



AVENTINE

ASSET MANAGEMENT

AVENTINE STABLE INCOME FUND

January 6, 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.

The Aventine Stable Income 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 6, 2017

*Continuous Offering***THE ISSUER:**

Name: AVENTINE STABLE INCOME 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 FUND:

The Fund: The Aventine Stable Income Fund is an open-ended investment trust established under the laws of Ontario by a Declaration of Trust dated January 6, 2017 by Aventine Management Group Inc. as trustee of the Fund. The only undertaking of the Fund is the investment of its capital assets pursuant to its investment objective.

Investment Objective of the Fund:

The Fund seeks to achieve an annual compounded net total return of between 7.0% and 10.0% over a five year investment horizon by managing an income-oriented portfolio of North American investments in dividend paying common shares, preferred shares, fixed income securities and hybrid securities such as equity-linked notes. The Fund targets an annual portfolio yield of between 3.0% and 6.0%, which will be generated from a mix of common and preferred share dividends, interest income and return of capital distributions. The Fund will pay a monthly distribution to Unitholders, initially set at \$0.40 per month (equating to 4.8% per annum), but subject to change at the discretion of the Manager based on the actual or expected level of income realized by the Fund. The Fund targets low to medium volatility risk and expects an annualized standard deviation over time of between 6.0% and 11.0%.

Investment Strategy of the Fund:

The Fund will aim to generate a stable level of income and a consistently positive total return throughout the credit and business cycles by employing several strategies with diverse drivers of potential return. The Manager will tactically allocate capital across four core investment strategies to obtain exposure to the most attractive opportunities available, while also giving strategic consideration to the macroeconomic environment. The four core investment strategies are: **Flexible Fixed Income, Preferred Share Relative Value, Enhanced Dividend Equity** and **Structured Securities**. See *"Business of the Fund – Investment Strategies"*.

Investment Restrictions:

In implementing the investment objectives and strategies of the Fund the Manager will adhere to several investment restrictions including requiring minimum standards for liquidity, diversification and market capitalization, an investment prohibition regarding private or unlisted securities, and maximum thresholds for leverage, single issuer exposure, and foreign asset exposure. See *"Business of the Fund – Investment Restrictions"*.

Fees and Expenses:

See *"Business of the Fund – Fees and Expenses"*.

Manager of the Fund: Aventine Management Group Inc. is the Manager of the Fund (the “**Manager**”) and performs the management and investment management functions for the Fund.

Trustee of the Fund: Aventine Management Group Inc. is the Trustee of the Fund (the “**Trustee**”) and has the exclusive authority to manage the affairs of the Fund as set forth in the Declaration of Trust.

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 or Class I (each, a “**Class**”) are being offered by 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 week (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: There is no minimum or maximum Offering. 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 or other means satisfactory to the Manager. No financing of the subscription price will be provided. The settlement date for a purchase of Fund Units will be three (3) business days following the Valuation Day upon which an investor’s subscription is accepted by the Manager.

Closing Date(s): The Units are being offered on a continuous basis. Closings of the sale of Units will take place weekly, at 4:00 pm Toronto time, on the last business day of each week.

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 week by following certain procedures. See *"Securities Offered – Trading and Resale Restrictions"*.

Lock Up Period: There is no lock up period for Units of the Fund, however a redemption charge may be applied against the redemption proceeds if the term of investment has been less than 90 days. See *"Securities Offered – Redemption Procedure"*.

Tax Consequences: **There are important tax consequences associated with purchasing, owning and disposing of the Units. You should consult your own tax professionals prior to making an investment in the Fund.** No representations as to any tax matters are being made by the Fund, Manager, Trustee or any other party not specifically engaged to do so. 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 and tax free savings accounts. See *"Certain Canadian Federal Income Tax Considerations"*.

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

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. These securities are speculative. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. 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
BUSINESS OF THE FUND	1
STRUCTURE	1
INVESTMENT OBJECTIVES	2
INVESTMENT STRATEGIES	2
RISK MANAGEMENT AND CONTROL	4
INVESTMENT POLICIES	6
INVESTMENT RESTRICTIONS	8
SERVICE PROVIDERS	9
FEES AND EXPENSES	11
MATERIAL AGREEMENTS	13
THE INVESTMENT TEAM	15
MANAGEMENT EXPERIENCE OF INVESTMENT TEAM	15
MANAGEMENT EXPERIENCE OF OTHER KEY PERSONNEL OF THE MANAGER	16
PORTFOLIO MANAGER COMPENSATION	16
CONFLICTS OF INTEREST	17
ALLOCATION OF INVESTMENT OPPORTUNITIES	17
FAIR DEALING WITH CLIENTS	17
PERSONAL TRADING	18
BROKERAGE ARRANGEMENTS	18
SECURITIES OFFERED	18
TERMS OF SECURITIES	18
SUBSCRIPTION PROCEDURE	19
VALUATION PROCEDURES	21
DISTRIBUTION OF NET INCOME AND NET CAPITAL GAINS TO UNITHOLDERS	24
TRADING AND RESALE RESTRICTIONS	24
TRANSFER BETWEEN CLASSES OF UNITS	25
REDEMPTION PROCEDURE	25
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	26
STATUS OF THE FUND	27
TAXATION OF THE FUND	27
TAXATION OF UNITHOLDERS	28
CERTAIN OTHER TAX REPORTING MATTERS	29
COMPENSATION PAID TO SELLERS AND FINDERS	29
SERVICE FEE	29
PERFORMANCE FEE	30
ADDITIONAL INFORMATION FOR INVESTORS PURCHASING UNITS THROUGH AVENTINE	30
RELATED AND CONNECTED ISSUERS	30
RELATED REGISTRANTS	30
KYC AND SUITABILITY	31
REPORTING	31
REFERRAL ARRANGEMENTS	31
INDEPENDENT DISPUTE RESOLUTION AND MEDIATION SERVICES	31

RISK FACTORS	31
GENERAL	31
LIMITED OPERATING HISTORY	32
INVESTMENT ELIGIBILITY	32
NET ASSET VALUE	32
POTENTIAL LACK OF DIVERSIFICATION	32
LIMITED ABILITY TO LIQUIDATE INVESTMENTS	32
PORTFOLIO TURNOVER	33
NOT A PUBLIC MUTUAL FUND	33
EQUITY SECURITIES	33
FOREIGN CURRENCY EXPOSURE	33
SECURITIES LENDING	33
OPTIONS	34
TRADING ERRORS	34
MARKET DISRUPTIONS	34
CLASS RISK	34
COUNTERPARTY RISK	34
PERFORMANCE FEE TO THE MANAGER	34
LIMITED RESOURCES OF MANAGER	35
LOSSES AND EFFECTS OF SUBSTANTIAL REDEMPTIONS	35
RELIANCE ON MANAGEMENT	35
CONFLICTS OF INTEREST	35
INVOLVEMENT IN OTHER AND COMPETING ACTIVITIES	35
COMPETITION FOR SERVICES	36
LACK OF SEPARATE COUNSEL	36
EARLY TERMINATION	36
TAX LIABILITY	36
LEGAL, TAX AND REGULATORY RISKS	36
USING BORROWED FUNDS TO INVEST	37
LIABILITY OF UNITHOLDERS	37
REPORTING OBLIGATIONS	37
RESALE RESTRICTIONS	38
INVESTORS' RIGHTS	38
RIGHTS OF ACTION FOR DAMAGES OR RESCISSION	38

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. (or another entity as determined by the Manager), 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 week or such other day as the Manager may determine from time to time.
Close of Business	the time at which trading ceases on the Toronto Stock Exchange on a particular date or when used in connection with a particular security not listed on the Toronto Stock Exchange, such term shall mean the time at which trading ceases in the relevant market for such security.
Custodian	NBIN Inc. (or another entity as determined by the Manager), which provides asset custodian services to the Fund pursuant to the Prime Brokerage Agreement, or such other institutional entity that may be engaged by the Manager to provide custodial services.
Declaration of Trust	the amended and restated master declaration of trust creating and governing the Fund dated January 6, 2017.
Fiscal Year	each consecutive period of twelve (12) months coinciding with the calendar year and ending on December 31.
Fund	the Aventine Stable Income Fund, established and governed by the Declaration of Trust.
High Water Mark	in respect of a Unit of a class 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 distribution or consolidation.
Hurdle Rate	means an annual rate of 5% pro-rated weekly from January 1 st of the relevant fiscal year or the date of subscription, as applicable. The Hurdle Rate will be appropriately adjusted for any Unit distribution or consolidation.

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	Aventine Management Group Inc., a company continued under the Federal laws of Canada.
Master FX Hedging Agreement	the series of agreements entered into between Cambridge Mercantile Corp (or another entity as determined by the Manager) and the Fund setting out the terms and conditions under which the Fund may execute foreign currency hedges in the form of forward rate agreements, options contracts or by other means.
Net Asset Value	on a Valuation Day, is the net value of the assets of the Fund and/or of a Class of the Fund, 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 is the quotient obtained by dividing the amount equal to the Net Asset Value of the Class on such Valuation Day by the total number of Units then outstanding in such Class.
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 – Fees and Expenses</i> ”.
Performance Valuation Day	means the last Valuation Day of December each year (i.e., the last business day of each annual fiscal period of the Fund).
Prime Broker	National Bank Financial Prime Services (an affiliate of NBIN Inc.) (or another entity as determined by the Manager), 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 the Prime Broker and the Fund setting out the terms under which the Prime Broker 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.
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.

Service Fee	means the fee payable to the third party brokers or dealers as consideration for the ongoing advice and service provided by the dealers or brokers to their clients who have invested in Class A Units of the Fund.
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 from time to time.
Trustee	Aventine Management Group Inc., a company continued under the Federal laws of Canada.
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 week, and any other day on which the Manager determines valuation is necessary.
Valuation Time	the Close of Business on a Valuation Day.

USE OF NET PROCEEDS

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, strategies, policies and restrictions. See "*Business of the Fund*".

The Fund sells Units on a continuous basis, with Closings of the Offering occurring on the last business day of each week 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 and Class F 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 initially paid by the Manager and recovered from Fund over the following 18 months. The Manager will 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, audit, transfer agency, 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. The Manager, at its sole discretion, may choose to cap the amount of operating expenses it recovers from the Fund or otherwise subsidise the Fund's operating expenses so as to ensure that the overall cost structure of the Fund remains competitive. Certain costs, charges and expenses of the Fund such as custody, commission or brokerage expenses, wire transfer fees and margin interest are paid directly out of the Fund's assets and are borne by the Fund. See "*Business of the Fund – Fees and Expenses*".

BUSINESS OF THE FUND

Structure

The Aventine Stable Income Fund is an unincorporated open end investment trust which was formed on January 6, 2017 under the laws of Ontario pursuant to the terms the Declaration of Trust. The Fund is governed by the laws of Ontario.

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

There are three Classes of Units (Class A, Class F and Class I) 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, 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*".

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.

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.

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 initial 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.

Investment Objectives

Total Return Objective

The Fund's primary investment objective is to achieve an annual compounded net total return of between 7.0% and 10.0% over a five year investment horizon by managing an income-oriented portfolio of North American investments in dividend paying common shares, preferred shares, fixed income securities and hybrid securities such as equity-linked notes.

Current Yield and Distributable Income Objective

The Fund targets an annual portfolio yield of between 3.0% and 6.0%, which will be generated from a mix of common and preferred share dividends, interest income and return of capital distributions. The Fund will pay a monthly distribution to Unitholders, initially set at \$0.40 per month (equating to 4.8% per annum), but subject to change at the discretion of the Manager based on actual or expected level of income realized by the Fund.

Volatility Risk Objective

The Fund targets a low to medium volatility risk classification, as per the Investment Funds Institute of Canada Voluntary Guidelines for Fund Managers Regarding Fund Volatility Risk Classification and expects the Fund to exhibit an annualized standard deviation of between 6.0% and 11.0% over time.

Investment Strategies

Investment Philosophy and Approach

The Fund will aim to generate a stable level of income and a consistently positive total return throughout the credit and business cycles by employing several strategies with diverse drivers of potential return. The Manager will tactically allocate capital across four core investment strategies to obtain exposure to the most attractive opportunities available, while also giving strategic consideration to the macroeconomic environment. The four core investment strategies of the Fund are outlined below.

The assessment of investment opportunities by the Manager will include both security-specific criteria such as liquidity, volatility, duration, capital structure ranking and current yield as well as issuer-specific

criteria such as business model, asset valuation, management character and a variety of financial metrics to identify the issuer's capacity to support the capital structure. The Manager considers itself to be a concentrated value investor and seeks to invest the Fund's capital in a somewhat limited number of high conviction securities that are trading at a discount to intrinsic value.

Unlike traditional income strategies, the Fund will have flexibility to invest in income oriented securities at any level of an issuer's capital structure, as well as in government issued securities, government agency-backed securities and other structured securities issued by Canadian banks. When assessing corporate issuers the Manager will attempt to determine the most attractive piece or pieces of the capital structure from any of investment grade bonds, high yield bonds, convertible bonds, preferred shares or common shares. Each potential investment considered by the Fund will be evaluated in the context of its ability to deliver an attractive total return within its core strategy sleeve as well as its potential impact on risk and return to the Fund overall. The Fund expects to invest a portion of its capital in income producing assets, sectors or products that are often overlooked by the mainstream investment community, while also seeking to preserve capital and mitigate both downside risks and volatility risks through various portfolio controls and hedging techniques.

We expect that the Fund's flexible approach to capital structure investment, diversified return sources, risk management capabilities and focus on value investing will result in relatively high income with relatively low volatility and lead the portfolio to achieve high risk-adjusted returns for investors.

Flexible Fixed Income Strategy

The Fund's flexible fixed income strategy pairs active fundamental credit investing with passive ETF allocations. Idea generation on the active side involves internal quantitative screening followed by detailed fundamental issuer research. Because the Fund only expects to invest in a limited number of corporate bond or convertible securities its holdings will be limited to those issuers or issues that represent attractive investment value to the Manager. Over time it is expected that the Fund may own debt or convertible securities issued by various companies of which the Fund is or has been an equity shareholder, as a lower risk way of gaining additional exposure to companies for whom the Manager's investment view is very favorable. The Fund will not typically be an active distressed debt investor, although it may seek to participate in general situations where material credit improvements are expected to a broad sector or group of companies based on the views and analysis of the Manager.

The Fund's investments in fixed income ETFs will be used to acquire and hold a base element of yield and "bond beta" as well as to express specific macro views such as the direction of interest rates, inflation or credit spreads. The Fund may also hold ETFs based on the US Treasury market to hedge equity exposure.

Preferred Share Relative Value Strategy

The main purpose of holding preferred shares in the Fund is to provide a source of high, tax advantaged income to investors; however several different types of preferred shares may be owned by the Fund from time to time, each of which assists in achieving one or more additional objectives. Rate-reset and floating-rate preferred shares trade with a positive correlation to short and mid-term government bond yields, helping us to keep our sensitivity to rising short term interest rates relatively low. Perpetual preferred shares are similar to long term corporate bonds and are sensitive to changes in longer term bond yields, but may provide opportunities for yield enhancement over comparable bonds or ETFs. Synthetic preferred shares (or split-share preferreds) exhibit very low price volatility, have almost no interest rate sensitivity and structurally incorporate a significant element of downside protection.

The Fund's preferred share investments will be diversified across several categories. Individual securities are chosen based on the Manager's view of their value relative to current / expected yield, with particular consideration given to volatility, liquidity, forward interest rate expectations and how other series of the same issuer may be priced.

Enhanced Dividend Equity Strategy

The Fund's equity investment portfolio will comprise between 30 and 40 securities and be managed with a bias towards value and quality style factors. The Fund utilizes a quantitative screening process combined with detailed fundamental research to identify undervalued companies with low earnings variability, solid balance sheet, a track record of delivering attractive total returns to shareholders and the capacity to continue growing shareholder distributions. It is expected that from a market capitalization perspective the Fund's average equity holding will be considered large cap and possess a dividend yield of between 1% and 4%, with a central tendency towards 3%. The Fund may invest in both Canadian and US listed equities and is also expected to invest a portion of its capital in mid cap companies.

The Fund expects to be an active writer of short term call options against its long equity portfolio in an effort to generate additional yield and provide downside protection. Traditionally covered call overwriting strategies provide strong risk adjusted returns and are an effective way to monetize the excess optimism that tends to form around stocks in the later stages of the market cycle. The Fund may also write cash covered puts on individual equity securities as a way to generate yield while waiting to gain entry to a position at a share price below the current market. In general the Fund's income-oriented option writing activities will be short term in nature, 90 days or less. The maturities and strike prices will be chosen based on factors such as the volatility, momentum and earnings calendar of the underlying stock and the delta of the options contract. The Fund has a relative size advantage when it comes to options writing as it expects to be able to profitably write options against mid cap companies up to a Fund size in excess of \$200mm AUM. Options writing is expected to enhance the dividend equity strategy by between 6% and 12% on an annual basis.

Structured Securities Strategy

Structured securities such as equity-linked notes allow the Fund to effectively transform a position in an equity index such as the S&P 500 or the S&P/TSX 60 into an exposure that very strongly resembles a high yield bond. In many cases historically, structured notes have allowed investors to outperform bonds with lower volatility. Low bond yields and high equities valuations make certain aspects of the structured notes market an attractive income opportunity today. The Fund will utilize several types of equity linked notes, such as "coupon notes" or "auto-callable notes" purchased on the primary or secondary markets from major Canadian banks. The objective of these securities is to enhance portfolio income as annual yields for different issues may range from 6% to 9% or higher, while providing a very low probability of permanent capital loss. The Manager has significant experience investing in structured notes and has strong insight into the pricing and behaviour of these securities.

Additionally, where opportunities arise to profitably do so, we expect to engage in closed end fund arbitrage related to the annual redemption provisions provided by these issues or in situations where the Manager identifies particularly deep discounts to NAV.

Risk Management and Control

Risk management and control is a prominent consideration for the Fund. The Manager actively seeks to manage volatility, promote stability and minimize the risk of large portfolio losses. The Fund benefits from active risk control in three separate ways –portfolio controls, investment processes and organizational policy. Additionally, the Manager has implemented a comprehensive set of operational and compliance safeguards to mitigate Unitholders' exposure to potential operational or compliance risks of the Fund or Manager.

Portfolio Controls

At the portfolio level the Fund utilizes several controls to reduce risk. First and foremost, portfolio construction and management in the Fund is undertaken with a conservative bias. Position sizing decisions on both a relative and absolute basis are made with consideration given to a security's average liquidity, and minimum requirements for both liquidity and market capitalization represent a hard

threshold for all investments. The Manager uses tools to measure portfolio factor exposures, volatility and value-at-risk trends and uses this analysis to rebalance exposures as required. Additional risk controls include the requirement to hedge at least 50% of all net foreign currency exposure and the prohibition of investment in private placements and other unlisted or non-marketable assets.

Investment Processes

The Fund utilizes several models in its investment process which assist the Manager in determining what strategy allocation, sector allocation and cash or leverage positioning is appropriate for the prevailing market environment, and in identifying what valuation targets or loss limits should be implemented for individual securities. The Manager's core risk model is a proprietary financial conditions index which considers credit spreads, volatility, stock price and foreign exchange inputs to establish the degree to which the Fund should be positioned more defensively or more aggressively in general. The Manager is a trend-oriented investor, seeks to invest in securities with strong relative strength and tends to utilize a break in the positive price trend of a security as an exit point, all else equal. The Manager is continually monitoring all holdings of the Fund and will typically liquidate a holding under one of three scenarios – a break down in trend, a material negative revision to the initial investment thesis, or the discovery of a better risk-reward opportunity.

Organizational Policy

Organizationally the Manager has several policies and procedures in place to mitigate the financial impact on the Fund of either a local operational or management failure or a wide area business disruption. Internal oversight procedures adopted include weekly investment meetings attended by all partners of the Manager to review the overall strategy allocations of the Fund and to discuss any meaningful contributions to performance or risk by individual positions or groups of positions. The Manager performs a daily reconciliation of cash and securities against custodial records and several backup systems are in place to effect the execution, allocation and clearing of trades in the event that any single individual or trading system is unavailable when needed. In the event of a significant business disruption, the Manager has a disaster recovery plan in place, including an offsite technology backup and expects that it would be able to recover limited business functionality within 6-12 hours and full operational recovery within 48 hours. The Manager also employs external technology consultants to help safeguard data and other personal and financial information related to the Fund and Unitholders from an external security breach and to assist with network recovery, if needed. In a situation whereby an organizational event directly leads the Fund to experience a loss, the Manager may hold insurance policies which could provide coverage for certain types of losses, in limited amounts.

Ability to Hedge

In the pursuit of capital preservation, the Manager is provided the discretion to utilize various forms of hedging specific to each of the Fund's core investment strategies including but not limited to short-selling, pair-trading, cross-asset hedging and the purchase of protective puts, put spreads, collars or other derivatives structures. Aside from the foreign exchange hedging policy outlined below, there is no threshold requirement to hedge any proportionate amount of the securities exposures held by the Fund. All hedging activities are at the discretion of the Manager and will be implemented according to the Manager's judgement and in the best interests of the Fund's Unitholders.

Operations and Compliance Safeguards

The Manager seeks to mitigate Unitholders' exposure to potential operational or compliance risks of the Fund through the application of the following procedures, policies and controls:

- A comprehensive set of operational policies and procedures, including code of professional conduct and personal trading policy, with annual reviews and certifications required by all staff of the Manager.
- Independent third party custody and safekeeping of Fund property, including in-trust escrow accounts for all cash, securities and other assets.
- Independent third party administrator for general accounting, Net Asset Value calculations, Unitholder recordkeeping and transfer agency functions.
- Independent third party auditor for annual audited financial statements and review of management financial controls.
- Ongoing compliance and regulatory advice, and periodic review and assessment from specialized legal counsel.
- Multiple parallel systems for electronic order execution and trade record keeping, multiple levels of daily review for trade compliance, trade settlements and cash reconciliation.
- Maintenance of disaster recovery procedures, systems and facilities in order to preserve continuity of operations in the event of a significant business disruption.

Investment Policies

Asset Allocation Policy

The Fund will not have minimum or maximum asset class weightings and there will be no requirement to be fully invested, however the Fund must invest primarily in income-generating strategies and securities. At least 70% of the equity holdings of the Fund must be invested in securities issued in Canada. In addition, at least 50% of the Fund's non-cash assets must be invested in income-generating securities. The Fund's equity holdings are expected to exhibit a large cap bias over time, however investments in smaller companies are permitted subject to the Fund's required market capitalization threshold.

Distribution Policy

The Fund intends to make monthly distributions comprised of interest, dividend income and/or capital gains generated from the underlying assets of the Fund to Unitholders of record on the last business day of each month. Any payments to Unitholders (less any amounts required by law to be deducted therefrom) will be paid within 5 days following the month end for which the distribution is payable. Unitholders may elect to receive distributions from the Fund as cash or reinvested Units. The Fund will not have a fixed distribution amount, but the Manager intends to set periodic distribution targets based on its assessment of anticipated returns and anticipated expenses for the foreseeable period. In the Fund's initial year of operations the distribution rate will be set at \$0.40 per month for an initial annualized yield of 4.8%. The Manager may change the distribution amount and/or frequency at any time in its sole discretion.

Due to the targeted distribution methodology mentioned above, the Fund may pay Unitholder distributions in excess of the Fund's net income and net capital gains for the year. In such an instance, the excess distribution will be treated as a return of capital for taxation purposes. Return of capital distributions represent a return to the investors of a portion of their own invested capital. This excess amount will not be taxable to investors in the year of receipt but will rather reduce the adjusted cost base per Unit.

Options Overwriting Policy

Within its enhanced dividend equity strategy the Fund intends to be an active writer of both call and put options as an attractive method for both enhancing current portfolio cash flow and reducing volatility relative to long equity holdings alone. Short term, out of the money call options may be written against long stock holdings in the underlying as a way to monetize future potential upside. Similarly, short term out of the money put options may be written as a way to acquire common shares in an underlying company at a discount to prevailing market prices.

The Fund will not have a minimum requirement with respect to the proportionate number or dollar value of common shares against which options may be written, however the Fund will not write “naked” call options against unowned companies or in such quantity as to materially exceed the number of shares owned. The Fund is also permitted write options on ETFs or other listed instruments which represent non-equity exposures such as preferred shares, bonds and other hybrid securities. Options overwriting activity in the Fund is subject to the below limitation on the use of leverage.

Short Selling Policy

The investment objectives pursued and strategies employed by the Fund may from time to time require the short selling of securities, primarily for the purposes of hedging against the Fund’s long securities exposure in the equity, preferred share or fixed income markets. Short selling involves borrowing securities from a lender and then selling those securities in the open market with the intention of repurchasing the same number of securities at a later date. If the value of the securities decreases between the time that the Fund sells short the securities and the time it repurchases the securities, the Fund makes a profit for the difference. Short selling provides the Fund with additional opportunities for gains when markets become volatile or decline sharply. Additionally, short selling one level of a company’s capital structure against long ownership of a different level can be a lower risk way of expressing a certain investment view on a company. There is no specific limitation on the maximum amount of short selling that the Fund may conduct, however any short selling activity in the Fund is subject to the below limitation on the use of leverage.

Leverage Policy

The Fund may utilize various forms of leverage, including through borrowings by way of margin purchases, short selling securities and through derivative instruments, subject to the leverage ratio limitations of the Fund. The amount and cost of leverage will vary and will depend on the strategy of the Fund.

The maximum amount of leverage, expressed as a multiple of the Fund’s net assets, that may be used by the Fund is calculated as (a) the Fund’s long exposure, plus (b) the Fund’s short exposure, plus (c) the notional value of all non-currency hedging derivatives, divided by (d) the Fund’s net assets. On this basis, the maximum amount of leverage that may be employed by the Fund is 2:1.

Currency Hedging Policy

Units of the Fund are denominated in Canadian dollars while the underlying investments held by the Fund may be denominated in foreign currencies, such as the U.S. dollar. The Manager intends to execute a currency hedging policy whereby the value of the assets of the Fund which are denominated in foreign currencies are hedged back to the Canadian dollar such that no less than 50% of the net asset value of the Fund invested in foreign denominated currencies is hedged.

The Manager is expected to employ various types of derivative securities in order to effect the currency hedging policy, including forward currency contracts, foreign exchange options, and structures such as

collars. The hedges may take the form of long or short derivatives exposure, or both in the case of structured hedges. The derivatives used to hedge foreign exchange exposure may be public exchange traded contracts or private over-the-counter contracts negotiated directly with dealing counterparties subject to a master foreign exchange agreement.

Securities Lending Policy

The Fund may generate additional income by lending out securities that it holds for a fee, provided that any such lending occurs pursuant to the terms of a securities lending agreement between the Fund and such borrower, and provided that the borrower is acceptable to the Fund. Any securities lending agreement entered into by the Fund will indicate the negotiated securities lending fee to be received by the Fund, specify the borrower's responsibility to make compensatory payments to the Fund equal to distributions, if any, received by the borrower on the securities borrowed, and detail the collateral security to be received by the Fund. The Fund is not limited in amount of securities lending transactions it may engage in.

Investment Restrictions

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

- The Fund will not invest in the equity, debt or convertible securities of any publicly traded issuer whose equity market capitalization is less than \$100 million at the time of initial investment. For publicly issued debt securities of any private company purchased for the Fund, the Manager will use its judgement to apply a similar enterprise size threshold test.
- The Fund will not invest in any non-marketable or non-redeemable securities, or the equity or convertible securities of any private issuers. For the purposes of structured securities, a security is considered marketable if the issuer posts a daily bid price for redemptions. Securities used to hedge the Fund's foreign exchange exposure are excluded from this marketability restriction.
- The common equity securities of no single issuer in the Fund shall exceed 10% of the Fund's capital at any time. The debt and convertible securities of no single issuer in the Fund shall exceed 15% of the Fund's capital at any time. The combined equity, debt and convertible securities of no single issuer shall exceed 20% of the Fund's capital at any time.
- The Fund may not have greater than 30% of its capital, on a net basis, invested in securities that are issued outside of Canada in foreign currencies. Pursuant to the Fund's currency hedging policy, the Fund must hedge at least 50% of its foreign currency exposure back to Canadian dollars.
- The Fund's investment in equity and ETF securities will be restricted to only those securities listed on major North American 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 50% of the Fund's assets.
- 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.

Service Providers

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.

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 Ontario and British Columbia and as a portfolio manager in the provinces of Alberta, Saskatchewan, Manitoba and Prince Edward Island. The Manager may become registered in one or more of these categories in other provinces of Canada, or become registered in additional categories in these or other provinces, from time to time. The Manager is also the promoter of the Fund.

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

Name and Residence	Office Held with the Manager	Principal Occupation
Andrew Shortreid Toronto, Ontario	President, Chief Investment Officer, Chief Compliance Officer and Director	President of the Manager
Jim Pottow Toronto, Ontario	Partner, Portfolio Manager and Chief Financial Officer	Portfolio Manager of the Manager
James Telfser Toronto, Ontario	Partner, Portfolio Manager and Director	Portfolio Manager of the Manager
Vahan Kololian Toronto, Ontario	Director (Chairman)	Managing Partner of TerraNova Partners LP
Jesse Gill New York, NY, USA	Director	Partner of TerraNova Partners LP

Trustee

Aventine is the Trustee of the Fund in accordance with the terms of the Declaration of Trust. As Trustee, Aventine 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.

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

Administrator

The Investment Administration Solution Inc. is the initial Administrator of the Fund. The Administrator 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 initial Administrator in Ontario is Suite 300, 390 Bay Street, Toronto, Ontario, M5H 2Y2.

Prime Broker and Custodian

NBIN Inc. is the initial Custodian of the Fund. The Custodian holds the Fund's cash and investments in safekeeping on behalf of the Fund.

National Bank Financial, an affiliate of NBIN Inc., is the Fund's initial 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 fees and commissions on a per-transaction basis as set forth in the Prime Brokerage Agreement. The Fund pays fees for the custody and safekeeping of securities held by the Fund. The Fund may also pay additional fees in respect of the services provided under the Prime Brokerage Agreement.

The head office and principal business address of the initial 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 initial Custodian is 130 King Street West, Suite 3000, Toronto, Ontario, M5X 1J9.

Auditor

KPMG LLP is the initial Auditor of the Fund. The Auditor 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 initial Auditor in Vancouver, British Columbia is 5th Floor, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3.

Fees and Expenses

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 and Class F 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 monthly, in arrears, but is calculated and accrues weekly as a percentage of the Net Asset Value of each applicable Class 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 Class in the calculation of the net profits of the Fund attributable to such Class. The Management Fee for each of the Classes of Units is as follows:

<u>Class A:</u>	1/52 of 1.00% (1.00% per annum) of the Net Asset Value of Class A Units of the Fund on each Valuation Day that coincides with the last business day of a week.
<u>Class F:</u>	1/52 of 1.00% (1.00% per annum) of the Net Asset Value of Class F Units of the Fund on each Valuation Day that coincides with the last business day of a week.
<u>Class I:</u>	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.

Additionally, 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 and Class F Units will be calculated in the manner described below and accrued as a liability of the Fund on each Valuation Day. Any accrued Performance Fee will become payable annually on each Performance Valuation Day (and upon the redemption of a Unit) and, with respect to the Class A Units and Class F Units, be paid to the Manager from the net assets of the Fund.

Any Performance Fee payable 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 agreement or other signed documentation 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 fiscal year of the Fund, in respect of a Class then outstanding if the Net Asset Value per Unit of such Class on the applicable Performance Valuation Day, after adjustments for any distributions or consolidations during the fiscal year, exceeds the High-Water Mark by an amount not less than the Hurdle Rate. Payment of a Performance Fee to the Manager in respect of any Class on a Performance Valuation Day will result in the crystallization of a new High Water Mark at the prevailing Net Asset Value per Unit for that Class on the Performance Valuation Day.

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

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

If the Class Net Asset Value per Unit on a Performance Valuation Day is less than the Class High Water Mark no Performance Fee is paid to the Manager and the Class Hurdle Rate will carry over in full to the following year. For clarity, the Hurdle Rate does not increase additively if the Class fails to achieve a new High Water Mark in sequential years.

If the Class Net Asset Value per Unit on a Performance Valuation Day is above the Class High Water Mark but below the Class High Water Mark plus the Hurdle Rate no Performance Fee is paid to the Manager, but the Class will establish both a new High Water Mark and Hurdle Rate for the subsequent year. For clarity, the High Water Mark and Hurdle Rates may increase in years where no Performance Fee is paid to the Manager.

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.

Additionally, Performance Fees are subject to applicable taxes, including HST.

Service Fee

The Fund will pay a Service Fee of 1.00% per annum charged in respect of the Class A Units to qualified dealers or brokers (other than the Manager) as an ongoing service fee known as a “trailing commission”. Service Fees payable to a dealer or broker or will be calculated based on the aggregate value of the client investments relating to that dealer or broker in Class A Units of the Fund on each Valuation Day equal to 1/52 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 broker-dealers and investment representatives for ongoing advice and service provided by the broker-dealers and investment representatives to their clients who have invested in Class A Units of the Fund. To qualify for payment of the Service Fee to a broker-dealer, investment representatives of the broker-dealer must have aggregate client Class A Unit holdings in excess of \$500,000 firm-wide. Additionally; for an individual investment representative to qualify for payment of the Service Fee they must have aggregate client Class A Unit holdings in excess of \$250,000 on their book. The Service Fee is payable by the Fund for as long as such broker-dealer’s or investment representative’s clients’ investments remain in the Fund. No Service Fee is payable in respect of the Class F Units or Class I Units. The Service Fee may be modified or discontinued by the Manager at any time.

Operating Expenses and Other Fees

The Fund is responsible for the payment of all fees and expenses relating to its creation and operation, including (without limitation) the fees and expenses of the audit, tax return preparation and filing, fund accounting, administration (other than advertising and promotional expenses which are paid for by the Manager), record keeping, legal counsel, securities custody and safekeeping, 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 formation and organization of the Fund, and 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 is not under obligation to cap its recovery of Fund operating expenses to any specific threshold, although the Manager, at its sole discretion, may choose to absorb or otherwise subsidise the Fund's operating expenses so as to ensure that the overall cost structure of the Fund remains competitive. Certain costs such as commission expenses, wire transfer fees and margin interest are paid directly out of the Fund's assets and are borne by the Fund. 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).

Material Agreements

The Declaration of Trust, the Services Agreement, the Prime Brokerage Agreement and the Master FX hedging Agreement are the only material contracts which the Fund has entered into as of the date hereof, 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: initially 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.* The beneficial interest in the Fund will be divided into interests of multiple Classes, each beneficial interest referred to as Units. Each Class 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 that may be issued, subject to any determination to the contrary made by the Manager. No Class 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 Trustee and Manager.* The Declaration of Trust grants the Trustee and Manager exclusive power to manage and direct the investment of the assets of the Fund and the powers necessary to perform its duties.
- *Termination or Resignation of Trustee and Manager.* If the Manager shall at any time resign, or in the case of the Trustee, be removed by not less than sixty (60) days' notice or if the Manager becomes insolvent or bankrupt, the Declaration of Trust and the Fund will terminate unless within a period of sixty (60) days in the case of the Trustee and ninety (90) days in the case of the Manager, 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, and the Prime Broker has agreed to provide to the Fund, on a fee for services basis, trade execution, trade settlement, custodial services and brokerage services. Either party may terminate the Prime Brokerage Agreement at any time with 5 business days' prior written notice.

Master FX Hedging Agreement

Under the terms of the Master FX Hedging Agreement, Cambridge Mercantile Group has agreed to provide to the Fund, on a fee for services basis, trade execution, trade settlement and strategic consulting services with respect to the Fund's foreign currency risk management activities. Either party may terminate the Master FX Hedging Agreement at any time with 30 business days' prior written notice.

THE INVESTMENT TEAM**Management Experience of Investment Team**

Andrew Shortreid, 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 investment objective and strategies, and in compliance with the Fund's investment policies and restrictions.

Andrew Shortreid, President, Chief Investment Officer and Director

President, Managing Director and Chief Compliance Officer of Aventine, Andrew Shortreid holds broad responsibility for the implementation and oversight of the Fund's investment activities, with a focus on investment strategy, capital allocation and risk management.

Andrew's capital markets experience includes 15 years in the roles of Trader, Analyst, Portfolio Manager and Chief Investment Officer for several independent investment management firms. Andrew co-founded Wellington West Asset Management in 2004 and since 2006 has continuously held chief-level executive appointments, including President, Chief Operating Officer and Chief Compliance Officer with Canadian securities registrants in the asset management and private equity industries.

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.

Jim Pottow, Portfolio Manager and Chief Financial Officer

Portfolio Manager and Chief Financial Officer of Aventine, Jim Pottow holds joint responsibility for fundamental research, security selection and daily portfolio management activities of the Fund.

Prior to joining Aventine in 2014, 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 25 years of corporate and entrepreneurial experience working mostly in the financial services industry. Prior to 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 as Principal of Macassa Capital and 2 years with Quilvest Private Equity 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 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.

James Telfser, Portfolio Manager and Director

Portfolio Manager and Director of Aventine, James Telfser is the architect of the firm's quantitative analytics programs and holds joint responsibility for fundamental research, security selection and daily portfolio management activities of the Fund.

Prior to joining Aventine in 2014, 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. 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 9 years in the roles of Investment Consultant, Analyst, and 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.

Management Experience of other Key Personnel of the Manager

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).

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 Chairman of Decision Point Research Inc. 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.

Portfolio Manager Compensation

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 and Class F Units. See “*Business of the Fund – Fees and Expenses*”.

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 and 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 external independent 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 and Class F 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 analytical or statistical software and research as well as other services to the Manager in the form of "soft dollar commissions" in respect of the management of the Fund. The Manager will only enter into soft dollar commission arrangements in accordance with industry standards and when it is of the view that such arrangements are for the benefit of its clients, including the Fund, however not all brokerage arrangements will benefit all clients at all times. The Manager maintains a policy governing the permissible use of soft dollar commissions and the recordkeeping of all soft dollar commission transactions undertaken in respect of soft dollar commission agreements with its dealers.

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 and Class I 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 jurisdictions. Closings of the sale of Units offered hereunder will take place weekly, on the last Business Day of each week. See "*Subscription Procedure*" below.

The beneficial interest in the Fund is divided into Units of multiple Classes. There is no limit to the number of Units or the number of Classes that may be issued, subject to any determination to the contrary by the Manager. Each Unit within a particular Class will be of equal value; however, the value of a Unit in one Class may differ from the value of a Unit in another Class. As of the date of the Offering Memorandum, there are three Classes of Units: Class A Units, Class F Units and Class I 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 Class 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 Class, including accrued fees and liabilities which 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 Class. The Net Asset Value of each Class of Units that comprise the Fund is divided by the number of Units of each Class outstanding (before Unit redemptions and subscriptions) at the close of business on a Valuation Day to determine the then Net Asset Value per Unit for each Class. See "*Valuation Procedures*".

Units may be redeemed on the last business day of any week. Redemption amounts will be paid out within three (3) business days of the redemption date and may be subject to a short term trading fee of 2% or other redemption fees. 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 "*Business of the Fund - Material Agreements*".

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 provided that they are owned and/or controlled by a common beneficial interest. 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 all applicable schedules of the Subscription Agreement specifying the aggregate subscription amount, the Class of Units being subscribed for, and all consents, certifications and / or acknowledgements as required under the terms of the subscription.
- (b) 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 Class to Class. 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 settlement date for a purchase of Fund Units will be three (3) business days following the Valuation Day upon which an investor's subscription is accepted by the Manager, or such other time period as is accepted to be industry standard.

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 week 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 \$500 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 actual and accrued liabilities at that time. The Net Asset Value of each Class (the "**Class Net Asset Value**") shall be the then fair market value of the assets of the Fund attributable to such Class less the amount of the liabilities of the Fund attributable to such Class as determined by the Manager acting reasonably in accordance with industry standards, including accrued fees and liabilities (including any Performance Fee that may accrue in favour of the Manager), at that time.

The "Net Asset Value per Unit" for each Class shall be the quotient obtained by dividing the amount equal to the Class Net Asset Value by the total number of outstanding Units in such Class, including fractions of Units. The Net Asset Value of the Fund, Class 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 Class, 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 Class 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 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, Class 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 Net Income and Net Capital Gains to Unitholders

The Fund will seek to wholly 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 the payment of income taxes under Part I of the Tax Act. Any final distributions required to fully distribute net income for tax purposes and net realized capital gains (less capital losses) will be declared on a date determined by the Manager, will be payable as at December 31 of the relevant year and will be reinvested in additional Units of the same Class of the Fund held by the investor, unless the Unitholder gives written notice to the Manager in advance with reasonable notice that the Unitholder wishes to receive its distributions in cash.

The Manager shall calculate and cause to be paid distributions to each Class of Units, as applicable, in a manner considered by the Manager to be equitable to all Unitholders and having regard to the net income and expenses attributable to each Class and the Net Asset Value of each Class. The allocation of distributions made on the Units of any particular Class, as between interest income, dividend income, capital gains or return of capital will generally be determined by the amount of net interest income, net dividend income and net capital gains of the Fund earned or realized during the year and with consideration to the targeted monthly distributions that have been paid during the year. All distributions allocated to Unitholders will be pro rata, based on the number of Units held by them on the Valuation Date preceding the applicable distribution date.

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 Manager) 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 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 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. Any transfers between Classes of Units will constitute a taxable event and may result in a tax liability or give rise to taxes payable by the Unitholder.

Redemption Procedure

On each Valuation Day, 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, is irrevocable 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 short term trading charge upon redemption in the amount of 2.0% of the Net Asset Value of the Units being redeemed if such Units are redeemed before the Unitholder has held them for 90 days. Any short term trading charge levied by the Manager is retained as income by the Fund, not paid as income or fees to the Manager. 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 the Valuation Day on which the Units covered by the request are to be redeemed 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 Class to Class, 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 of Units by a Unitholder, the accrued portion of any Management Fee and any Performance Fee liabilities allocated to the redeemed Units for that Class will be payable to the Manager 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 agreement or other

signed document 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 any or all Unitholders 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 for any period during which the Manager determines 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

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", or 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.

In particular, if the Fund does not qualify as a mutual fund trust, the Fund may be subject to Part XII.2 tax, alternative minimum tax and/or a penalty tax if it holds any investments that are not qualified investments for tax deferred plans.

The Fund will not be subject to the specified investment flow-through trust (“SIFT”) 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**) and tax free savings accounts (**TFSA**s) 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 deducted 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.

Certain Other Tax Reporting Matters

Further to Canadian legislation including, by reference, the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the United States in 2014 (the "IGA"), the Fund and/or the Manager may be required to report to the Canada Revenue Agency certain information with respect to accountholders who are residents of the United States for tax purposes or who are American citizens. Under the IGA, Canada and the United States have agreed to annually exchange information with respect to certain reportable accounts. Further, the Government of Canada has also released Draft Legislation which will implement compliance with the OECD Common Reporting Standard ("CRS") beginning July 1, 2017. The CRS will require that certain account information be reported to the Canada Revenue Agency relating to accounts held by accountholders who are residents for tax purposes in jurisdictions other than Canada or the United States.

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 introducing prospective investors to the Fund or for facilitating third party investments in connection with a subscription for Units, but will be entitled to earn fees in its capacity as investment fund manager and portfolio manager of the Fund. See "*Business of the Fund – Fees and Expenses*".

Service Fee

The Manager will pay the Service Fee (subject to a maximum rate of 1.00% per annum) charged by 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 week-end Valuation Day equal to 1/52 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 or Class I 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 10% 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 *“Business of the Fund – Fees and Expenses”*.

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 in the future as an 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 these provinces and in Alberta, Saskatchewan, Manitoba and Prince Edward Island. 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 *“Business of the Fund – Fees and Expenses”*. **Accordingly, the Fund may be considered as a “related” and 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, if registered in the 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 then 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 directly through Aventine, if registered in the 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

Pursuant to the terms of section 13.16 of NI 31-103, 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.

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, TFSAs 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 TFSAs 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, the Fund 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 Risk

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

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 a Class of the Fund exceeds the performance of a specified Hurdle Rate applicable to the Net Asset Value of that Class. This may theoretically create an incentive for the Manager, in the pursuit of superior performance, to make investments in the Fund 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. It may also cause the Manager to suspend redemptions. 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 (which individuals may change over time).

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 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

Unless otherwise defined, all capitalized terms used herein shall have the same meaning assigned to them in this Offering Memorandum.

As used herein, "**misrepresentation**" has the meaning assigned under each Offering Jurisdiction's respective securities act, but generally means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A "**material fact**" has the meaning assigned under the securities act of each Offering Jurisdiction, but generally means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Units.

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

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain of the jurisdictions of Canada provides investors with (or requires that investors be provided contractually with), in addition to any other right they may have at law, rights of rescission or damages, or both, where an offering memorandum and any amendment thereto contains a misrepresentation (as such term may be defined in the applicable statute but generally an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not false or misleading in light of the circumstances in which it was made). However, such rights must be exercised by the subscriber within the prescribed time limits and are subject to the defences contained in applicable securities legislation. Investors should refer to the applicable provisions of such securities legislation for the particulars of these rights or consult with a legal advisor.

The following summary is subject to the express provisions of the relevant securities laws and regulations thereunder and reference is made thereto for the complete text of such provisions.

The rights of action discussed below are in addition to and without derogation from any other rights or remedies available at law to the subscriber.

Ontario

Section 130.1 of the *Securities Act* (Ontario) (the “Ontario Act”) provides that every purchaser of securities pursuant to an offering memorandum (such as this offering memorandum) or any amendment thereto shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation (as defined in the Ontario Act). A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

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

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

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

This offering memorandum is being delivered in reliance on certain exemptions from the prospectus requirements, including those contained under section 2.3 (the “accredited investor exemption”) and section 2.10 (the “minimum amount exemption”) of NI 45-106. The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this offering memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The rights of action for rescission or damages are in addition to and do not derogate from any other right that the purchaser may have at law.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “Saskatchewan Act”) provides that in the event that an offering memorandum (such as this offering memorandum) or any amendment

to it sent or delivered to a purchaser contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases Units covered by the offering memorandum or any amendment to it has a right of action against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it 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 (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) 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 securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it 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 failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

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

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Manitoba

Section 141.1 of the *Securities Act* (Manitoba), as amended (the "Manitoba Act") provides that where an offering memorandum (such as this offering memorandum) or any amendment to it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has a right of rescission against the issuer or has a right of action for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum:

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser chooses to exercise a right of rescission against the issuer, the purchaser shall have no right of action for damages against the parties (i), (ii) and (iii) listed above;
- (b) in an action for damages, a defendant will not be liable for all or any part of the damages that he or she proves do not represent the depreciation in value of the security as a result of the misrepresentation;
- (c) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum; and
- (d) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser had knowledge of the misrepresentation.

In addition, no person or company, other than the issuer, will be liable if the person or company proves that:

- (a) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

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; or

- (c) with respect to any part of the 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.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Manitoba Act for a complete listing.

Section 141.2 of the Manitoba Act provides that a purchaser of a security to whom an offering memorandum was required to be sent in compliance with Manitoba securities legislation, but was not sent within the prescribed time has a right of action for rescission or damages against the dealer, offeror or issuer who did not comply with the requirement.

Section 141.3 of the Manitoba Act also provides that a purchaser of a security to whom an offering memorandum is required to be sent may rescind the contract to purchase the security by sending a written notice of rescission to the issuer not later than midnight on the second day, excluding Saturdays and holidays, after the purchaser signs the agreement to purchase the securities.

Section 141.4 of the Manitoba Act provides that no action may be commenced to enforce any of the foregoing rights:

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of: (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the

cause of action, or (ii) two years after the day of the transaction that gave rise to the cause of action.

The rights of action for damages or rescission under the Manitoba Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) (the “Nova Scotia Act”) provides that in the event that an offering memorandum (such as this offering memorandum), together with any amendment thereto, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation (as defined in the Nova Scotia Act), the purchaser will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the seller and, subject to certain additional defences, every director of the seller at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the seller, in which case the purchaser shall have no right of action for damages against the seller, directors of the seller or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in the case of 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 securities as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person’s or company’s knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person’s or company’s consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

The rights of action for rescission or damages under the Nova Scotia Act are in addition to and do not derogate from any other right the purchaser may have at law.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) (the “New Brunswick Act”) provides that where an offering memorandum (such as this offering memorandum) contains a misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against (i) the issuer, (ii) the selling security holder on whose behalf the distribution is made, (iii) every person who was a director of the issuer at the date of the offering memorandum, (iv) every person who signed the offering memorandum, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a)(i) or (ii), the purchaser may elect to exercise a right of rescission against the person referred to in that subparagraph, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the misrepresentation. However, there are various defences available. In particular, no person will be liable for a misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the misrepresentation. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action for rescission within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (a) six years after the date of the transaction that gave rise to the cause of action.

The foregoing summary is subject to the express conditions of the New Brunswick Act and the regulations promulgated thereunder and specific reference should be made to same. The rights of action for rescission or damages under the New Brunswick Act are in addition to and do not derogate from any other right the purchaser may have at law.

Prince Edward Island

Section 112 of the *Securities Act* (Prince Edward Island) (the “PEI Act”) provides to a purchaser who purchases a security offered by an offering memorandum (such as this offering memorandum) containing a misrepresentation, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (a) the issuer, (b) the selling security holder on whose behalf the distribution is made, (c) every director of the issuer at the date of the offering memorandum, and (d) every person who signed the offering memorandum.

If an offering memorandum contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made. If the purchaser elects to exercise a right of action for rescission, the purchaser shall have no right of action for damages.

A person, other than the issuer and selling security holder, is not liable if the person proves that:

- (a) 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 issuer that it had been sent without the knowledge and consent of the person;
- (b) 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 issuer of the withdrawal and the reason for it; or
- (c) 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 (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, statement or opinion of the expert, or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the PEI Act for a complete listing.

In an action for damages, the defendant is not liable for any damages that he or she proves do not represent the depreciation in value of the security resulting from the misrepresentation. In addition, the amount recoverable must not exceed the price at which the securities purchased by the purchaser were offered.

Section 121 of the PEI Act provides that no action may be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action other than an action for rescission: (i) 180 days after the plaintiff 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,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that if an offering memorandum (such as this offering memorandum) 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) a right of action for damages against (i) the issuer; (ii) the selling security holder on whose behalf the distribution is made; (iii) every director of the issuer at the date of the offering memorandum; (iv) every person who signed the offering memorandum; and
- (a) a right of rescission against: (i) the issuer; or (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above. If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum. If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

- (a) 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 issuer that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (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.

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, 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 there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that

the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

No action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (b) in the case of any action other than an action for rescission, (i) 180 days after the plaintiff 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,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Nunavut

Section 112 of the *Securities Act* (Nunavut) provides that if an offering memorandum (such as this offering memorandum) 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) a right of action for damages against: (i) the issuer; (ii) the selling security holder on whose behalf the distribution is made; (iii) every director of the issuer at the date of the offering memorandum; and (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against: (i) the issuer; or (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above. If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum. If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

- (a) 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 issuer that it had been sent without the person's knowledge and consent;

- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the offering memorandum (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.

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, 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 there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

No action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (b) in the case of any action other than an action for rescission, (i) 180 days after the plaintiff 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,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Yukon

Section 112 of the *Securities Act* (Yukon) provides that if an offering memorandum (such as this offering memorandum) 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) a right of action for damages against: (i) the issuer; (ii) the selling security holder on whose behalf the distribution is made; (iii) every director of the issuer at the date of the offering memorandum; and (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against: (i) the issuer; or (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above. If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum. If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

- (a) 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 issuer that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, withdrew the person's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of 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, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the offering memorandum (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.

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, 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 there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

No action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
- (b) in the case of any action other than an action for rescission, (i) 180 days after the plaintiff 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,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

British Columbia and Alberta

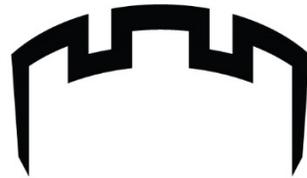
Notwithstanding that the Securities Act (British Columbia) and the Securities Act (Alberta) do not provide, or require the issuer to provide to purchasers resident in the Province of Alberta purchasing under the exemption contained in section 2.3 (the “accredited investor exemption”) of NI 45-106 and to purchasers resident in British Columbia any rights of action in circumstances where this offering memorandum or an amendment hereto contains a misrepresentation, the issuer hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

The rights summarized above are in addition to and without derogation from any other rights or remedy which investors may have at law.

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