units will be considered “qualified investments” (as defined in the Tax Act) for tax deferred plans such as RRSPs, registered retirement income funds (RRIFs), registered education savings plans (RESPs), deferred profit sharing plans (DPSPs), registered disability savings plans (RDSPs) and tax free savings accounts (TFSAs) all as defined in the Tax Act.

Provided that the annuitant or holder of an RRSP, RRIF or TFSA does not hold a “significant interest” (as defined in the Tax Act) in the Fund or any person or partnership that does not deal at arm’s length with the Fund, and provided that such annuitant or holder deals at arm’s length with the Fund, Units will not be a prohibited investment for a trust governed by an RRSP, RRIF or TFSA. Annuitants of registered retirement savings plans, registered retirement income funds and holders of tax-free savings accounts should consult with their own tax advisers as to whether Units would be a “prohibited investment” under the Tax Act in their particular circumstances.

Taxation of the Fund

Part I Tax

The Fund is subject to taxation in each taxation year on its income for the year, including net realized capital gains, less the portion thereof that is paid or payable in the year to Unitholders and which is deducted by the Fund in computing its income for purposes of the Tax Act. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. The Fund will distribute a sufficient part of its income and capital gains, if any, so that the Fund will not be subject to tax under Part I of the Tax Act

(other than in certain circumstances with respect to the alternative minimum tax, if applicable). Losses incurred by the Fund cannot be allocated to Unitholders but may be dedicated by the Fund in future years in accordance with the Tax Act.

Taxation of Unitholders

Fund distributions

Unitholders which are not exempt from tax under Part I of the Tax Act will generally be required to include in their income for a particular taxation year such part of the Fund's net income for tax purposes for the year as was paid or has become payable to them in that particular taxation year, notwithstanding that any such amount is payable in additional Units of the Fund (see "*Distribution of Income and Capital Gains to Unitholders*"). In certain cases, the Fund may apply net capital losses or non-capital losses from prior taxation years to reduce its net taxable income, thereby effectively permitting such amounts to be distributed as capital to Unitholders. However, any such distribution will reduce the adjusted cost base of a Unitholder's Units. To the extent that the adjusted cost base of a Unitholder's Units becomes negative, the negative amount will be included in the Unitholder's income for the year as a capital gain.

Units issued to a Unitholder in lieu of a cash distribution will have a cost equal to the fair market value of the Units and this cost must be averaged with the cost of all Units held by the Unitholder to determine the adjusted cost base of each Unit of that Unitholder.

Where the Fund has received taxable dividends from a taxable Canadian corporation in the year, it may designate a pro rata share of such dividends to be taxable dividends received by the Unitholder from a taxable Canadian corporation in the year. To the extent that amounts are designated as taxable dividends, the normal gross-up and dividend tax credit provisions will be applicable in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders who are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and the deduction in computing taxable income will be available to Unitholders that are corporations.

The Fund may make designations in respect of net taxable capital gains realized by it in the year, and foreign source income received in the year and foreign taxes paid in the year. Where applicable, Unitholders may apply capital losses against such capital gains and may claim the foreign tax credit in calculating tax payable.

The Fund must withhold a 25% Canadian withholding tax from distributions of income paid to Unitholders who are not resident in Canada for Canadian income tax purposes (subject to treaty reduction).

Disposition of units

A Unitholder's gain or loss from the disposition of a Unit (including a disposition by way of redemption) will generally be treated as a capital gain or loss. 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 a Unitholder will be included in the Unitholder's income under the Tax Act for the year of disposition as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized by a Unitholder may be deducted against any taxable capital gains realized by the Unitholder in the year of disposition, in the three preceding taxation years or in any subsequent taxation years.

Capital gains realized on dispositions of Units by Unitholders who are not resident in Canada for Canadian income tax purposes will be subject to Canadian income tax only (i) if the Unitholder, persons

who do not deal at arm's length with the Unitholder, or any combination of the Unitholder and such persons owned not less than 25% of the issued Units of the Fund at any time in the 60 months preceding the date of disposition of the Units, and (ii) more than 50% of the fair market value of such Units is derived directly or indirectly from any combination of real or immovable project property situated in Canada, Canadian Resource properties, timber resource properties, or options, interests or civil law rights therein.

Alternative minimum tax

Taxable capital gains realized by a Unitholder that is an individual may give rise to alternative minimum tax depending on the Unitholder's circumstances.

COMPENSATION PAID TO SELLERS AND FINDERS

Units will be distributed by qualified dealers or brokers in the applicable jurisdictions. Dealers (other than the Manager) who distribute Class A Units may be paid a front-end sales commission or initial sales charge of up to 2.0% of the Net Asset Value per Unit for each Class A Unit of the Fund held by clients of the dealer. Such commissions will be negotiated between the dealer and the investor and will be deducted from the subscription proceeds and paid directly by the investor to the dealer.

The Manager will provide the compensation described below to such qualified dealers or brokers placing orders for the purchase of Units to assist them in their distribution efforts. The Manager will not receive any commission or fees for acting as exempt market dealer in connection with a subscription for Units, but will be entitled to fees in its capacity as investment fund manager and portfolio manager of the Fund. See "*Manager*" – "*Management Fee*" and "*Performance Fee*".

Service Fee

The Manager will pay half of the Management Fee (to a maximum of 1.00% per annum) charged to the Fund in respect of the Class A Units to qualified dealers (other than the Manager) or brokers as an ongoing service fee known as a "trailing commission". Service fees will be calculated based on the aggregate value of the clients' investments in Class A Units of the Fund on each month-end Valuation Day equal to 1/12 of 1.00% of the Net Asset Value of the Class A Units held by the clients on such Valuation Day.

The service fee will be paid to qualified dealers or brokers for ongoing advice and service provided by the dealers or brokers to their clients who have invested in Class A Units of the Fund. This service fee is payable by the Fund for as long as such broker's or dealer's clients' investments remain in the Fund. No service fees are payable in respect of the Class F Units, Class I Units or Class O Units. Service fees may be modified or discontinued by the Manager at any time.

Performance Fee

The Manager, in its sole discretion, may elect to share up to an aggregate of 15% of any Performance Fee collected from the Fund with qualified dealers or brokers that have clients invested in the Class A Units or Class F Units. See "*Manager*" – "*Performance Fee*".

ADDITIONAL INFORMATION FOR INVESTORS PURCHASING UNITS THROUGH AVENTINE

This section contains information for investors who purchase Units directly from the Manager, should it obtain registration as exempt market dealer.

When an investor purchases Units from Aventine directly, that investor is considered to have an “account” with Aventine as their dealer. This account is a non-discretionary trading account and Aventine will only process trades in Units upon the investor’s instructions and authorization.

Related and Connected Issuers

The securities legislation of certain jurisdictions in Canada require registered dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require registered dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Investors should refer to the applicable provisions of securities legislation for the details of such provisions and their rights or consult with a legal adviser.

Aventine is registered as an investment fund manager and portfolio manager in British Columbia and Ontario and as a portfolio manager in Alberta. The Manager may become registered in one or more of these categories, including as an exempt market dealer, in other provinces of Canada from time to time. As a result, potential conflicts of interest could arise in connection with Aventine acting in such capacities. Once registered as an exempt market dealer, Aventine may sell securities of the Fund and related and/or connected trusts and other pooled funds organized by Aventine in accordance with applicable laws, and will not be remunerated by the Fund or such other pooled funds for acting in that capacity.

Aventine is the investment fund manager and portfolio manager of the Fund. Aventine is entitled to receive the Management Fee and Performance Fee from the Fund. See “*Manager*” – “*Management Fee*” and “*Performance Fee*”. **Accordingly, the Fund may be considered a “connected” issuer of the Manager under applicable securities legislation.**

The definitions of the terms “related issuer” and “connected issuer” can be found in National Instrument 33-105 – *Underwriting Conflicts*.

Related Registrants

Securities legislation also requires securities dealers and advisers to inform their clients if the securities dealer or adviser has a principal shareholder, director or officer that is a principal shareholder, director or officer of another securities dealer or adviser and of the policies and procedures adopted by the securities dealer or adviser to minimize the potential for conflicts of interest that may result from this relationship.

As at the date of this Offering Memorandum, Aventine does not have any related registrants.

KYC and Suitability

When an investor purchases Units directly through Aventine, in its capacity as exempt market dealer, Aventine has an obligation to assess whether a subscription for Units is suitable for the investor and, unless the subscriber is a

“permitted client”, and either waives such requirement, or Aventine is otherwise exempt from such requirement, Aventine is required to collect information from the investor which is commonly referred to as know-your-client (“KYC”) information. The KYC information is provided by the investor in the Subscription Agreement and related documentation and is used to assist Aventine in obtaining sufficient information regarding an investor’s objectives, financial circumstances and risk tolerance, and to determine whether the purchase or sale of units of the Fund by the investor is suitable for the investor prior to a transaction being executed.

Reporting

Investors who subscribe for Units through Aventine, in its capacity as exempt market dealer, will receive a written confirmation of the transaction promptly after the subscription for Units is accepted. Aventine will also provide such investors with quarterly account statements and other account statements as may be required by applicable securities laws.

Referral Arrangements

Aventine may enter into referral arrangements whereby it pays a fee for the referral of a client to Aventine or to the Fund. No such payments will be made unless the referred investors are advised of the arrangement, and all applicable securities laws are complied with.

Independent Dispute Resolution and Mediation Services

Independent dispute resolution and mediation services will be available to clients of Aventine, at Aventine’s expense, to mediate any dispute that may arise between the clients of Aventine and Aventine about the services provided by Aventine. This service will be available in respect of a dispute that arises on or after the earlier of September 28, 2014 or the coming into effect of amendments to section 13.16 of NI 31-103.

RISK FACTORS

An investment in the Fund involves significant risks. In addition to other information in this Offering Memorandum, the following risk factors should be given special consideration when evaluating an investment in any Units. The risk factors outlined below are not a definitive list of all risks associated with an investment in the Fund.

General

Investing in the Fund is only suitable for investors who understand and are capable of bearing the risks of their investment. An investment in the Fund is not intended and should not be used as an entire investment program. All investments in securities made by the Fund risk the loss of invested capital. Therefore, there is a risk that an investment in the Fund could be lost entirely or in part. While the Manager believes that the Fund’s investment policies will be successful over the long term, there is no assurance that the Fund will achieve its investment objectives. There is no guarantee that an investment in Units of the Fund will earn any positive return in the short or long term and investors must be able to bear the risk of a complete loss of their investment.

Limited Operating History

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 Fund has no operating and performing history upon which prospective investors can evaluate the Fund's performance.

Investment Eligibility

If the Fund does not qualify as a "registered investment" or a "mutual fund trust" within the meaning of the Tax Act, the Units may cease to be qualified investments for trusts governed by RRSPs, RRIFs, RESPs, RDSPs, TFSA's and DPSPs under the Tax Act.

Provided that the annuitant or holder of an RRSP, RRIF or TFSA does not hold a "significant interest" (as defined in the Tax Act) in the Fund or any person or partnership that does not deal at arm's length with the Fund, and provided that such annuitant or holder deals at arm's length with the Fund, Units will not be a prohibited investment for a trust governed by an RRSP, RRIF or TFSA. Annuitants of RRSPs and RRIFs and holders of TFSA's should consult with their own tax advisers as to whether Units would be a "prohibited investment" under the Tax Act in their particular circumstances.

There can be no assurance that income tax laws and the treatment of unit trusts will not be changed in a manner which adversely affects Unitholders.

Net Asset Value

The Net Asset Value of each Class of Units that comprise the Fund will fluctuate with changes in the market value of the investments attributable to that Class. Such changes in market value may occur as a result of various factors such as changes in interest rates, economic conditions, and market and company news. Therefore, when you redeem your Units in the Fund, you may receive less than the full amount you originally invested. The full amount of an investment in the Fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates (GICs), mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Potential Lack of Diversification

The Fund has only a few specified limits on holdings in securities of issuers in any one asset class, country, sector or industry. Unlike many mutual funds which are required by applicable securities laws to diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one industry or group of industries, the Fund has adopted only limited restrictions for diversification. Although the Fund's portfolio will generally be diversified, this may not be the case at all times if the Manager deems it advantageous for the Fund to be less diversified. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among companies, industries, regions, types of securities and other asset classes.

Limited Ability to Liquidate Investments

There is no formal market for Units and one is not expected to develop. This offering of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities legislation. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units as of any Valuation Day which redemption will be subject to the limitations described under "Redemption Procedure". There are circumstances where the Fund may suspend redemptions. Unitholders may not be able to liquidate their investments in a timely manner. As a result, an investment in the Units is suitable only for sophisticated investors who do not

require liquidity for their investment and are able to bear the financial risk of the investment for an extended period of time.

Portfolio Turnover

The operation of the Fund may result in a high annual portfolio turnover rate. The Fund has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate (e.g., greater transaction costs such as brokerage fees).

Not a Public Mutual Fund

The Fund is not a reporting issuer mutual fund for securities laws purposes and is therefore not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's portfolio, as well as a more stringent level of public disclosure of performance. As a result, some of the protections provided to investors in reporting issuer mutual funds under such laws are not available to Unitholders.

Equity Securities

To the extent that the Fund holds equity securities, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Fund. Additionally, to the extent that the Fund holds any foreign investments, it will be influenced by world political and economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment position held by the Fund.

Leverage

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

Foreign Currency Exposure

While it is expected that a significant proportion of the securities held by the Fund will be valued in Canadian dollars (the Fund's reference currency), the translation value of any positions which are denominated in currencies other than the Canadian dollar will be affected by fluctuations in the exchange rates between such currencies and the Canadian dollar. The Manager may hedge the Canadian dollar exposure to the foreign currency in whole or in part, but there can be no assurances that the gains or losses on currency hedging transactions will be matched in timing or characterization with losses and gains on any foreign currency securities in which the Fund invests.

Securities Lending

The Fund may engage in securities lending. Although the Fund will receive collateral for such loans and such collateral will be marked to market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

Options

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

Trading Errors

In the course of carrying out trading and investing responsibilities on behalf of the Fund, employees of the Manager may make “trading errors” – i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are an intrinsic factor in any complex investment process, and will occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by employees of the

Manager. Consequently, the Manager will (unless the Manager otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Fund, unless they are the result of conduct by the Manager which is inconsistent with the Manager’s standard of care.

Market Disruptions

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers held by the Fund. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that may be held from time to time by the Fund.

Class/Series Risk

The Fund currently offers four Classes of Units, issuable in Series, and may in the future offer additional Classes and/or Series of Units. Each Class and/or Series is charged, as a separate Class and/or Series, any expenses that are specifically attributable to that Class and/or Series. However, if the Fund cannot pay the expenses of one Class and/or Series using its proportionate share of the Fund’s assets, the Fund may be required to pay those expenses out of the other Classes’ and/or Series’ proportionate share of the Fund’s assets which could lower the investment returns of the other Classes and/or Series.

Counterparty Risk

The Fund may enter into customized financial instrument transactions for the purpose of executing its foreign currency hedges that are subject to the risk of credit failure or the inability of, or refusal by, the counterparty to perform its obligations with respect to the hedges, potentially exposing the Fund to significant losses.

Performance Fee to the Manager

The Manager is eligible to receive a fee if, during a given time period, the performance of the Fund exceeds the performance of a specified hurdle rate. This may theoretically create an incentive for the

Manager, in the pursuit of superior performance, to make investments that are abnormally risky or generally more speculative than otherwise would be the case if no such fee existed.

Limited Resources of Manager

The Manager has no obligation to fund any operating deficits resulting from the business of the Fund or to advance funds to continue the business operations of the Fund. Even if the Manager should elect to do so voluntarily or be held individually accountable by Fund creditors, there is no assurance that the available assets will be adequate to satisfy the capital needs of continuing business operations. If Fund revenues are insufficient to pay Fund expenses after expending the funds obtained from this Offering and if the Manager does not advance such additional funds as may be needed by the Fund, the Fund may not be able to continue its business operations in the absence of an alternative source of financing, and there can be no assurance that such financing will be available to the Fund.

Losses and Effects of Substantial Redemptions

The Fund may at any time incur losses, resulting in substantial redemptions by Unitholders. Substantial redemptions may require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve market positions appropriately reflecting a smaller asset base. There is a risk that if the Fund's assets become depleted, the Fund's portfolio could become sufficiently restricted to make it difficult to achieve the Fund's investment objectives. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

Reliance on Management

The success of the Fund will be entirely dependent upon the efforts of the Manager and, in particular, the efforts, knowledge and expertise of the Fund's portfolio managers, who have substantial discretionary authority for investment advisory and portfolio management decisions. There is no certainty that the portfolio managers will remain so in the foreseeable future. Unitholders have no right or power to take part in the management of the Fund. Accordingly, no one should invest in Units of the Fund unless they are willing to entrust all aspects of the management and all investment decisions of the Fund to the Manager and the portfolio managers.

Conflicts of Interest

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

Involvement in Other and Competing Activities

The Manager and its officers, directors, employees, or shareholders and their respective affiliates and associates are not limited or affected in their ability to carry on other business ventures for their own

account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Fund. Investment in the Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of the Manager or its affiliates or associates or to any profit therefrom or to any interest therein. The Manager may have a conflict of interest in carrying out its obligations to the Fund as a result of its involvement in competing activities.

Competition for Services

The Fund will not have independent management and will rely upon the Manager to manage the business of the Fund and to provide investment managerial skill. The directors and officers of the Manager may have a conflict of interest in allocating their time among the business of the Manager and the Fund, and other businesses or projects in which they may become involved. The directors and officers of the Manager have, however, agreed to devote as much time to the Fund as is required for the effective management of the Fund.

Lack of Separate Counsel

Counsel for the Fund in connection with this Offering is also counsel to the Manager. The Unitholders, as a group, have not been represented by separate counsel and counsel for the Fund and the Manager does not purport to have acted for the Unitholders or to have conducted any investigation or review on their behalf.

Early Termination

In the event of early termination of the Fund, the Fund would distribute to the Unitholders of each Class and Series their proportionate interest in the assets of the Fund available for such distribution, subject to the rights of the Manager to retain monies for costs and expenses. It is possible that at the time of such sale or distribution, certain securities held by the Fund would be worth less than the initial cost of such assets, resulting in a loss to the Unitholders.

Tax Liability

The Fund is not required to distribute its income in cash. If the Fund has taxable income for Canadian federal income tax purposes for a fiscal year, such income may be distributed to Unitholders, in accordance with the provisions of the Declaration of Trust, by the reinvestment in additional Units unless the Unitholder provides written notice to the Manager in advance that it wishes to receive distributions in cash. Unitholders will be required to include all such distributions in computing their income for tax purposes, even if that cash may not have been distributed to such Unitholders. Cash distributions to a particular Unitholder may not correspond to the economic gains and losses which such Unitholder may experience.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes to laws or administrative practice could adversely affect the Fund.

On March 18, 2010, the Hiring Incentives to Restore Employment Act of 2010 was enacted into law and added a new withholding tax system, often referred to as FATCA (Foreign Account Tax Compliance Act), to the U.S. Internal Revenue Code. Regulations were issued under FATCA on January 17, 2013. FATCA will impose a 30% U.S. withholding tax, currently proposed to be effective July 1, 2014, on certain U.S. source income (and, effective January 1, 2017, on gross proceeds from the disposition of property that

can give rise to U.S. source interest or dividends) paid to a non-U.S. financial institution unless it enters into and complies with an agreement with the IRS. As the Fund will likely be considered to be a non-U.S. financial institution for purposes of FATCA, payments to the Fund will be subject to these U.S. withholding tax requirements unless certain information is collected from Unitholders to determine whether the Unitholder is a U.S. person or in certain cases whether a non-U.S. entity Unitholder has any U.S. owners, and certain information is provided to the IRS with respect to these investors. Furthermore, a 30% U.S. withholding tax may be required to be withheld from all or a portion of certain payments made to a Unitholder who (i) fails to provide the required information, or (ii) is a non-U.S. financial institution that has not entered into an agreement with the IRS under FATCA or holds securities of the Fund directly or indirectly through such a non-compliant non-U.S. financial institution. An intergovernmental agreement between the United States and Canada was announced on February 5, 2014 (the “**Canadian IGA**”). Draft Canadian legislation implementing FATCA has also been issued for comments. The Canadian IGA, final Canadian implementation legislation, future U.S. Treasury Regulations, or other guidance may modify these FATCA compliance requirements under the current U.S. Treasury Regulations. Any U.S. federal withholding tax imposed under FATCA on distributions received by the Fund would reduce returns to Unitholders in the Fund. The administrative costs of compliance with FATCA may also cause an increase in the operating expenses of the Fund, further reducing returns to Unitholders. Unitholders should consult their own tax advisors regarding the possible implications of this legislation on them and their investments.

Using Borrowed Funds to Invest

The use of leverage may not be suitable for all investors. Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If an investor borrows money to purchase securities, the investor's responsibility to repay the loan and pay interest as required by the terms of the loan remains the same even if the value of the securities purchased declines.

Liability of Unitholders

The Declaration of Trust provides that no Unitholder shall be held to have any personal liability as such and no resort shall be had to such Unitholder's private property for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Fund, the Manager or the Trustee, but rather only the Fund's property is intended to be liable and subject to levy or execution for such satisfaction. There is a risk, which is considered by the Manager to be remote in the circumstances, that a Unitholder could be held personally liable, notwithstanding the foregoing statement in the Declaration of Trust, for obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. It is intended that the operations of the Fund will be conducted in such manner so as to minimize such risk.

REPORTING OBLIGATIONS

As a Unitholder of the Fund you will be entitled to receive copies of the Fund's audited annual financial statements and unaudited interim financial statements for the first six months of each fiscal year of the Fund.

Except as may be otherwise required by applicable securities laws, the Fund will send unaudited financial statements for the six months ended June 30 to the Unitholders within sixty (60) days after the end of such period and audited financial statements within ninety (90) days after the last day of each fiscal year of the Fund.

Unitholders will receive the applicable required tax information within the time required by applicable law to enable each Unitholder to complete his, her or its income tax return in Canada in relation to his, her or its investment in the Fund.

The Manager shall also send or arrange to have sent to each Unitholder reports setting out the assets and portfolio securities owned by the Fund and providing such further information as the Manager considers appropriate, such reports to be provided to Unitholders on at least an annual basis.

In addition to the foregoing, the Manager may furnish to Unitholders such other statements and/or reports as are from time to time required by applicable laws.

RESALE RESTRICTIONS

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade these securities unless you comply with an exemption from the prospectus requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Fund becomes a reporting issuer in any Canadian province or territory.

INVESTORS' RIGHTS

Securities legislation in certain of the provinces and territories of Canada requires investors to be provided with a remedy for rescission or damages, or both, in addition to any other right that they may have at law, where an offering memorandum and any amendment to it contains a misrepresentation. These remedies must be exercised by the investor within the time limits prescribed by the applicable securities legislation. Investors should refer to the applicable provisions of the securities legislation for the complete text of these rights. If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

The applicable contractual and statutory rights are summarized below and such contractual rights will be embodied in the Subscription Agreement to be executed and delivered by each investor to the Fund prior to the issuance of Units. By its execution of the Subscription Agreement, the Fund will be deemed to have granted these rights to the particular investor.

The applicable statutory rights are available to an investor whether or not the investor relied on the misrepresentation. However, there are various defences available to the persons or companies an investor has a right to sue, including if the investor knew of the misrepresentation when the investor purchased the securities.

The following summaries are subject to the express provisions of the securities laws of the applicable province and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

If you intend to rely on the rights described below, you must do so within strict time limitations, which are described below.

Two Day Cancellation Right for Certain Investors

If you purchase Units having an aggregate subscription price of less than \$50,000 you can cancel your agreement to purchase these securities. To do so, you must send a notice to your dealer by midnight on the second business day after you sign the agreement to buy the securities.

Rights for Investors in Alberta

Securities legislation in Alberta provides that every investor in securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, against the Fund and every person who signs the Offering Memorandum or any amendment thereto, in the event that the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Investors should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a “misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to be in order for a statement not to be misleading. A “material fact” means a fact that would reasonably be expected to have a significant effect on the market price or value of the Units.

In Alberta, the investor will have a right of action as follows:

- (a) in the case of rescission, on notice to the Fund not later than 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of damages, on notice given to the Fund not later than
 - (i) 180 days from the day the investor first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three years from the day of the transaction that gave rise to the cause of action.
- (b) no person or the Fund will be liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, no person or the Fund will be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Reference is made to the *Securities Act* (Alberta) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (Alberta).

Rights for Investors in British Columbia

Securities legislation in British Columbia provides that every investor in securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, against the Fund and every person who signs the Offering Memorandum or any amendment thereto, in the event that the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Investors should refer to the applicable provisions of the British Columbia securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a “misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. A “material fact” means any fact that significantly affects or could reasonably be expected to significantly affect the market price or the value of the Units.

In British Columbia, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

- (a) in the case of rescission, on notice to the Fund not later than 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of damages, on notice given to the Fund not later than
 - (i) 180 days from the day the investor first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three years from the day of the transaction that gave rise to the cause of action.

Reference is made to the *Securities Act* (British Columbia) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (British Columbia).

Rights for Investors in Manitoba

Sections 141.1, 141.1.2, and 141.4 of *The Securities Act* (Manitoba) provide that if the Offering Memorandum delivered to a purchaser of Units resident in Manitoba contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against the Fund, every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company, and every person or company that signed the Offering Memorandum for damages or, alternatively, while still the owner of the purchased Units, for rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that among other limitations:

- (a) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the Fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (c) other than with respect to the Fund, no person or company is liable if the person or company proves:

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

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

- (e) if, 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 the person or company did not have any reasonable grounds to believe and did not believe that
 - (i) there had been a Misrepresentation; or
 - (ii) the relevant part of the Offering Memorandum:
 - A. did not fairly represent the expert's report, opinion or statement; or
 - B. was not a fair copy of, or an extract from, the expert's report, opinion or statement;

- (f) other than with respect to the Fund, no person or company is liable with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed there had been a Misrepresentation;

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

- (h) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
 - (i) in the case of an action for rescission, 180 days after the date of purchase of the Units; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the Misrepresentation, and (B) two years after the date of purchase of the Units.

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

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

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

Rights for Investors in New Brunswick

Sections 150, 154.1, and 161 of the *Securities Act* (New Brunswick) provide that if the Offering Memorandum or amendment to the Offering Memorandum delivered to a purchaser of Units resident in New Brunswick contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against the Fund or selling securityholder for damages or, alternatively, while still the owner of the purchased 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:

- (a) no person will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;
- (c) in no case shall the amount recoverable exceed the price at which the Units were offered under the Offering Memorandum or amendment;
- (d) the Fund shall not be liable where it is not receiving any proceeds from the distribution of the Units being distributed and the Misrepresentation was not based on information provided by the Fund unless the Misrepresentation:
 - (i) was based on information that was previously publicly disclosed by the Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Fund before the completion of the distribution of the Units being distributed; and
- (e) no action may be commenced to enforce a right of action:

- (i) for rescission, more than 180 days after the date of the purchase; or
- (ii) for damages, more than the earlier of (A) one year after the purchaser first had knowledge of the Misrepresentation, and (B) six years after the date of the purchase.

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

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

Rights for Investors in Northwest Territories

Sections 112 and 121 of the *Securities Act* (Northwest Territories) provide that if the Offering Memorandum delivered to a purchaser of Units resident in Northwest Territories contains a Misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund, the selling security holder on whose behalf the distribution is made, every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Fund or the selling securityholder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person will not be liable if the person proves that the purchaser purchased the Units with the knowledge of the Misrepresentation;
- (b) a person (other than the Fund or selling securityholder on whose behalf the distribution is made) will not be liable if:
 - (i) the Offering Memorandum was sent to the purchaser without the 's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of that person or company;
 - (ii) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;

- (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - A. there had been a Misrepresentation; or
 - B. the relevant part of the Offering Memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (iv) except the Fund and selling securityholder, for any part of an Offering Memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:
 - A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - B. believed that there had been a Misrepresentation;
- (c) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the Misrepresentation;
- (d) the Fund and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling security holder, is not liable if the Fund does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by the Fund, unless the Misrepresentation
 - (i) was based on information previously publicly disclosed by the Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the Units being distributed;
- (e) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Units purchased by the purchaser were offered; and
- (f) no action may be commenced to enforce a right of action more than:
 - (i) in the case of an action for rescission, 180 days after the date of the purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the Misrepresentation, or (B) three years after the date of the purchase.

In addition, no person will be liable with respect to a Misrepresentation in forward-looking information (excluding those made in financial statements) if:

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

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

Rights for Investors in Nova Scotia

Sections 138, 139A, and 146 of *Securities Act* (Nova Scotia) provide that if the Offering Memorandum or any amendment delivered to a purchaser of Units resident in Nova Scotia contains a Misrepresentation, a purchaser resident in Nova Scotia to whom this Offering Memorandum has been sent or delivered and who purchases the Units is deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and the purchaser has a right of action for damages against the Fund, against every person acting in a capacity with

respect to the Fund which is similar to that of a director of a company, and every person or company that signed the Offering Memorandum, or alternatively, may elect to exercise a right of rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

- (a) in an action for rescission or damages, a person will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) no person other than the Fund is liable if the person proves that:
 - (i) this Offering Memorandum or the amendment to this Offering Memorandum was sent or delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable general notice that it was delivered without the person's knowledge or consent;
 - (ii) after delivery of this Offering Memorandum or the amendment to this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, or amendment to this Offering Memorandum, the person withdrew the person's consent to this Offering Memorandum, or the amendment to this Offering

Memorandum, and gave reasonable general notice of the withdrawal and the reason for it;

- (iii) with respect to any part of the Offering Memorandum or amendment to 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 had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or the relevant part of the Offering Memorandum or amendment to the Offering Memorandum
 - A. did not fairly represent the report, opinion or statement of the expert, or
 - B. was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (iv) with respect to any part of this Offering Memorandum or amendment to 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, a report, opinion or statement of an expert, unless the person
 - A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - B. believed that there had been a Misrepresentation;
- (c) in an action for damages, a person is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Units were offered; and
- (e) no action may be commenced to enforce a right of action more than 120 days:
 - (i) after the date on which payment was made for the Units; or
 - (ii) after the date on which the initial payment was made for Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

In addition, a person is not liable in an action for a Misrepresentation in forward-looking information if:

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

- (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

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

Rights for Investors in Nunavut

Sections 112 and 121 of the *Securities Act* (Nunavut) provide that if the Offering Memorandum delivered to a purchaser of Units resident in Nunavut contains a Misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund, the selling security holder on whose behalf the distribution is made, against every person acting in a capacity with respect to the Fund which is similar to that of a director of a company, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Fund or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person will not be liable if the person proves that the purchaser purchased the Units with the knowledge of the Misrepresentation;
- (b) a person (other than the Fund or selling security holder on whose behalf the distribution is made) will not be liable if:
 - (i) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of that person;
 - (ii) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
 - (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement

or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:

- A. there had been a Misrepresentation; or

- B. the relevant part of the Offering Memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (iv) except for the Fund and selling security holder, for any part of an Offering Memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:
 - A. failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - B. believed that there had been a Misrepresentation;
- (c) the Fund, and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling security holder, is not liable if the Fund does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by the Fund, unless the Misrepresentation:
 - (i) was based on information previously publicly disclosed by the Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the Units being distributed;
- (d) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the Misrepresentation;
- (e) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Units purchased by the purchaser were offered; and
- (f) no action may be commenced to enforce a right of action more than the earlier of:
 - (i) in the case of an action for rescission, 180 days after the date of the purchase; or
 - (ii) in the case of an action for damages, (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years after the date of the purchase.

In addition, no person will be liable with respect to a Misrepresentation in in forward-looking information (excluding those made in financial statements) if:

- (a) the Offering Memorandum containing the forward-looking information contained, proximate to the forward-looking information,

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

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

Rights for Investors in Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that in the event that this Offering Memorandum, together with any amendments thereto, is delivered to an investor of Units resident in Ontario and contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, the investor will have a right of action against the Fund for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario only if the investor gives written notice to the Fund, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Fund not later 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 the transaction giving rise to the cause of action.
- (b) the Fund will not be liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Rights for Investors in Prince Edward Island

Sections 112 and 121 of the *Securities Act* (Prince Edward Island) provide that if the Offering Memorandum contains a Misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under this Offering Memorandum will be deemed to have relied upon the Misrepresentation and will have a right of action against the Fund, the selling securityholder on whose behalf the distribution is made, against every person acting in a capacity with respect to the Fund which is similar to that of a director of a company, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Fund or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) no person will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) except the Fund or selling securityholder, no person will be liable if it proves that
 - (i) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the knowledge and consent of the person;
 - (ii) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, had withdrawn the person's consent to the Offering Memorandum and had given reasonable notice to the Fund 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 purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that
 - A. there had been a Misrepresentation, or
 - B. the relevant part of the Offering Memorandum (1) did not fairly represent the report, statement or opinion of the expert, or (2) was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (c) except the Fund or selling securityholder, no person or company 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, 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;
- (d) in an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the security resulting from the Misrepresentation;

- (e) an Fund, and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling securityholder, shall not be liable if the Fund does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by the Fund, unless the Misrepresentation
 - (i) was based on information that was previously publicly disclosed by the Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the Units being distributed;
- (f) in no case shall the amount recoverable by a plaintiff exceed the price at which the Units purchased by the plaintiff were offered; and
- (g) no action shall be commenced to enforce a right of action more than:
 - (i) for rescission, 180 days after the date of the purchase; or
 - (ii) for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the Misrepresentation, or (B) three years after the date of the purchase.

A person is not liable for a Misrepresentation in forward-looking information (excluding those made in financial statements) if:

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

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

Rights for Investors in Saskatchewan

Sections 138, 138.1 and 147 of *The Securities Act* (Saskatchewan) provide that where an Offering Memorandum, together with any amendment to the Offering Memorandum or advertising or sales literature used in connection therewith, sent or delivered to a purchaser resident in Saskatchewan contains a Misrepresentation, a purchaser who purchases a security covered by the Offering

Memorandum or an amendment to the Offering Memorandum has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against (a) the Fund 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 Fund 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 Units on behalf of the Fund or selling security holder under the Offering Memorandum or amendment to the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Fund or the selling security holder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) except the Fund or selling security holder, no person or company is liable if the person or company proves that:
 - (i) the Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of its being sent or delivered, the person or company immediately gave reasonable general notice that it was so sent or delivered;
 - (ii) after the filing of the Offering Memorandum or the amendment to the Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in the Offering Memorandum or the amendment to the Offering Memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;
 - (iii) with respect to any part of the Offering Memorandum or of the amendment to the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:
 - A. there had been a Misrepresentation;
 - B. the part of the offering or of the amendment to the Offering Memorandum did not fairly represent the report, opinion or statement of the expert; or
 - C. the part of the Offering Memorandum or of the amendment to the Offering Memorandum was not a fair copy of or extract from the report, opinion or statement of the expert;

- (iv) with respect to any part of the Offering Memorandum or of the amendment to the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a Misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert:
 - A. the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the Offering Memorandum or of the amendment to the Offering Memorandum fairly represented the person's or company's report, opinion or statement; or
 - B. on becoming aware that the part of the Offering Memorandum or of the amendment to the Offering Memorandum did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the Offering Memorandum or of the amendment to the Offering Memorandum; or

- (v) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document,

the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true;

- (c) except for the Fund and selling security holder, no person or company will be liable for any part of the Offering Memorandum or the amendment to the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert, unless the person or company:
 - (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed there had been a Misrepresentation;

- (d) except for the Fund and selling security holder, no person or company will be liable for any part of the Offering Memorandum or the amendment to 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 a report, opinion or statement of an expert, unless the person or company:
 - (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed there had been a Misrepresentation;

- (e) every person who or company that sells Units on behalf of the Fund or selling security holder under the Offering Memorandum or amendment to the Offering Memorandum is not liable if that person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the offering memorandum or the amendment to the offering memorandum;
- (f) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Units resulting from the Misrepresentation relied on;
- (g) in no case shall the amount recoverable exceed the price at which the Units were offered; and
- (h) no action shall be commenced to enforce a right of action more than:
 - (i) for rescission, 180 days after the date of purchase; or
 - (ii) for damages, the earlier of: (A) one year after the purchaser first had knowledge of the Misrepresentation, or (B) six years after the date of the purchase.

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

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

Rights for Investors in Yukon

Sections 112 and 121 of the *Securities Act* (Yukon) provides that where the Offering Memorandum is delivered to a purchaser resident in the Yukon and it contains a Misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution is deemed to have relied on the Misrepresentation, and has a right of action for damages against the Fund, the selling securityholder on whose behalf the distribution is made, every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. In addition, such a purchaser also has a right of rescission against the Fund or the selling securityholder on whose behalf the distribution is made (in which case, if the purchaser elects to exercise the right of rescission, the

purchaser will have no right of action for damages). Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person or company will not be liable if the person or company proves that the purchaser purchased the Units with the knowledge of the Misrepresentation;
- (b) except the Fund and selling security holder, a person or company will not be liable if:
 - (i) the Offering Memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of that person or company;
 - (ii) the person or company, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person or company's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
 - (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - A. there had been a Misrepresentation; or
 - B. the relevant part of the Offering Memorandum (1) did not fairly represent the report, statement or opinion of the expert (2) or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (c) for any part of an Offering Memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:
 - (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed that there had been a Misrepresentation;
- (d) the Fund, and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director of a company at the date of the Offering Memorandum who is not a selling security holder, is not liable if the Fund does not receive any proceeds from the distribution of the Units and the Misrepresentation was not based on information provided by the Fund, unless the Misrepresentation
 - (i) was based on information that was previously publicly disclosed by the Fund;
 - (ii) was a Misrepresentation at the time of its previous public disclosure; and
 - (iii) was not subsequently publicly corrected or superseded by the Fund before completion of the distribution of the Units being distributed;

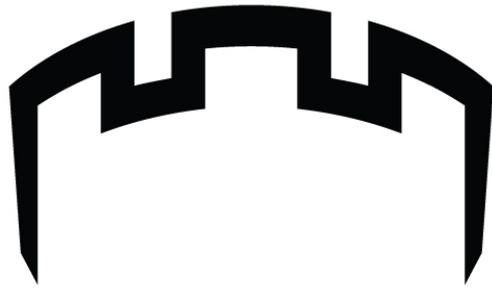
- (e) the amount recoverable by the purchaser in an action for damages must not exceed the price at which the Units purchased by the purchaser were offered;
- (f) in an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the Misrepresentation; and
- (i) no action shall be commenced to enforce a right of action more than:
 - (i) for rescission, 180 days after the date of purchase; or
 - (ii) for damages, the earlier of: (A) 180 days after the purchaser first had knowledge of the Misrepresentation, or (B) three years after the date of the purchase.

In addition, no person or company will be liable with respect to a Misrepresentation in forward-looking information (excluding those made in financial statements) if:

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

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

END



AVENTINE

ASSET MANAGEMENT

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