

February 25, 2019

CONFIDENTIAL OFFERING MEMORANDUM

The securities referred to in this Offering Memorandum are being offered on a private placement basis. This Offering Memorandum constitutes an offering of securities only in those jurisdictions, and to those persons, where, and to whom, they may be lawfully offered for sale. The Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. The securities offered under this Offering Memorandum qualify for distribution in the jurisdictions in which they are offered pursuant to exemptions under securities laws in those jurisdictions.

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisers, this Offering Memorandum or any information contained therein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon. The Osler Fund may be considered under applicable securities laws to be a "connected issuer" of McElvaine Investment Management Ltd.

In this Offering Memorandum, "Fund" means The Osler Fund; "you", "your", "unitholder" and "investor" mean you and all other investors in units of the Fund; "we", "us", "our" and the "Manager and Trustee" mean McElvaine Investment Management Ltd., the manager, promoter, portfolio advisor and trustee of the Fund.

The Issuer

Continuous Offering

THE OSLER FUND

Suite 219, 2187 Oak Bay Avenue, Victoria, British Columbia V8R 1G1
Tel: (250) 708-8345 Fax: (250) 708-8346
E-mail: info@3PFinancial.com

**SERIES A, SERIES F AND SERIES I
TRUST UNITS**

The Osler Fund is an open-end investment fund established under the laws of British Columbia as a trust. **Units of the Fund do not trade on any exchange or market.** The Fund is not a reporting issuer under applicable securities laws and does not file documents electronically via SEDAR (other than reports of exempt distribution in certain jurisdictions).

The Offering

Series A, Series F and Series I units of the Fund are offered for sale on a private placement basis in each of the provinces and territories of Canada. The price per unit will be based on the net asset value per unit of the series of units being purchased, determined as at the close of business on the last business day of the month in which we accept your order. See the section below called *Summary of the Trust Agreement - Determination of Series Net Asset Value*.

There is no minimum number of units of any series that will be sold as part of this offering. This means that you may be the only purchaser of units. Funds available under the offering may not be sufficient to accomplish our proposed objectives. There is also no maximum number of units of any series that may be issued as part of this offering.

Each investor must invest an amount equal to the minimum investment amount established by us from time to time for initial and subsequent investments. As at the date of this Offering Memorandum, unless a higher minimum investment amount is required under the terms of the prospectus exemption being relied upon, the minimum investment amounts for initial and subsequent investments are as follows:

	<u>Initial Investment</u>	<u>Additional Investment</u>
Series A	\$1,000	\$1,000
Series F	\$1,000	\$1,000
Series I	\$1,000,000	\$10,000

We may in our discretion waive the minimum investment amounts established by us, accept investments in other minimum amounts permitted under applicable securities laws, or require higher minimum investment amounts.

You must pay the full subscription price for the units at the time of purchase by cheque or other means acceptable to us. Units of the Fund are sold on a continuous basis at the applicable series net asset value per unit determined as at the close of business on the last business day of the month in which we accept your order. If we accept your order, your purchase will be processed on the first day of the following month. However, we may close the Fund to new investors from time to time. See section below called *Investing in Units*.

There are important tax consequences associated with an investment in units of the Fund. See the section below called *Canadian Federal Income Tax Considerations*.

We have not hired any agent or underwriter to sell units on our behalf. However, in certain jurisdictions units may be sold through registered dealers.

Resale Restrictions

You will be restricted from selling your units to other investors for an indefinite period. However, you will be able to require the Fund to redeem your units at certain times if you follow the procedures we have established. See the section below called *Resale Restrictions*.

Purchasers' Rights

You have two business days to cancel your agreement to purchase these units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the purchase agreement. See the section below called *Purchasers' Rights*.

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

TABLE OF CONTENTS

SUMMARY	1	CAPITAL STRUCTURE	17
FORWARD-LOOKING STATEMENTS	6	Outstanding Securities of the Fund	17
USE OF PROCEEDS	6	Prior Sales	17
THE FUND	6	DESCRIPTION OF UNITS	17
INVESTMENT OBJECTIVE, PHILOSOPHY, POLICIES AND RESTRICTIONS	6	Distributions	18
Investment Objective	6	Redemption of Units	19
Investment Philosophy	6	Consolidation, Subdivision and Redesignation	19
Investment Policies	7	Transfer of Units	20
Investment Restrictions	8	INVESTING IN UNITS	20
PAST PERFORMANCE	8	CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	21
SUMMARY OF THE TRUST AGREEMENT	9	Taxation of the Fund	21
Division of the Fund into Units	9	Taxation of Unitholders	22
Determination of Series Net Asset Value	9	Tax Information Reporting	23
Trustee	10	Eligibility for Registered Plans	23
Custodian	11	COMPENSATION PAID TO SELLERS AND FINDERS	23
Recordkeeper	11	RISK FACTORS	23
Expenses	11	REPORTING OBLIGATIONS TO UNITHOLDERS	30
Fees	12	Reports to Unitholders	30
Meetings	12	Delivery of Financial Statements	30
Amendment of the Trust Agreement	12	Income Tax Statements	30
Termination of the Fund	12	RESALE RESTRICTIONS	30
Change in Investment Philosophy, Policies and Restrictions	13	PURCHASERS' RIGHTS	31
MANAGEMENT OF THE FUND	13	Two Day Cancellation Right	31
Powers of the Manager	13	Statutory Rights of Action	31
Fees	13	Contractual Rights of Action	46
Expenses	15	FINANCIAL STATEMENTS	F-1
Resignation and Removal of the Manager	15	CERTIFICATE	C-1
Management Experience	15		
Unitholdings of Management and Others	16		
Penalties, Sanctions and Bankruptcy	17		

SUMMARY

The following information is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum.

- The Fund** The Osler Fund is an open-end investment fund established under the laws of British Columbia as a trust. See the section called *The Fund*.
- Management of the Fund** McElvaine Investment Management Ltd. is the manager, promoter, portfolio advisor and trustee of the Fund. See the section called *Management of the Fund*.
- Investment Objective** The fundamental investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in equity securities of businesses that are trading below their intrinsic value. See the section called *Investment Objective, Philosophy, Policies and Restrictions - Investment Objective*.
- Investment Philosophy** In essence, our investment philosophy is to take the mindset of business owners, rather than stock and bond traders.
- With this in mind, we seek to invest in businesses that have the potential to create and cultivate durable competitive advantages over their competition. We believe that these advantages will result in generous (and increasing) returns on invested capital over long time periods. We also prefer when these companies are run by honest and competent managers who think and act like owners (rather than just employees) and have incentives aligned with shareholders. Finally, we must obtain fractional ownership of these businesses at a substantial discount to the sum of its future cash flows and/or current net asset value, usually during periods when the sector in which it operates is temporarily out of favour or the company itself encounters transient headwinds.
- See the section called *Investment Objective, Philosophy, Policies and Restrictions - Investment Philosophy*.
- Investment Policies** We intend to invest the Fund's assets primarily in common shares of publicly-traded companies. However, we may make any type of investment that we believe is consistent with the Fund's investment objective. There will be periods of time where a substantial portion of the Fund's assets will be held in the form of cash, short term money market instruments or other fixed income instruments. This may occur due to a lack of investment opportunities because of equity security price levels, or adverse business conditions and prospects. See the section called *Investment Objective, Philosophy, Policies and Restrictions - Investment Policies*.
- Investment Restrictions** There are very few restrictions on the investments we may make on behalf of the Fund. See the section called *Investment Objective, Philosophy, Policies and Restrictions - Investment Restrictions*.

Units

Your investment in the Fund will be represented by Series A, Series F or Series I units, depending on which series of units you purchase. Series A and Series F units may be issued in one or more sub-series. We anticipate that a new sub-series will be established on each date that Series A and Series F units are issued. The use of sub-series enables us to better track the performance of units issued on a particular date.

Each unit of a series (or sub-series) represents an equal undivided beneficial interest in the Fund. A holder of any series of units is entitled to one vote for each whole unit on matters for which separate approval of the series is sought at any meeting of the unitholders and one vote for each whole unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders. Units are not transferable, except in very limited circumstances. However, unitholders have the right to redeem their units at certain times if they follow the procedures we have established. See the section called *Description of Units*.

Investing in the Fund

You may invest in the Fund by purchasing units. Series A, Series F and Series I units of the Fund are offered for sale in reliance on exemptions from the prospectus requirements of applicable securities laws. You will only be permitted to purchase units if your purchase qualifies for one of these exemptions.

Units of the Fund are sold on a continuous basis at the applicable series net asset value per unit determined as at the close of business on the last business day of the month in which we accept your order. If we accept your order, your purchase will be processed on the first day of the following month.

Each investor must invest an amount equal to the minimum investment amount established by us from time to time for initial and subsequent investments. As at the date of this Offering Memorandum, unless a higher minimum investment amount is required under the terms of the prospectus exemption being relied upon, the minimum investment amount for Series A and Series F units is \$1,000 for initial and subsequent investments, and the minimum investment amount for Series I units is \$1,000,000 for initial investments and \$10,000 for subsequent investments.

See the section called *Investing in Units*.

Management Fee

We receive a management fee from the Fund in respect of Series A and Series F units, as set forth below:

Series A – 1.00% per annum of the Series A net asset value

Series F – 1.00% per annum of the Series F net asset value

Management fees are calculated and payable monthly, and are subject to applicable taxes, including GST/HST.

No management fee is paid by the Fund in respect of Series I units. Instead, an investor who holds Series I units will be charged a negotiated management fee, plus applicable taxes, including GST/HST, which is paid directly to us by the Series I investor and not by the Fund.

See the section called *Management of the Fund - Fees*.

Performance Fee

We are entitled to receive the following performance fees (plus applicable taxes, including GST/HST) from the Fund in respect of Series A and Series F units:

Series A – 20% of the amount (if any) by which the total return of each sub-series of Series A units exceeds the total percentage increase or decrease of the Fund’s Benchmark (defined below) for the period since the performance fee was last paid in respect of the sub-series (or, if no performance fee has previously been paid in respect of the sub-series, since the date on which units of the sub-series were first issued to investors). For the purpose of determining the performance fee payable in respect of a particular sub-series, the “**Benchmark**” consists of the following components:

- 90% - FTSE Global All Cap Hedged to CAD Index
- 10% - FTSE Canada 30 day T-Bill Index

Series F – 20% of the amount (if any) by which the total return of each sub-series of Series F units exceeds a 7.5% per annum hurdle rate of return above the applicable High Water Mark (defined below). For the purpose of determining the performance fee payable in respect of a particular sub-series for a particular year, the “**High Water Mark**” is:

- (i) if units of the sub-series have been outstanding for at least one year and a performance fee was paid in respect of the sub-series for the previous year, the net asset value of the sub-series on the last business day of the previous year;
- (ii) if units of the sub-series have been outstanding for at least one year and no performance fee was paid in respect of the sub-series for the previous year, the higher of (A) the net asset value of the sub-series on the last business day of the previous year or (B) if applicable, the average of the net asset value of the sub-series on the last business day of the two previous years; or
- (iii) if units of the sub-series have not been outstanding for at least one year, the issue price of the units of the sub-series.

The performance fees will be calculated and accrued monthly. The performance fee in respect of Series A units will be paid quarterly within one month of the end of each fiscal quarter, and the performance fee in respect of Series F units will be paid annually within one month of the fiscal year-end of the Fund.

Any accrued but unpaid performance fee will be reflected in the calculation of the applicable sub-series net asset value per unit. In calculating the performance fee for each sub-series of units, appropriate adjustments will be made to address any redemptions, consolidations or subdivisions of units of the sub-series.

Immediately following payment of a performance fee in respect of two or more sub-series of a particular series, we may redesignate units of those sub-series as units of a single sub-series. This redesignation will occur based on the net asset value per unit of each applicable sub-series. The use of sub-series and the periodic redesignation of outstanding sub-series in the manner described enables us to more equitably charge performance fees based on the actual performance attained since the date on which the units were purchased.

No performance fee is paid by the Fund in respect of Series I units. Instead, an investor who holds Series I units may be charged a negotiated performance fee, plus applicable taxes, including GST/HST, which is paid directly to us by the Series I investor and not by the Fund.

See the section called *Management of the Fund - Fees*.

Early Redemption Fee

If you redeem units of the Fund within one year of the original date of purchase, you may be charged an early redemption fee on behalf of the Fund of up to 2% of the net asset value of the units redeemed. This fee is retained by the Fund.

Expenses

All of the expenses related to the administration and operation of the Fund are paid by the Fund. All expenses associated with the formation, organization and initial offering of units of the Fund will be paid by us, and not by the Fund. See the section called *Summary of the Trust Agreement - Expenses*.

Distributions

The Fund will distribute to unitholders in each taxation year of the Fund sufficient net income and net realized capital gains so that it will not have any liability for income tax under Part I of the *Income Tax Act* (Canada) (the “**Tax Act**”), other than alternative minimum tax. Distributions will be paid or payable by December 31 of each year or at such other times as may be determined by the Manager.

Unless otherwise requested in writing, any distribution payable to you as a unitholder will be automatically reinvested in additional units of the same series (or sub-series) at the applicable net asset value per unit of the series (or sub-series) on the date of the distribution.

See the section called *Description of Units - Distributions*.

Risk Factors

There are a number of risks associated with an investment in units of the Fund. See the section called *Risk Factors*.

Income Tax Considerations

Generally, a unitholder must include in computing income for a year the portion of the net income and the taxable portion of the net realized capital gains of the Fund that is paid or payable to the unitholder in the year.

When a unitholder disposes of units, the unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, less any associated costs of disposition, are greater (or less) than the adjusted cost base of the units. The redesignation of units of one series (or sub-series) of the Fund as units of another series (or sub-series) of the Fund will not result in a disposition.

The Fund will apply to be registered as a “registered investment” under the Tax Act for registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”) and deferred profit sharing plans (“**DPSPs**”) effective from the date of its creation in 2019. Provided that the Fund so qualifies, units of the Fund will be qualified investments under the Tax Act for RRSPs, RRIFs, DPSPs, registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”) and tax-free savings accounts (“**TFSAs**”). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs, and subscribers of RESPs, should consult with their own tax advisors as to whether units would constitute a “prohibited investment” under the Tax Act in their particular circumstances.

See the section called *Canadian Federal Income Tax Considerations*.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements with respect to the Fund. In particular, the information contained in the section called *Investment Objective, Philosophy, Policies and Restrictions* may constitute “forward-looking information” for the purpose of securities legislation, as it contains statements of the intended course of conduct and future operations of the Fund. These statements are based on assumptions made by us about the success of the Fund’s investment strategies in certain market conditions, relying on our experience and our knowledge of historical economic and market trends. Investors are cautioned that the assumptions we make and the success of our investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of our intended strategies as well as the Fund’s actual course of conduct. Investors are urged to read the section called *Risk Factors* for a discussion of other factors that will impact the Fund.

USE OF PROCEEDS

There is no maximum and no minimum number of units that will be issued as part of this offering.

The money the Fund receives from the sale of units will be used to invest in securities in the manner described below in the section called *Investment Objective, Philosophy, Policies and Restrictions*, and to pay the fees described below in the section called *Management of the Fund - Fees* and the expenses of the Fund described below in the section called *Summary of the Trust Agreement - Expenses*.

THE FUND

The Fund is an open-end investment fund established under the laws of the Province of British Columbia as a trust. The Fund was established on February 5, 2019.

McElvaine Investment Management Ltd. (defined above as the “**Manager and Trustee**”, “**we**”, “**us**” and “**our**”) is the manager, promoter, portfolio advisor and trustee of the Fund. RBC Investor Services Trust (“**RBC IS**”) is the custodian of the Fund. SS&C Fund Administration Company (“**SS&C**”) is the recordkeeper and administrator of the Fund.

The head office of the Fund (which is also our head office) is located Suite 219, 2187 Oak Bay Avenue, Victoria, British Columbia V8R 1G1. You can contact us by telephone at (250) 708-8345, by facsimile at (250) 708-8346 or by e-mail at info@3PFinancial.com.

INVESTMENT OBJECTIVE, PHILOSOPHY, POLICIES AND RESTRICTIONS

Investment Objective

The fundamental investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in equity securities of businesses that are trading below their intrinsic value.

Investment Philosophy

“Time is the friend of the wonderful company, the enemy of the mediocre.”
Warren Buffett

In essence, our investment philosophy is to take the mindset of business owners, rather than stock and bond traders.

With this in mind, we seek to invest in businesses that have the potential to create and cultivate durable competitive advantages over their competition. We believe that these advantages will result in generous (and increasing) returns on invested capital over long time periods. We also prefer when these companies are run by honest and competent managers who think and act like owners (rather than just employees) and have incentives aligned with shareholders. Finally, we must obtain fractional ownership of these businesses at a substantial discount to the sum of its future cash flows and/or current net asset value, usually during periods when the sector in which it operates is temporarily out of favour or the company itself encounters transient headwinds.

Investment Policies

We intend to invest the Fund's assets primarily in common shares of publicly-traded companies. However, we may make any type of investment that we believe is consistent with the Fund's investment objective, including investments in debt securities, preferred shares, convertible securities, securities of private companies, options, futures and currency instruments. These other investments may include the short sale of various financial instruments either separately in an attempt to derive gain, or as part of a hedging program or strategy. There will be periods of time where a substantial portion of the Fund's assets will be held in the form of cash, short-term money market instruments or other fixed income instruments. This may occur due to a lack of investment opportunities because of equity security price levels, or adverse business conditions and prospects.

Over time, the assets of the Fund will primarily be invested as follows:

Marketable securities

The largest category of investments by the Fund will be marketable securities, primarily in the form of common shares in businesses that are consistent with our investment philosophy. See the section above called *Investment Philosophy*.

The Fund's purchases of marketable equity securities will be limited to securities of issuers that have a market capitalization at the time of the initial purchase by the Fund of not less than CAD\$1 billion. There is no minimum market capitalization for issuers of non-equity marketable securities that may be purchased by the Fund.

The number of actual investment positions at any one time will vary. However, we may invest up to 10% of the Fund's assets in a single investment or issuer.

Risk arbitrage

We may engage in some risk arbitrage investing (sometimes referred to as "workouts"). Risk arbitrage investing involves the pursuit of profits from an announced corporate event, such as the sale of a company, a merger, a recapitalization, a reorganization, a liquidation or a self-tender. The financial results from this type of investment approach depend more on corporate action than on overall stock market behaviour.

For this type of investing, the factors we consider include:

- how likely is it that the promised event will indeed occur;
- how long the Fund's funds will be locked-up;
- what chance is there that something still better will transpire (for example, the emergence of a competing take-over bid); and

- what will happen if the event does not take place (for example, regulatory action or difficulties in obtaining financing).

Risks associated with arbitrage investments may be reduced through hedging.

The gross profits to the Fund from most arbitrage investments will appear quite small. However, the predictability of the return coupled with a short holding period tends to produce acceptable annual rates of return.

Unlisted investments

Periodically, circumstances may arise when we believe it would be beneficial for the Fund to purchase an interest in an unlisted investment.

Derivatives

Subject to the restriction described below in the section called *Investment Restrictions*, we may, in our discretion, invest the Fund's assets in or use derivative instruments from time to time in a manner consistent with our investment philosophy. Investing in and using derivative instruments are subject to certain risks. Further details on these risks are described below in the section called *Risk Factors*.

In particular, we may invest the Fund assets in or use derivative instruments, among other things:

- to offset or reduce a risk associated with investments including currency value fluctuations, stock market risks and interest rate changes;
- to position the portfolio so that it may profit from movements in financial markets;
- to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes; and
- to seek to enhance the returns to the portfolio, including seeking to reduce the potential for loss or accepting a more certain lower return rather than seeking a less certain higher potential return.

We may make use of clearing corporation options, futures contracts, listed warrants, options on futures, over-the-counter ("OTC") options, forward contracts, debt-like securities and listed warrants for hedging, and non-hedging purposes. The Fund may also write exchange-traded or OTC-traded put or call options.

Foreign investments

We may invest a portion of the Fund's assets in securities of foreign issuers where such an investment is consistent with the investment objective of the Fund.

Investment Restrictions

We will not, for non-hedging purposes, invest more than 20% of the value of the assets of the Fund in derivative instruments.

PAST PERFORMANCE

The Fund is a new investment fund and, accordingly, has no operating or performance history.

SUMMARY OF THE TRUST AGREEMENT

The Fund is governed by the terms of a trust agreement made as of February 5, 2019 between McElvaine Investment Management Ltd., in its capacity as manager of the Fund, and McElvaine Investment Management Ltd., in its capacity as trustee of the Fund, as such agreement may be amended from time to time (the “**Trust Agreement**”). The trust agreement sets out our rights, duties and obligations as the manager and trustee of the Fund and the rights and restrictions that are attached to each unit of the Fund.

The following is a summary only of certain provisions of the Trust Agreement not otherwise summarized in this Offering Memorandum and is not necessarily complete. You should review the Trust Agreement for complete details of its terms. You may request a copy of the Trust Agreement by contacting us at the address, numbers or e-mail address set out on the front cover.

Division of the Fund into Units

Beneficial interests in the Fund are divided into units of one or more series within a single class of units. There are currently three authorized series of units - Series A, Series F and Series I units. Series A and Series F units may be issued in one or more sub-series. A unit of any series (or sub-series) represents an equal undivided interest in the net assets of the Fund attributable to that series (or sub-series). A summary of the rights and restrictions attached to units is set out below in the section called *Description of Units*.

Determination of Series Net Asset Value

The Fund maintains a separate net asset value for each series (and sub-series) of units of the Fund. However, the assets of the Fund constitute a single pool for investment purposes.

For unit sales and redemption pricing purposes, the net asset value of the Fund is calculated in accordance with the Trust Agreement, including the valuation principles set forth therein. All references in the Offering Memorandum to net asset value and series (or sub-series) net asset value are references to net asset value and series (or sub-series) net asset value determined in accordance with the Trust Agreement.

The net asset value of the Fund is determined by us, or our designate, at the close of business on the last business day of each month, or such other date as may be determined by us from time to time. The net asset value of the Fund is the fair market value of the Fund’s assets less its liabilities. The net asset value of a particular series (or sub-series) of units is the net asset value of the Fund that is attributed to such series (or sub-series). In determining the portion of the Fund’s net asset value attributable to any series (or sub-series), the following factors will be taken into account:

- the series (or sub-series) net asset value last calculated for that series (or sub-series); plus
- any increase in the property of the Fund attributable to that series (or sub-series) as a result of the issue of units of that series (or sub-series) or redesignation of units into that series (or sub-series) since the last calculation; minus
- the decrease in the property of the Fund attributable to that series (or sub-series) as a result of the redemption of units of that series (or sub-series) or the redesignation of units out of that series since the last calculation; plus or minus
- the proportionate share of the Net Change in Non Portfolio Assets (as defined in the Trust Agreement) on the valuation day attributable to that series (or sub-series); plus or minus

- the proportionate share of the impact of net portfolio transactions and adjustments related to corporate actions affecting the property of the Fund attributable to that series (or sub-series) since the last calculation; minus
- the proportionate share of the distribution of net income and net capital gains of the Fund allocated to unitholders of that series (or sub-series) on the valuation day; plus or minus
- the proportionate share of market appreciation or depreciation of the property of the Fund since the last calculation attributable to that series (or sub-series); minus
- the share of common expenses of the Fund allocated to that series (or sub-series) since the last calculation; minus
- any series (or sub-series) expenses attributable to that series (or sub-series) since the last calculation.

The series (or sub-series) net asset value per unit is (A) the series (or sub-series) net asset value of the series (or sub-series) divided by (B) the number of units of that series (or sub-series) outstanding at the applicable time.

The fair market value of the Fund's assets is determined using the principles set out in the Trust Agreement, including the following:

- The value of any security, index future or index option which is listed on any recognized exchange will be determined by the closing sale price or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the net asset value of the 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.
- The value of any security or other asset for which a market quotation is not readily available will be its fair market value as determined by us.
- The value of any security, the resale of which is restricted or limited, will be based on either: (i) the value of those restricted securities as reported in quotations in common use, or (ii) the market value of unrestricted securities of the same class (i.e., we multiply this market value by a percentage equal to the percentage that the price the Fund paid for the restricted securities was of the market value of unrestricted securities of the same class at that time). We will take into account the actual value of the securities where the date on which the restriction or limitation will be lifted is known.
- All property of the Fund valued in a foreign currency, and all liabilities and obligations of the Fund payable by the Fund in foreign currency, will be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to us, including the Manager and Trustee or any of its affiliates.
- The value of any security or other asset to which, in our opinion, the above valuation principles cannot be applied will be the fair value thereof determined in such manner as we, from time to time, provide.

Trustee

We act as the trustee of the Fund. Under the Trust Agreement, we, in our capacity as trustee, have full, absolute and exclusive power, control and authority over the assets of the Fund to the same extent as if we were the sole owner of those assets, subject only to the specific limitations contained in the Trust Agreement. We receive a fee from the Fund for our services as trustee. We determine the amount of this

fee on behalf of the Fund. As at the date of this Offering Memorandum, the fee we receive from the Fund for our services as trustee is \$3,600 per annum.

Custodian

RBC Investor Services Trust (defined above as “**RBC IS**”) acts as custodian of the Fund. As custodian, it is responsible for the safekeeping of the assets of the Fund. RBC IS receives a fee from the Fund for its services as custodian.

Recordkeeper

SS&C Fund Administration Company (defined above as “**SS&C**”) acts as recordkeeper and administrator of the Fund. As recordkeeper, it keeps track of who owns units of the Fund, maintains a record of all purchases and redemptions of units, and prepares and maintains certain other records required by the Fund. SS&C receives a fee from the Fund for its services as recordkeeper and administrator and we negotiate the amount of this fee on behalf of the Fund.

Expenses

The Fund is responsible for all of its operating expenses, including but not limited to:

- (a) brokerage fees and other fees and disbursements directly relating to the implementation of transactions for the portfolio of the Fund;
- (b) any taxes (and interest and penalties with respect thereto) payable by the Fund or to which the Fund may be subject;
- (c) interest expenses, if any;
- (d) custody and safekeeping charges relating to the Fund’s activities;
- (e) tax-related services, and any expenses and legal fees of the Fund and the trustee of the Fund;
- (f) expenses of conducting unitholder meetings;
- (g) expenses incurred upon termination of the Fund;
- (h) legal, accounting and audit fees, and fees and expenses of the trustee of the Fund which are incurred in respect of matters not in the normal course of the Fund’s activities;
- (i) filing and other fees payable to securities regulators with respect to the issuance of units;
- (j) any performance measurement fees payable by the Fund;
- (k) costs relating to providing annual and interim financial reports to unitholders;
- (l) costs of preparing and delivering to unitholders disclosure documents, such as this Offering Memorandum, in compliance with applicable laws; and
- (m) costs of bookkeeping, fund accounting, registry and transfer agent services.

Certain expenses incurred by us are shared expenses, which are partially attributable to our operations and partially attributable to the operations of the Fund. Shared expenses may include rent, office supplies, telephone/internet charges and reasonable compensation for employees whose jobs are directly related to

the daily operations of the Fund. To the extent a portion of such an expense is attributable to the operations of the Fund, that portion of the expense will be treated as an operating expense of the Fund and will be paid by the Fund.

Common expenses of the Fund (i.e. expenses of the Fund that are not attributable to any particular series) will be allocated by us among the series of units of the Fund. Typically we allocate common expenses among series based on the series net asset value at the end of the month in which the expenses were incurred. However, we may allocate common expenses among series on another basis if we determine another basis of allocation would be appropriate. Expenses specific to a particular series (or sub-series) of units will be allocated to and deducted from the series (or sub-series) net asset value of that series (or sub-series) of units only.

We may in our discretion, from time to time, absorb certain expenses of the Fund.

All expenses associated with the formation, organization and initial offering of units of the Fund will be paid by us, and not by the Fund.

Fees

In addition to the expenses described above, the Fund pays us, for our services as manager and portfolio advisor of the Fund, the management fees and performance fees described in the section called *Management of the Fund - Fees*.

Meetings

A meeting of the unitholders must be held upon our written request or upon the written request of unitholders holding not less than 50% of the units outstanding. You will receive at least 21 days' notice of any meeting of unitholders at which you are entitled to vote. The quorum for any meeting is two unitholders present in person or represented by proxy. The number of votes you will have on any question submitted to any meeting will be equal to the number of units then held by you. We may seek your approval for matters by way of mail rather than by holding a meeting of unitholders.

Amendment of the Trust Agreement

The Manager and Trustee may amend the Trust Agreement from time to time; provided that if, in the opinion of the Manager and Trustee, the amendment is a change that would be considered important by a reasonable unitholder in determining whether to continue to hold units of the Fund, notice of the amendment must be provided to unitholders not less than 60 days prior to the date the amendment is made effective. Unitholder approval is required in connection with any change to the Trust Agreement:

- (i) that requires unitholder approval under applicable law;
- (ii) to modify the rights of unitholders with respect to the outstanding units by reducing the amount payable thereon upon liquidation of the Fund; or
- (iii) to diminish or eliminate voting rights attached to the units.

Termination of the Fund

With your approval, we may terminate and dissolve the Fund by giving you written notice of our intention to terminate at least 60 days before the date on which the Fund is to be terminated. During the period after the giving of such notice, your right to require payment for all or any of your units, if any, will be suspended and we will make appropriate arrangements for converting the assets of the Fund into cash. After payment

of the liabilities of the Fund, you will be entitled to receive from us your proportionate share of the remaining assets of the Fund.

Change in Investment Philosophy, Policies and Restrictions

We may from time to time amend the investment philosophy, investment policies or investment restrictions of the Fund without your approval, provided that the investment philosophy, investment policies or investment restrictions remain consistent with the fundamental investment objective of the Fund. A change in the fundamental investment objective of the Fund requires the approval of the unitholders.

MANAGEMENT OF THE FUND

We are responsible for managing the business and affairs of the Fund, including providing the Fund with all necessary administrative and portfolio advisory services. We also provide services as the trustee of the Fund. We may also be considered to be a “promoter” of the Fund within the meaning of applicable securities laws because we took the initiative in organizing the Fund.

Powers of the Manager

As the manager of the Fund, we have full authority and responsibility to manage the business and affairs of the Fund, including providing the Fund with all necessary administrative and portfolio advisory services.

Fees

We are entitled to receive fees for our services as manager and portfolio advisor of the Fund. The fees for our services as manager and portfolio advisor of the Fund as at the date of this Offering Memorandum are described below.

We may in our discretion, from time to time, waive certain fees payable to us by the Fund.

Management fee

We receive a monthly management fee from the Fund in respect of Series A and Series F units, as set forth below:

Series A - 1/12 of 1.00% (1.00% per annum) of the net asset value of Series A units on the last business day of the preceding month

Series F - 1/12 of 1.00% (1.00% per annum) of the net asset value of Series F units on the last business day of the preceding month

The management fee is calculated prior to, and without taking into account, the performance fee paid to us. See the section below called *Management of the Fund - Fees - Performance fee*. The management fee is subject to applicable taxes, including GST/HST.

No management fee is paid by the Fund in respect of Series I units. Instead, an investor who holds Series I units will be charged a negotiated management fee, plus applicable taxes, including GST/HST, which is paid directly to us by the Series I investor and not by the Fund.

Performance fee

We are entitled to receive a performance fee from the Fund in respect of Series A and Series F units. The performance fee in respect of Series A and Series F units is calculated as follows:

- Series A
- 20% of the amount (if any) by which the total return of each sub-series of Series A units exceeds the total percentage increase or decrease of the Fund's Benchmark (defined below) for the period since the performance fee was last paid in respect of the sub-series (or, if no performance fee has previously been paid in respect of the sub-series, since the date on which units of the sub-series were first issued to investors). For the purpose of determining the performance fee payable in respect of a particular sub-series, the "**Benchmark**" consists of the following components (or their successor indices):

90% - FTSE Global All Cap Hedged to CAD Index

10% - FTSE Canada 30 day T-Bill Index

The Benchmark was selected because we believe that it best reflects the investment objective of the Fund and provides for the fairest measurement possible.

- Series F
- 20% of the amount (if any) by which the total return of each sub-series of Series F units exceeds a 7.5% per annum hurdle rate of return above the applicable High Water Mark (defined below). For the purpose of determining the performance fee payable in respect of a particular sub-series for a particular year, the "**High Water Mark**" is:
 - (i) if units of the sub-series have been outstanding for at least one year and a performance fee was paid in respect of the sub-series for the previous year, the net asset value of the sub-series on the last business day of the previous year;
 - (ii) if units of the sub-series have been outstanding for at least one year and no performance fee was paid in respect of the sub-series for the previous year, the higher of (A) the net asset value of the sub-series on the last business day of the previous year or (B) if applicable, the average of the net asset value of the sub-series on the last business day of the two previous years; or
 - (iii) if units of the sub-series have not been outstanding for at least one year, the issue price of the units of the sub-series.

The performance fees will be calculated and accrued monthly. The performance fee in respect of Series A units will be paid quarterly within one month of the end of each fiscal quarter, and the performance fee in respect of Series F units will be paid annually within one month of the fiscal year-end of the Fund.

Any accrued but unpaid performance fee will be reflected in the calculation of the applicable sub-series net asset value per unit. In calculating the performance fee for each sub-series of units, appropriate adjustments will be made to address any redemptions, consolidations or subdivisions of units of the sub-series. The performance fee is payable in cash or in units at our discretion and is subject to applicable taxes, including GST/HST.

Immediately following payment of a performance fee in respect of two or more sub-series of a particular series, we may redesignate units of those sub-series as units of a single sub-series. This redesignation will occur based on the net asset value per unit of each applicable sub-series. The use of sub-series and the periodic redesignation of outstanding sub-series in the manner described enables us to more equitably charge performance fees based on the actual performance attained since the date on which the units were purchased.

No performance fee is paid by the Fund in respect of Series I units. Instead, an investor who holds Series I units may be charged a negotiated performance fee, plus applicable taxes, including GST/HST, which is paid directly to us by the Series I investor and not by the Fund.

Expenses

In addition to the management fee and performance fee described above, the Fund pays its own administrative and operating expenses. See the section above called *Summary of the Trust Agreement - Expenses*.

Resignation and Removal of the Manager

We may resign as manager of the Fund by giving at least 90 days' notice in writing to you and the trustee of the Fund. If we resign, we will appoint a new manager. If, for whatever reason, we resign without appointing a new manager, the Trust Agreement will be terminated on the date we resign and the Fund will be terminated and dissolved. See the section above called *Summary of the Trust Agreement - Termination of the Fund*.

We may be removed as the manager of the Fund, if: (a) in the opinion of the trustee of the Fund, we are in material default of our obligations under the Trust Agreement and such default continues for 120 days from the date we receive notice of such material default from the trustee of the Fund, (b) we are declared bankrupt or insolvent or have entered into liquidation or winding up, or (c) our assets have become subject to seizure or confiscation by any public or governmental authority. If we are removed as manager for any of the reasons described above, the Trust Agreement will terminate and the Fund will be terminated and dissolved. See the section above called *Summary of the Trust Agreement - Termination of the Fund*.

Management Experience

Tim McElvaine, CA, CFA – President and Director

Tim McElvaine is the President and director of the Manager and Trustee, and is solely responsible for providing investment advice to the Fund on its behalf. From August 13, 2013 to December 31, 2015 he also acted as portfolio manager and provided investment advice on behalf of the Manager and Trustee to Canoe Global Value Class, a mutual fund managed by Canoe Financial LP. From February 2009 to July 2012 Tim also acted as portfolio manager and provided investment advice on behalf of the Manager and Trustee to Mackenzie Universal Canadian Value Class. Previously, he was an officer (from June 1998 to March 31, 2004), a director (from June 1998 to December 2003) and the Chief Investment Officer (from September 2000 to May 2003) of Cundill Investment Research Ltd., an investment counselling and portfolio management firm, and was responsible for advising various funds and portfolios. These funds included the Cundill Value Fund, Cundill RSP Value Fund, Cundill Value Capital Class and Cundill Value Segregated Fund. From September 30, 1997 to September 9, 1998, Tim was Executive Vice President Investments of Cundill Funds Inc. (which amalgamated with Mackenzie Financial Corporation on April 1, 2000, and which was formerly named Peter Cundill & Associates Ltd.). Between March 31, 1993 and September 30, 1997, he was Vice President Investments, and between April 1991 and March 1993, he was Vice President Research, of Peter Cundill & Associates Ltd.

Lorne Porayko, MD, FRCP(C), CIM – Analyst

Lorne Porayko is an Analyst at the Manager and Trustee, and is involved in the Manager and Trustee's business development and client servicing activities, including the marketing of units of the Fund. In addition, Lorne assists with the analysis of potential investments for the Fund. Lorne is a staff critical care physician and anaesthesiologist who has been practicing in Victoria, British Columbia for the past 18+ years. He is also an Assistant Professor and an award-winning clinical teacher in the Island Medical School Program. Lorne has done both clinical and volunteer work in Australia, Hong Kong, Vietnam and Ontario over his medical career. In 2010, he co-founded William Osler Apex Partners, an investment club for physicians and friends.

David Wingnean, MD, MBA – Analyst

David Wingnean is an Analyst at the Manager and Trustee, and is involved in the Manager and Trustee's business development and client servicing activities, including the marketing of units of the Fund. In addition, David assists with the analysis of potential investments for the Fund. David is a practicing family doctor in Edmonton, Alberta. He received his Medical, Family Medicine and Masters of Business Administration degrees from the University of British Columbia. He became Senior Biotechnology and Healthcare Research Analyst with TD Securities Inc. in 2000. While at TD Securities Inc., he led the research team coverage of the multi-billion dollar Canadian biotechnology sector. In 2005, David took on the role of Senior Vice-President of Medical Affairs and Corporate Communications with Isotechnika Pharma Inc. In 2010, he co-founded William Osler Apex Partners, an investment club for physicians and friends. He was Chair for an Alberta Medical Association Property and Casualty Insurance Review Committee and is current a member of the Primary Care Network (Edmonton North) Finance Committee.

Unitholdings of Management and Others

The table below outlines certain information regarding the Manager and Trustee, each director and officer of the Manager and Trustee, and each person who as at February 25, 2019 directly or indirectly beneficially owned or controlled 10% or more of the units of the Fund.

Name and Municipality of Principal Residence	Position Held / Date of Obtaining that Position	Compensation paid by Fund in the year ended Dec. 31, 2018⁽¹⁾	Anticipated Compensation for the year ended Dec. 31, 2019	Number / % of units held as at February 25, 2019	Number / % of units expected to be held after this Offering
McELVAINE INVESTMENT MANAGEMENT LTD. Victoria, BC	Manager, Trustee and Promoter / February 5, 2019	N/A	Unknown ⁽²⁾	1 Series I unit / 100% ⁽³⁾	Unknown ⁽⁴⁾
TIM McELVAINE Victoria, BC	Director, President and Secretary of the Manager and Trustee / July 17, 1998	N/A	Nil	Nil	Unknown ⁽⁵⁾

⁽¹⁾ The Fund was created on February 5, 2019. Accordingly, there is no information to disclose for the year ended December 31, 2018.

⁽²⁾ The compensation paid to us for the year ended December 31, 2019 will vary based on the net assets of the Fund during that period and the investment return of the Fund's assets during that period, and will be comprised of the fees described in the sections above called *Management of the Fund - Fees* and *Summary of the Trust Agreement - Trustee*.

⁽³⁾ Represents the initial unit issued to the Manager and Trustee upon the creation of the Fund.

⁽⁴⁾ Although we may acquire additional units under this Offering Memorandum, we have no current intention to do so.

⁽⁵⁾ Tim McElvaine may acquire units under this Offering Memorandum; however, the number of units, if any, which may be acquired by him is not known.

Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last 10 years, or any cease trade orders that have been in effect for a period of more than 30 consecutive days during the past 10 years against: (i) a director, executive officer or control person of the Fund or the Manager and Trustee; or (ii) an issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last 10 years with regard to any: (i) director, executive officer or control person of the Fund or the Manager and Trustee; or (ii) issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

CAPITAL STRUCTURE

Outstanding Securities of the Fund

The table below describes the outstanding securities of the Fund as at the date of this Offering Memorandum.

<u>Description of Security⁽¹⁾</u>	<u>Number Authorized to be Issued</u>	<u>Number of Units Outstanding</u>	<u>Number of Units Outstanding after Offering⁽²⁾</u>
Series A units	Unlimited	Nil	Unknown
Series F units	Unlimited	Nil	Unknown
Series I units	Unlimited	1	Unknown

⁽¹⁾ The Fund may offer additional series of units in the future.

⁽²⁾ The total number of Series A, Series F and Series I units to be issued as part of this offering is unknown. The Fund will continue to issue additional Series A, Series F and Series I units on an on-going basis.

Prior Sales

The table below discloses information regarding the sole Series I unit of the Fund that has issued prior to the date of this Offering Memorandum. As at the date of this Offering Memorandum, no Series A or Series F units of the Fund have been issued.

<u>Series of units</u>	<u>Date of issuance</u>	<u>Number issued</u>	<u>Price per unit</u>
Series I	February 5, 2019	1	\$10.00

As at the date of this Offering Memorandum, no units have been redeemed.

DESCRIPTION OF UNITS

Beneficial interests in the Fund are divided into units of one or more series within a single class of units. There are currently three authorized series of units - Series A, Series F and Series I units. Series A and Series F units may be issued in one or more sub-series. We anticipate that a new sub-series will be established on each date that Series A and Series F units are issued. The use of sub-series enables us to better track the performance of units issued on a particular date.

A unit of any series (or sub-series) represents an equal undivided interest in the net assets of the Fund attributable to that series (or sub-series). However, the assets of all series (or sub-series) of the Fund are combined in a single pool to create one portfolio for investment purposes. Except for the fees and expenses payable in respect of each series (or sub-series) of units and the distributions made in respect of each series (or sub-series) of units, the rights and attributes of each series (or sub-series) are identical.

A holder of any series of units is entitled to one vote for each whole unit on matters for which separate approval of the series is sought at any meeting of the unitholders and one vote for each whole unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders. Gains and losses of the Fund will be allocated to each series (or sub-series) of units in proportion to the net asset value of the series (or sub-series) relative to the other series (or sub-series). See the section called *Summary of the Trust Agreement - Determination of Series Net Asset Value*.

Units are not transferable, except in very limited circumstances. If the Fund is terminated, a holder of units of any series (or sub-series) on the termination date will be entitled to a proportionate share of the net assets of the Fund attributable to that series (or sub-series) of units.

Series A, Series F and Series I units are available for investment under this Offering Memorandum. Each series of units is intended for different types of investors.

Series A units

Series A units are available to all investors who purchase units directly through us or through other authorized dealers. You will not be charged a commission or fee by us or the Fund when you acquire your Series A units. However, your dealer may charge you a commission or fee in respect of your total purchase. The management fee and performance fee we are entitled to receive in respect of Series A units are described in the section called *Management of the Fund - Fees*.

Series F units

Series F units are available to investors who have fee-based accounts with their dealer and whose dealer has signed a Series F agreement with us. Instead of paying sales charges, investors in Series F units pay an annual fee to their dealer for investment advice and other services. The management fee and performance fee we are entitled to receive in respect of Series F units are described in the section called *Management of the Fund - Fees*.

Series I units

Series I units are available to investors who have entered into an agreement with us and meet certain other conditions. No management fees or performance fees are charged to the Fund in respect of Series I units. Instead, each investor who holds Series I units will pay a management and/or performance fee directly to us, in an amount determined by negotiation and set out in the agreement between us and the investor.

Distributions

The Fund will distribute to unitholders in each taxation year of the Fund sufficient net income and net realized capital gains so that it will not have any liability for income tax under Part I of the Tax Act, other than alternative minimum tax. Distributions will be paid or payable by December 31 of each year or at such other times as may be determined by the Manager. Unless otherwise requested in writing, any distribution payable to you as a unitholder will be automatically reinvested in additional units of the same series (or sub-series) at the applicable series (or sub-series) net asset value per unit on the date of the distribution.

From time to time, we accept reduced management fees for the services we provide to certain unitholders who make substantial investments in the Fund. If we accept reduced fees in respect of your investment, you will receive a distribution equal to the amount of such fee reduction (a “**Management Fee Distribution**”). Management Fee Distributions will be paid first out of the net income and net realized capital gains of the Fund, and thereafter out of capital, and will be automatically reinvested in additional units. The tax consequences of Management Fee Distributions will generally be borne by the qualifying investors receiving these distributions. See the section called *Canadian Federal Income Tax Considerations* for information on the tax consequences of Management Fee Distributions.

Redemption of Units

Units are redeemable on the first day of each month. To redeem units you must provide us with at least 30 days’ prior written notice of your redemption. The redemption price of your units will be the applicable series (or sub-series) net asset value per unit, determined as at the close of business on the last business day of the immediately preceding month. You will be paid the redemption price within 10 business days of the redemption date. Other than the early redemption fee you may be required to pay if you redeem units of the Fund within one year of the original date of purchase (described below), you will not be charged a fee by the Fund or us for redeeming your units.

We may suspend your right to redeem units or your right to payment for units previously tendered for redemption if we determine that conditions exist that render impractical the sale of any of the Fund’s assets, or impair the ability to determine the value of any of the assets of the Fund. If you have requested redemption and a suspension occurs, you will be notified of the suspension and will have the right to withdraw your request, unless the suspension lasts for less than 48 hours.

We also have the right, exercisable at any time at our discretion, to require you to redeem your units. We will provide you with written notice of our decision to require you to redeem your units at least five days prior to the date on which the redemption will occur. The redemption price of your units will be the applicable series (or sub-series) net asset value per unit next determined following the expiry of the five day notice period.

If you redeem units of the Fund within one year of the original date of purchase, you may be charged an early redemption fee on behalf of the Fund of up to 2% of the net asset value of the units redeemed. This fee is retained by the Fund.

Consolidation, Subdivision and Redesignation

Units may automatically be consolidated in certain circumstances described in the Trust Agreement. In addition, we may consolidate or subdivide units of any series if we give holders of units of that series at least 21 days’ notice of our intention to subdivide or consolidate. We may also redesignate units of any series (or sub-series) as units of a different series (or sub-series) based on the applicable net asset value per unit of the two series (or sub-series) on the date of the redesignation. However, we will not redesignate any series (or sub-series) of units held by you without your consent if the redesignation is a material change to, or adversely affects the pecuniary value of, your interest, or if the redesignation would have an adverse tax consequence to you.

You may at any time redesignate units of one series as units of another series that you are eligible to purchase, provided that you make appropriate arrangements with your dealer and deliver any additional documentation or information required by us.

Transfer of Units

Units are transferable only in very limited circumstances. You may only transfer your units with our prior written consent, or as required by law in connection with a bankruptcy or insolvency or upon death, and then only to your legal representatives. See the section below called *Resale Restrictions*.

INVESTING IN UNITS

You may invest in the Fund by purchasing units through a registered dealer or directly from us in certain circumstances. Series A, Series F and Series I units of the Fund are offered for sale in reliance on exemptions from the prospectus requirements of applicable securities laws. You will only be permitted to purchase units if your purchase qualifies for one of these exemptions. We rely on the representations you make in your subscription agreement to ensure that your purchase qualifies for these exemptions and to ensure that you are otherwise eligible to purchase units. See the section above called *Description of Units* for a description of each series of units to help you determine which series of units to invest in.

To invest in units of the Fund, follow the instructions included with the subscription agreement you are provided. **If you are a portfolio manager purchasing units of the Fund on behalf of a fully managed account, please note that there is an abridged subscription agreement that you can complete to subscribe for units on behalf of your clients.**

We may, in our discretion, refuse to accept your subscription to purchase units even if you follow the instructions included with the subscription agreement. For example, we may refuse your subscription if we do not believe an investment in the Fund is appropriate for you. We may also close the Fund to new investors from time to time. If we have decided not to accept your subscription we will notify you of our decision within five business days of receiving the required documentation and information from you.

The purchase price of the units will be based on the Series A, Series F or Series I net asset value per unit, as the case may be, determined as at the close of business on the last business day of the month in which we accept your order. See the section above called *Summary of the Trust Agreement - Determination of Series Net Asset Value*. If we accept your order, your purchase will be processed on the first day of the following month.

Each investor must invest an amount equal to the minimum investment amount established by us from time to time for initial and subsequent investments. As at the date of this Offering Memorandum, unless a higher minimum investment amount is required under the terms of the prospectus exemption being relied upon, the minimum investment amounts for initial and subsequent investments are as follows:

	<u>Initial Investment</u>	<u>Additional Investment</u>
Series A	\$1,000	\$1,000
Series F	\$1,000	\$1,000
Series I	\$1,000,000	\$10,000

We may in our discretion waive the minimum investment amounts established by us, accept investments in other minimum amounts permitted under applicable securities laws, or require higher minimum investment amounts.

Until such time as the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act throughout a particular taxation year of the Fund, then no unitholder of the Fund may be a “non-resident” of Canada or otherwise a “designated beneficiary” within the meaning of the Tax Act, and no unitholder of the Fund shall change its status or transfer or purport to transfer its units to any person if such change or transfer would have the effect of making the unitholder, or the transferee, a “designated beneficiary” within the meaning of the Tax Act. In no instance will “financial institutions” within the meaning under the Tax Act

be allowed to own more than 50% of the units of the Fund (based on aggregate net asset value per unit). Any subscriber that is or becomes a “non-resident”, “designated beneficiary” or a “financial institution” within the meaning of the Tax Act shall disclose such status to the Fund at the time of subscription (or when such status changes) and the Fund may restrict the participation of any such investor or require the redemption of all or some of such investor’s units.

Any subscription funds received by us prior to the relevant purchase date will be held in the Fund’s general bank account until purchase is completed, at which time the units subscribed for will be issued (if we have accepted your subscription). These funds will not be segregated for your account. You will not be entitled to any interest on any subscription funds delivered to us prior to the relevant purchase date. Any interest earned on such funds will belong to the Fund.

You will become a unitholder after we accept your subscription agreement and the Fund has received the purchase price for your units. We will hold your subscription monies in trust for you until the day on which you become a unitholder.

You and your professional advisors should review all subscription documents before you purchase units.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations, as of the date hereof, with respect to the acquisition, ownership and disposition of units generally applicable to an individual unitholder, other than a trust, who for purposes of the *Income Tax Act* (Canada) (defined above as the “**Tax Act**”), is resident in Canada and holds units as capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), proposals for specific amendments to the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date of this Offering Memorandum, and counsel’s understanding of the current administrative practices and policies of the Canada Revenue Agency. This summary does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action, or take into account provincial or foreign income tax legislation or considerations. The Fund is not expected to qualify as a mutual fund trust under the Tax Act before the date that it is required to file its first tax return. The Fund will apply to be registered as a registered investment under the Tax Act for RRSPs, RRIFs and DPSPs. This summary assumes that the investment policies set out above will be followed, and that the restrictions on certain unitholders acquiring units as described in the section called *Investing in Units* will be adhered to.

This summary is of a general nature only and is not intended to constitute advice to any particular investor. You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.

Taxation of the Fund

Generally, the Fund is subject to tax under Part I of the Tax Act on its taxable income for each year (including net taxable capital gains) less the portion thereof that is paid or payable to unitholders. Provided that, in each taxation year, the Fund distributes to unitholders sufficient of its net income and net realized capital gains, it will not be liable for ordinary tax under Part I of the Tax Act. The Fund will not be eligible for capital gains refunds under the Tax Act, and may be subject to alternative minimum tax under the Tax Act. Gains and losses of the Fund from transactions in derivatives will generally result in ordinary income and losses rather than capital gains and capital losses, though the tax treatment of such gains and losses may change depending on the specific facts and circumstances involved. In certain circumstances, losses

of the Fund may be suspended or restricted, and therefore would not be available to shelter capital gains or income.

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

As a "registered investment" and not a "mutual fund trust" within the meaning of the Tax Act, the Fund will be required to pay a penalty tax under Part X.2 of the Tax Act if, at the end of any month, the Fund holds any investment that is not a qualified investment for RRSPs, RRIFs or DPSPs. The tax, for a month, is equal to 1% of the fair market value of the non-qualified investment at the time it was acquired by the Fund.

Taxation of Unitholders

Generally, a unitholder must include in computing income for tax purposes for a particular year the portion of the net income and the taxable portion of the net realized capital gains of the Fund that is paid or payable to the unitholder in the year. A unitholder must include such amounts in income even though they are reinvested in additional units. Unitholders will be taxed on distributions of income and capital gains even if the income and capital gains accrued to the Fund or were realized by the Fund before the unitholder acquired units and were reflected in the purchase price of the units. Net taxable capital gains of the Fund and taxable dividends received by the Fund on shares of taxable Canadian corporations, if any, that are paid or payable to a unitholder may be designated by the Fund as taxable capital gains and taxable dividends earned by the unitholder and, if so designated, will be subject to the special tax treatment applicable to income of that character, including the enhanced gross-up and dividend tax credit for eligible dividends. As well, the Fund may make designations in respect of its foreign source income so that, for the purposes of computing any foreign tax credit to a unitholder, the unitholder will generally be deemed to have paid as foreign tax the unitholder's proportionate share of the foreign taxes paid by the Fund. To the extent that distributions by the Fund to a unitholder in a year exceed the unitholder's share of the net income and net realized capital gains of the Fund for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not be taxable to the unitholder but will reduce the adjusted cost base of the unitholder's units. To the extent that the adjusted cost base of a unitholder's units would be reduced to less than zero, the negative amount will be treated as a capital gain and the adjusted cost base of the units will be nil. Alternatively, if an excess distribution is made, the Fund can make designations under the Tax Act so that the excess amount is treated as additional income of the Fund in respect of that taxation year and can be deducted from its income in the following year.

When a unitholder disposes of units, including on the redemption of units, the unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, less any associated costs of disposition, are greater (or less) than the adjusted cost base of the units. Generally, one-half of a capital gain is included in determining a unitholder's income and one-half of a capital loss may be deducted against taxable capital gains, subject to and in accordance with the rules in the Tax Act. The redesignation of units of one series (or sub-series) of the Fund as units of another series (or sub-series) of the Fund will not result in a disposition. The Trustee may treat any amount paid to a unitholder of the Fund in connection with the redemption of Units as a distribution of the Fund's net realized capital gains realized by the Fund in the taxation year in which the unitholder's units are redeemed, and in this event the amount of the redemption proceeds will be reduced by the amount of such distribution.

Capital gains and Canadian dividends may result in a liability for alternative minimum tax under the Tax Act.

Enhanced Tax Information Reporting

The Fund has due diligence and reporting obligations under the *Foreign Account Tax Compliance Act* (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively “**FATCA**”) and the OECD’s Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, “**CRS**”). Generally, unitholders (or in the case of certain unitholders that are entities, the “controlling persons” thereof) will be required by law to provide the Fund, or their advisor or dealer with information related to their citizenship or tax residence and, if applicable, their foreign tax identification number. If a unitholder (or, if applicable, any of its controlling persons) does not provide the information or, for FATCA purposes, is identified as a U.S. citizen (including a U.S. citizen living in Canada) or, for CRS purposes, is identified as a tax resident of a country other than Canada or the U.S., information about the unitholder (or, if applicable, its controlling persons) and his, her or its investment in the Fund will generally be reported to the Canada Revenue Agency (“**CRA**”) unless the units are held within a registered plan. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service and in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

Eligibility for Registered Plans

Units are expected to be a qualified investment for contribution to an RRSP, RRIF, RESP, RDSP, DPSP, and TFSA (each, an “**Exempt Plan**”). To qualify for investment in an Exempt Plan, the Fund must apply to the CRA to become a registered investment for an RRSP, RRIF and DPSP. The Fund must satisfy certain conditions under the Tax Act in order to be accepted by the CRA for registration as a registered investment. After the Fund is accepted by the CRA for registration as a registered investment, the units will be a qualified investment for contribution to an Exempt Plan effective as of the date specified in the application for registration, which will be the date the Fund is created in 2019. Investors should consult with their own tax advisors before contributing units to or acquiring units through an Exempt Plan.

Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs, and subscribers of RESPs, should consult with their own tax advisors as to whether units of the trust would constitute a “prohibited investment” under the Tax Act in their particular circumstances.

COMPENSATION PAID TO SELLERS AND FINDERS

No selling commissions or fees will be paid by the Fund or us in connection with the sale of units under this Offering Memorandum. However, if you purchase Series A units through an authorized, your dealer may charge you an up-front fee when you purchase your units. This fee is negotiated between you and your dealer.

No trailing commission is paid in respect of Series A, Series F or Series I units.

RISK FACTORS

The purchase of units involves a number of significant risk factors. In addition to the factors set forth elsewhere in this Offering Memorandum, you should consider the following:

No assurance

There is no assurance that the Fund will achieve its investment objective.

Dependence on the Manager and Trustee

The Fund relies upon our good faith and expertise in providing investment advice and other services to the Fund. The loss of our services as manager of the Fund, or the loss of the services of our key personnel could adversely affect the performance of the Fund.

Lack of portfolio diversification and liquidity

The Fund's portfolio will not necessarily be widely diversified. As a consequence, the portfolio of the Fund may be subject to more rapid change in value than if the Fund were required to maintain a wide diversification among companies, securities and types of securities. In addition, the Fund's portfolio may, from time to time, include securities that are not actively and widely traded or which are subject to transfer restrictions or for which there is no market. It may be relatively difficult for the Fund to dispose of such illiquid investments rapidly at favourable prices in connection with redemption requests, adverse market developments or other factors. The sale of such illiquid investments may also be subject to delays and additional costs and may only be possible at substantial discounts.

Illiquidity of units

Because units are not generally transferable, an investment in the Fund is a relatively illiquid investment and involves a high degree of risk. The units are issued pursuant to exemptions from the prospectus requirements under applicable securities laws, and any disposition of units will require compliance with those laws. You may be able to dispose of your units only through redemption, and you must bear the risk of any decline in the value of the units during the period from the date a notice of redemption is given by you until the redemption date. In addition, the transfer of units may result in adverse tax consequences to you. See the section above called *Canadian Federal Income Tax Considerations*. You should only purchase units if you are able to maintain your investment and can afford the risk of loss associated with an investment in the Fund.

Effect of substantial redemption

Substantial redemptions by investors within a short period of time could require the Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the portfolio at any given time may be invested in securities for which the market is or becomes illiquid. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its value to its expenses.

Net asset value

The net asset value of the Fund will fluctuate with changes in the market value of the Fund's investments. These changes in market value may occur as the result of various factors, including general economic and market conditions, international currency fluctuations and international developments. Accordingly, the net asset value per unit at any valuation date may be more or less than your original purchase price.

Performance fee

The payment of the performance fee to the Manager and Trustee may create an incentive for it to cause the Fund to make investments that are riskier or more speculative than if there were no performance fee. Since the performance fee is calculated on a basis that includes unrealized appreciation of the Fund's assets, the fee may be greater than if it were based solely on realized gains. In addition, the ordinary income of the

Fund (including dividends and interest received) is included in the calculation of the fee. See the section above called *Management of the Fund - Fees*.

Equity risk

The Fund invests in equity securities. The value of equity securities is affected by specific company developments, by stock market conditions and by general economic and financial conditions in those countries where the investments are listed for trading. Investment funds which invest in equities generally tend to be more volatile than fixed income investment funds, and the value of their units may vary more widely than fixed income investment funds.

Foreign investment risks

The Fund intends to invest a portion of its capital in foreign securities. As a result, income or losses may be affected by fluctuations in the rates of exchange between the Canadian dollar and the foreign currencies of the countries in which the Fund holds investments. We may or may not hedge the currency risks for significant investment transactions denominated in currencies other than Canadian dollars.

The values of foreign investments are affected by changes in currency rates or exchange control regulations, application of foreign tax laws, including withholding taxes, changes in governmental administration or economic or monetary policy (in Canada or abroad) or changed circumstances in dealings between nations. Costs are incurred in connection with conversions between various currencies. In addition, foreign brokerage commissions are generally higher than in Canada, and foreign securities markets may be less liquid, more volatile and less subject to governmental supervision than in Canada. Investments in foreign countries could be affected by other factors not present in Canada, including expropriation, confiscatory taxation, lack of uniform accounting and auditing standards, and potential difficulties in enforcing contractual obligations, and could be subject to extended settlement periods. Furthermore, the value of securities that are issued by a company in a developing market may be lower, as they may be less liquid and more volatile than those issued by similar companies in North America. In general, investments in more developed markets, such as Western Europe, have lower foreign market risk, whereas investments in emerging markets, such as Southeast Asia or Latin America, have higher foreign market risk.

Political risk

Political risk is the risk that a certain industry or company within that industry may be negatively impacted by legislative change. Relevant risk factors include the imposition of new taxes, regulatory or legal obligations or industry related restrictions.

Allocation of investment opportunities

The size and mandate of the various funds and portfolios that we advise differ and the portfolios are not identical. As a consequence, we may purchase or sell a security for one account prior to other accounts. This could occur, for example, as a result of the specific investment objectives of the account, different cash resources arising from contributions or withdrawals, or the purchase of a small position to assess the overall investment desirability of a security. If the availability of any particular security is limited and that security is appropriate for the investment objective of one or more other accounts, any purchase of that security will be allocated on an equitable basis in accordance with our Trade Allocation Policy. You may request a copy of this policy by contacting us at the address, numbers or e-mail address set out above in the section called *The Fund*.

Conflicts of interest involving other clients

We may from time to time act as the manager and portfolio adviser for other investment funds, and as the portfolio adviser for our investment advisory clients. Situations may arise in which our activities on behalf

of other clients may disadvantage the Fund, such as an inability of the market to fully absorb orders for the purchase or sale of particular investments placed for the Fund and other clients at prices and in quantities which would be obtainable if the same were being placed only for the Fund.

No independent management

The Fund does not have independent management and will be relying on us, in our capacity as manager of the Fund, for the day-to-day management and operations of the Fund, and to advise on the purchase and sale of securities for the Fund. We will have conflicts of interest in allocating management time, services and functions among the Fund and any other funds and portfolios which we organize, or provide management services to, as well as other business ventures in which we are or may become involved. Further, the officer and director of the Manager and Trustee will devote only such time to the affairs of the Fund as he, within his sole discretion, exercised in good faith, determines to be necessary to carry out our obligations to the Fund. Tim McElvaine will allocate his time between the Fund and other clients as he sees appropriate.

Relationship with portfolio companies

Tim McElvaine, the President and sole director of the Manager and Trustee may, from time to time, agree to act as a director of one or more companies in respect of which the Fund may invest. For example, Tim currently acts as a director of Glacier Media Inc. (“**Glacier**”). Although the Fund does not currently hold securities of Glacier, it may in the future invest in securities of Glacier (or other companies in respect of which Tim may act as a director) provided the investment is consistent with the Fund’s investment objective, philosophy, policies and restrictions, and the Manager and Trustee determines the investment is in the best interest of the Fund.

When Tim acts as a director of a portfolio company, it gives rise to certain conflicts of interest, particularly in relation to issues of insider information, trading and timely disclosure, and any compensation Tim may receive in relation to his role as a director. As a director of a reporting issuer, Tim may receive material undisclosed information. Any time that Tim is in possession of material undisclosed information relating to a reporting issuer, the Fund will be prevented from buying or selling securities of the reporting issuer until there has been full public disclosure of that information. Such restrictions on trading could in certain circumstances result in the Fund experiencing substantial losses.

In addition, Tim may receive compensation for his services as a corporate director. In respect of Glacier, Tim receives fees of \$20,000 per year, payable in quarterly instalments, plus \$1,000 for each directors’ meeting attended. In 2018, the total compensation received by Tim from Glacier for his services as director was \$30,000. This compensation is in addition to the compensation that Tim receives from McElvaine Investment Management Ltd.

Absence of regulatory oversight

As the Fund currently only offers units by way of private placement, its activities are not governed by National Instrument 81-102 of the Canadian Securities Administrators, which regulates the activities of investment funds which have offered securities to the public pursuant to a prospectus.

Suspension of redemptions

We have the authority to suspend your right to redeem units or your right to payment for units previously tendered for redemption if we determine that conditions exist that render impractical the sale of any of the Fund’s assets, or impair the ability to determine the value of any of the assets of the Fund. See *Redemption of Units* above for more information.

Lack of separate counsel

Legal counsel for the Fund in connection with this offering is also counsel to the Manager and Trustee. Neither the unitholders, as a group, nor the holders of any series of units have been represented by separate counsel, and counsel for the Fund and the Manager and Trustee does not purport to have acted for the unitholders or the holders of any series of units or to have conducted any investigation or review on their behalf.

Cyber security risk

The Fund's and its service providers' use of internet, technology, and information systems may expose the Fund to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or Fund assets, or cause the Fund and/or its service providers to suffer data corruption or lose operational functionality.

Valuation of the Fund's investments

The net asset value of the units will vary directly with the market value and return of the investment portfolio of the Fund. While the Fund is independently audited by the auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the portfolio securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Fund and its units could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the Trust Agreement. See the section above called *Summary of the Trust Agreement - Determination of Series Net Asset Value*.

Although the Fund generally will invest in exchange-traded and liquid over-the-counter securities, the Fund may from time to time have some of its assets in investments that by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the net asset value per unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that if you redeem all or part of your units while the Fund holds such investments, you may be paid an amount less than you might have been paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that an investor might, in effect, be overpaid if the actual value of the investor's investments is lower than the value designated by the Fund in respect of a redemption. In addition, there is risk that an investment in the Fund by a new investor (or an additional investment by an existing unitholder) could dilute the value of your investment if the actual value of such investments is higher than the value designated by the Fund. Further, there is risk that a new unitholder (or an existing unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Fund. We do not intend to adjust the net asset value of the Fund retroactively.

Series risk

The Fund has different series of units. If the Fund cannot pay the fees and expenses attributable to one series of units using the proportionate share of the Fund's assets attributable to that series, the Fund will be required to pay those fees and expenses out of one or more of the other proportionate shares of the Fund's assets. This may reduce the value of your investment in the Fund.

Derivatives

The Fund may invest in and use derivative instruments for hedging and non-hedging purposes to the extent considered appropriate by us, as manager of the Fund. Derivatives are types of investments the value of which is based on, or derived from, the value or performance of another investment, such as a security, a

currency or a market index. There are many types of derivatives, including options, futures and forward contracts.

Investment funds often invest in derivatives to reduce the risks associated with other investments or to help offset losses on other investments. The use of derivatives in this way is referred to as “hedging”. Investment funds may also use derivatives for other reasons, including helping to achieve their investment objectives, increasing returns, reducing the transaction costs associated with direct investments and positioning the funds to profit from declining markets. Although the use of derivatives for hedging or other purposes can be effective, derivatives also have certain risks. Risks associated with the use of derivatives include, without limitation:

- hedging to reduce risk does not guarantee that there will not be a loss or that there will be a gain;
- there is no guarantee that a market will exist when the Fund wants to complete the derivative contract, which could prevent the Fund from reducing a loss or making a profit;
- securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Fund from completing the derivative contract;
- the Fund could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; and
- if the Fund has an open position in an option, a futures contract or a forward contract or a swap with a dealer or counterparty who goes bankrupt, the Fund could experience a loss and, for an open futures or forward contract or a swap, a loss of margin deposits with that dealer or counterparty.

Lack of focus on ordinary income

Any interest and dividends earned by the Fund on its investments will be incidental to the accomplishment of its primary investment objective. All income and capital gains distributions will be reinvested. An investment in the Fund is not suitable for unitholders seeking current returns for financial or tax-planning purposes, and should be considered only by persons who are financially able to maintain their investment in the Fund over an extended period.

Credit risk

The Fund may, from time to time, invest a portion of its assets in debt securities. When the Fund invests in debt securities, such as bonds, it is essentially making a loan to the company or the government issuing the security. The financial condition of an issuer of a debt security may cause it to default or become unable to pay interest or principal due on the security. If an issuer defaults, the affected security could lose all of its value, be renegotiated at a lower interest rate or principal amount, or become illiquid. Furthermore, debt securities are often rated by organizations such as Standard & Poor’s, and if a security’s rating is downgraded because the rating service feels the issuer may not be able to pay investors back, the value of that investment may fall. Higher yielding debt securities of lower credit quality have greater credit risk than lower yielding securities with higher credit quality.

Distressed securities

Distressed securities are securities of companies or government entities that are already in default, under bankruptcy protection, or undergoing restructuring or reorganization. Distressed securities frequently do not produce income while they are outstanding. In addition, the Fund may be required to incur certain extraordinary expenses in order to protect and recover its investment in the securities. Therefore, to the extent that the Fund seeks capital appreciation through investment in distressed securities, the Fund’s ability to achieve current income may be diminished. The Fund also will be subject to significant uncertainty as to

when, in what manner and for what value the obligations evidenced by the distressed securities will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan or reorganization involving the distressed securities or a payment of some amount in satisfaction of the obligation). If the restructuring of any company in reorganization does not succeed, the value of the assets by which the company's securities may be secured may not be great enough to repay the purchase price paid by the Fund for those securities. Moreover, there can be no assurance that the securities or other assets received by the Fund in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than anticipated when the investment was first made, and any securities received by the Fund upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of the Fund's participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed securities, the Fund may be restricted from disposing of such securities.

Personal trading

The Manager and Trustee and its personnel may personally invest in the same securities as those invested in by the Fund. If this occurs, there may be a conflict between the Manager and Trustee's and its personnel's interests and the interests of the Fund in terms of the timing of trades and the availability of investments. If such situations arise, the Manager and Trustee and its personnel will be governed by our Personal Trading Policy. You may request a copy of this policy by contacting us at the address, numbers or e-mail address set out above in the section called *The Fund*.

Selection of dealers

We have pre-existing relationships with certain dealers. It is possible that we may be biased in our selection of dealers based on these past relationships, or by certain incentives offered by some dealers. This may result in the commissions paid by the Fund being somewhat higher than those that might be charged by different dealers. However, we will endeavour to select dealers to execute trades on behalf of the Fund based on their ability to execute trades, and will do so in accordance with our Broker Selection (Best Execution) Policy. You may request a copy of this policy by contacting us at the address, numbers or e-mail address set out above in the section called *The Fund*.

Custody risk

RBC Investor Services Trust (defined above as "**RBC IS**") acts as custodian of the Fund. As custodian, it is responsible for the safekeeping of the assets of the Fund. The assets of the Fund are subject to risk of loss (i) if RBC IS becomes bankrupt or insolvent, (ii) if there is a breakdown in the information technology systems of RBC IS, or (iii) due to the fraud, willful or reckless misconduct, negligence or error of RBC IS or its personnel. We have reviewed the reputation, financial stability and relevant internal controls of RBC IS, and its ability to deliver custodial services, and have concluded that its system of controls and supervision is sufficient to manage risks of loss to Fund assets in accordance with prudent business practice.

Registered investment status

To qualify for investment in an Exempt Plan, the Fund must apply to the CRA to become a registered investment. The Fund must satisfy certain conditions under the Tax Act in order to be accepted by the CRA for registration as a registered investment. Such conditions include restrictions on the types of investments that the Fund may hold. If the Fund does not obtain registered investment status at the applicable time or if the Fund ceases to satisfy one or more of the conditions prescribed in the Tax Act to be a registered investment, the CRA may terminate the registration of the Fund as a registered investment and the units would no longer be a qualified investment for an Exempt Plan. If a unitholder holds a unit in an Exempt Plan at a time that such unit is not a "qualified investment", then the contributor or annuitant of the Exempt Plan will be liable for severe taxes and penalties. As well, the Fund may be subject to Part X.2 tax under the Tax Act.

Tax related risks

If the Fund experiences a “loss restriction event” (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Fund will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of person is deemed not to become a majority-interest group of beneficiaries of the Fund, if the Fund meets certain investment requirements and qualifies as an “investment fund” under the rules.

REPORTING OBLIGATIONS TO UNITHOLDERS

Reports to Unitholders

At least once per year, we will send to you an annual report that sets out the assets and portfolio securities owned by the Fund.

Delivery of Financial Statements

As the Fund is not a “reporting issuer” under applicable securities laws, the continuous reporting requirements under those laws do not apply to the Fund. The Fund sends annual audited financial statements to unitholders within 140 days of the end of each fiscal year. The Fund’s fiscal year end is currently December 31st. The Fund also sends semi-annual unaudited financial statements to unitholders on or before August 29th of each year. You may request a copy of the financial statements by contacting us at the address, numbers or e-mail address set out on the front cover.

Income Tax Statements

On or before March 31st each year, we will provide you with the information you require regarding distributions and allocations to your units during the previous year in order to complete your income tax return for that year.

RESALE RESTRICTIONS

Units are 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 the units unless you comply with an exemption from the prospectus requirements under securities legislation. **However, we note that securities legislation in Canada does contain exemptions that will permit you to redeem your units.** See the section above called *Description of Units - Redemption of Units*.

Unless permitted under securities legislation, you cannot trade units before the date that is four months and a day after the date that the Fund becomes a reporting issuer in any province or territory of Canada. For trades in Manitoba, unless permitted under securities legislation, you must not trade in the units without the prior written consent of the regulator in Manitoba unless: (a) the Fund has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) you have held the securities for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the

public interest. Again, we note that securities legislation will permit you to redeem your units. See the section above called *Description of Units - Redemption of Units*.

PURCHASERS' RIGHTS

If you purchase units, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer. The following summaries of investors' legal rights are subject to the express provisions of the securities laws of the applicable province or territory in which they are resident and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

Two Day Cancellation Right

You can cancel your agreement to purchase units. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy units.

Statutory Rights of Action

For purposes of the following summaries, "**misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement not misleading in light of the circumstances in which it was made.

British Columbia

If an offering memorandum, such as this Offering Memorandum, together with any amendment to it, is delivered to a purchaser resident in British Columbia who purchases securities in reliance on the offering memorandum exemption set out in National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**") and contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a right of action against the issuer, every director of the issuer and every person who signed the offering memorandum for damages or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; or
 - (ii) for damages more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer) will be liable if the person or company proves that
 - (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice to the issuer that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had

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

- (d) no person or company (but excluding the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation; and
- (f) in no case will the amount recoverable exceed the price at which the securities were sold to the purchaser.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if a person or company purchases securities offered by an offering memorandum, such as this Offering Memorandum, together with any amendment to it, in reliance on the prospectus exemption in section 2.10 (the minimum amount investment) of NI 45-106, and it contains a misrepresentation, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action against the issuer, every director of the issuer (if applicable) at the date of the memorandum and every person who signed the offering memorandum for damages or, alternatively, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days from the day on which the purchase was completed; or
 - (ii) for damages more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years from the date on which the purchase was completed;
- (b) no person or company will be liable if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer) will be liable if the person or company proves that
 - (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of it being sent, the person or company gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer that it was sent without the person's or company's knowledge or consent, (ii) after the sending of the offering memorandum and before the purchase of the securities, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a fair copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

- (d) no person or company (but excluding the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert if, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe, and did not believe, that there was a misrepresentation;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation;
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser; and
- (g) an issuer is not liable if it does not receive any proceeds from the distribution and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation (i) was based on information that was previously generally disclosed by the issuer, (ii) was a misrepresentation at the time of that disclosure, and (iii) was not subsequently publicly corrected or superseded by the issuer before the completion of the distribution.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum, such as this Offering Memorandum, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation and has a right of action for rescission 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;
- (b) on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice to the issuer of the withdrawal and the reason for it; or
- (c) 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 is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

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 the Saskatchewan Act or its regulations.

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.

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.

Manitoba

Section 141.1 of the *Securities Act* (Manitoba) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation a purchaser resident in Manitoba is deemed to have relied on the misrepresentation and has a right of action against the applicable issuer, every director of the issuer at the date of the memorandum and every person or company who signed the memorandum for damages, or alternatively, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) two years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (excluding the issuer) will be liable if the person or company proves that (i) the memorandum was sent to the purchaser without the person's or company's knowledge and 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, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
- (d) no person or company (excluding the issuer) will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company

did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

- (e) in action for damages, a defendant will not be liable for any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, delivered to a purchaser of securities resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of securities by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the issuer for damages or, while still the owner of securities of the issuer purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
 - (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days after the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the issuer will not 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, the issuer will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) the issuer will not be liable for a misrepresentation in forward-looking information if the issuer proves:
 - (i) that the offering memorandum contains, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;
 - (ii) the reasonable cautionary language and disclosure of material factors appear proximate to the forward-looking information; and
 - (iii) the issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information; and
- (e) in no case will the amount recoverable in any action exceed the price at which the securities were offered.

The foregoing rights do not apply if the purchaser is:

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

New Brunswick

Section 150(1) of the *Securities Act* (New Brunswick) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in New Brunswick and contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action against the issuer, every person who was a director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum for damages or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and (B) six years after the date of the purchase;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (e) no person will be liable for a misrepresentation in forward-looking information if the person proves that:
 - (i) the memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

- (f) no person is liable (excluding the issuer) if the person proves:
- (i) that the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was delivered without the person's knowledge or consent;
 - (ii) that, on becoming aware of any misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for the withdrawal; or
 - (iii) that, 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, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a misrepresentation or that the part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert; and
- (g) no person is liable (excluding the issuer) with respect to any part of an 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 failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) states 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 defined in the *Securities Act* (Nova Scotia)) used in connection with an offering memorandum, contains a misrepresentation, any investor in Nova Scotia who purchases securities offered thereunder shall be deemed to have relied on such misrepresentation, if it was a misrepresentation at the time of purchase, and shall have, subject as hereinafter provided, a right of action either for damages against the seller, every director of the seller at the date of the offering memorandum and every person who signed the offering memorandum, or alternatively for rescission, exercisable against the seller provided that:

- (a) no person or company will be held liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the seller will not be liable for all or any portion of such damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (c) no person or company will be liable if the person or company proves that (i) the offering memorandum or amendment thereto 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, (ii) after delivery of the offering memorandum or amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the memorandum, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum or amendment thereto purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum or amendment

thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

- (d) no person or company will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum or amendment thereto.

No action shall be commenced to enforce the rights of action more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Prince Edward Island

Section 112(1) of the *Securities Act* (Prince Edward Island) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under the memorandum, whether or not the purchaser relied upon the misrepresentation, will have a right of action against the applicable issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the memorandum and every person who signed the memorandum for damages or, alternatively, for rescission, exercisable against the issuer or the selling securityholder on whose behalf the distribution is made, provided that:

- (a) no action shall be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for any action other than rescission, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (B) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer or selling securityholder) will be liable if it proves that (i) the memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was sent without the person's or company's knowledge or consent, (ii) after the delivery of the memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the memorandum, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (d) no person or company (but excluding the issuer or selling securityholder) will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert or to be a

copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or, (ii) believed that there had been a misrepresentation;

- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Newfoundland and Labrador and it contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation, the purchaser has a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, and every person or company who signed the offering memorandum. In addition, such purchaser has a right of rescission against the issuer. If a purchaser elects to exercise a right of rescission against the issuer, the purchaser has no right of action for damages.

Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for an action for damages or rescission:

- (a) where the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (d) if, 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, opinion or statement of an expert, 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 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; and

- (e) 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 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.

Of the above defences, the issuer shall only be able to rely on (a) above.

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.

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

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

Yukon

Section 112 of the *Securities Act* (Yukon) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Yukon and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution, without regard to whether the purchaser relied on the misrepresentation, has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company

promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;

- (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert; or
- (iv) for any part of an offering memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

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

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than:

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

Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Northwest Territories and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution, without regard to whether the purchaser relied on the misrepresentation, has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;
 - (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert; or
 - (iv) for any part of an offering memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

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

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than:

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

Nunavut

Section 112 of the *Securities Act* (Nunavut) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Nunavut and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution, without regard to whether the purchaser relied on the misrepresentation, has a right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling security holder on whose behalf the distribution is made.

These rights are subject to certain limitations, including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling security holder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and
- (c) a person or company (other than the issuer or selling security holder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company

promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;

- (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert; or
- (iv) for any part of an offering memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

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

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than:

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

Contractual Rights of Action

Rights for Investors in Québec

Notwithstanding that the securities legislation in Québec does not provide or require the Fund to provide to purchasers resident in these Canadian provinces any rights of action in circumstances where this Offering Memorandum or any amendment to this Offering Memorandum contains a misrepresentation, the Fund grants to such purchasers the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase units in reliance on the offering memorandum exemption set out in NI 45-106, as described above under *Statutory Rights of Action*.

Rights for Other Investors in Alberta

Investors resident in Alberta who purchase units in reliance on a prospectus exemption other than the “minimum amount investment” prospectus exemption will be entitled to the same rights of action for damages or rescission as those afforded to residents of Alberta who purchase units in reliance on the “minimum amount investment” exemption set out in NI 45-106, as described above under *Statutory Rights of Action*.

FINANCIAL STATEMENTS

[Attached]

Opening Statement of Financial Position of

THE OSLER FUND

February 5, 2019



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Unitholder of The Osler Fund:

Opinion

We have audited the opening statement of financial position of The Osler Fund (the "Fund"), which comprise:

- the opening statement of financial position as at February 5, 2019
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying opening statement of financial position presents fairly, in all material respects, the financial position of the Fund as at February 5, 2019, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Manager and Those Charged with Governance for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
February 22, 2019

THE OSLER FUND

Opening Statement of Financial Position

February 5, 2019

Cash	\$	10
Net assets attributable to the holder of redeemable units	\$	10

The accompanying notes are an integral part of these financial statements.

Approved by the President of
McElvaine Investment Management Ltd.,
In its capacity as Manager of The Osler Fund

_____ President

THE OSLER FUND

Notes to Opening Statement of Financial Position

February 5, 2019

1. Reporting entity:

The Osler Fund (the “Fund”) was established on February 5, 2019 under the laws of British Columbia pursuant to a trust agreement between McElvaine Investment Management Ltd., as manager (the “Manager”) and trustee. The Fund’s custodian is RBC Investor Services Trust. The Fund is authorized to issue an unlimited number of Series A, Series F and Series I units.

The Fund is a unit trust domiciled in Canada. The address of the Fund’s registered office is at Suite 219, 2187 Oak Bay Avenue, Victoria, British Columbia V8R 1G1.

2. Basis of preparation:

(a) Statement of compliance:

The financial statement of the Fund has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements was authorized for issue by the Manager on February 22, 2019.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Fund’s functional currency.

(d) Use of estimates and judgments:

The preparation of the financial statement in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies:

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

THE OSLER FUND

Notes to Opening Statement of Financial Position

February 5, 2019

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Fund may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Fund has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities, The Fund may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

THE OSLER FUND

Notes to Opening Statement of Financial Position

February 5, 2019

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(ii) Fair value through profit and loss:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Fund's investments in securities are classified as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies cash, dividends receivable, interest receivable, subscriptions receivable, balances due from brokers, other receivables, bank indebtedness, management fees payable, redemptions payable, balances due to brokers and other accrued liabilities as amortized cost.

THE OSLER FUND

Notes to Opening Statement of Financial Position

February 5, 2019

3. Significant accounting policies (continued):

(b) Redeemable units:

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. It is expected that in future periods the redeemable units will be classified as financial liabilities at FVTPL and measured at redemption amount as they provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund's valuation policies at each redemption date.

(c) Foreign exchange:

The financial statement of the Fund is denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

(d) Income recognition:

Interest is accounted for on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Income and capital gains distributions from pooled fund investments are recorded at the distribution date and maintain the same classification. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments and unrealized appreciation/depreciation in investments are determined on the average cost basis of the respective investments.

(e) Income taxes:

The Fund is expected to qualify as a unit trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes.

4. Unit Transactions and capital management:

The redeemable units to be issued by the Fund represents the capital of the Fund. The Fund is not subject to any internally or externally imposed restrictions on its capital. The Fund's objective in managing the redeemable units is to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions.

As at February 5, 2019 the Manager has contributed to the Fund the sum of \$10 to constitute and settle the fund as a trust. As at February, 2019 no units of the fund have been issued. It is the Manager's intention to issue one Series A unit in exchange for the settlement funding in March 2019.

CERTIFICATE

DATED February 25, 2019

This Offering Memorandum does not contain a misrepresentation.

THE OSLER FUND

By *(signed) Tim McElvaine*
TIM MCELVAINE
President and Director
McElvaine Investment Management Ltd.,
Manager and Trustee of The Osler Fund