

CONFIDENTIAL TERM SHEET

April 26, 2017

This Confidential Term Sheet constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Term Sheet is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of the securities referred to herein. By acceptance of this Term Sheet, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Term Sheet or any information contained in it. No person is authorized to give any information or to make any representation not contained in this Term Sheet, and any information or representation not contained herein must not be relied upon. This Term Sheet has been prepared solely for the benefit of the persons interested in the proposed offering of the securities offered hereby, and may not be reproduced or used for any other purpose. Prospective investors are not to construe the contents of this Term Sheet as legal, business or tax advice. Each prospective investor should consult its own professional advisors as to legal, business, tax and related matters concerning this offering. No securities commission or similar regulatory authority has passed on the merits of the securities offered nor has it reviewed this Term Sheet and any representation to the contrary is an offence.

This offering is subject to the terms described in this Term Sheet and the Trust Indenture (as defined below). In the event of any inconsistency between the terms of this Term Sheet and the Trust Indenture, the terms of the Trust Indenture shall prevail.

PRIMEVEST CAPITAL CORP.

PRIMEVEST PARTNERS FUND

**Primevest Partners
Fund:**

Primevest Partners Fund (the “**Fund**”) is an unincorporated open end unit investment trust formed under the laws of the Province of British Columbia. The Fund is governed by an amended and restated bare trustee fund (pooled fund) master trust indenture made as of March 31, 2014 (as amended from time to time, the “**Trust Indenture**”) between Primevest Capital Corp. (the “**Manager**”), as manager, and Computershare Trust Company of Canada (the “**Trustee**”), as bare trustee, and a fund regulation created pursuant to the Trust Indenture (as amended from time to time, the “**Fund Regulation**”). Copies of the Trust Indenture and the Fund Regulation are available from the Manager upon request.

Offering:

An unlimited number of Class A units of the Fund (each a “**Unit**” and together the “**Units**”) are being offered on a private placement basis pursuant to exemptions from prospectus requirements under applicable securities laws.

Price Per Unit:

Units are offered on a monthly basis for a purchase price equal to the applicable net asset value per Unit on the last business day of the month in which the offer to purchase Units is accepted.

Minimum Investment:

The minimum initial investment for each investor is \$500,000 and the minimum subsequent investment for each investor is \$25,000. The Manager reserves the right to change minimum investment amounts at any time and from time to time.

**Manager and Investment
Advisor:**

Primevest Capital Corp. (defined above as the “**Manager**”) is the manager and investment advisor of the Fund. The Manager is a specialty investment manager based in Vancouver, British Columbia, Canada. The Manager is registered with applicable securities regulators in British Columbia as a portfolio manager, in British Columbia and Ontario as an investment fund manager, and in British Columbia, Alberta and Ontario as an exempt market dealer.

Chris Cumming is a principal of the Manager and the portfolio manager of the Fund. Ryaz Shariff is President, Chief Executive Officer and a principal of the Manager and the portfolio manager of the Primevestfund.

Duties of the Manager:

Pursuant to the Trust Indenture, the Manager has the sole responsibility to manage and direct the Fund and its business and affairs, to administer and regulate the Fund’s day-to-day operations and to direct the investment of the assets of the Fund. The duties of the Manager include, without limitation, managing the ongoing business of the Fund and the investment of the Fund’s assets, arranging for the distribution of the Units, preparing and filing all documents and reports as required under applicable securities legislation, keeping or arranging for the keeping of records and accounts, calculating fees payable, reporting to the unitholders of the Fund (“**Unitholders**”), establishing procedures for purchases and redemptions of Units of the Fund, conducting or arranging for the valuation of the assets of the Fund, and authorizing all contractual arrangements, including the appointment, with the consent of the Trustee, of the registrar and custodian and the appointment of the brokers, distributors and the initial auditors.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill that a prudent professional manager would exercise in the circumstances.

The Trust Indenture provides that the Manager may delegate to third parties or retain service providers to carry out certain of its duties (including third parties and service providers that are affiliates of the Manager) where in the discretion of the Manager, to do so would be in the best interests of the Fund. For its services, the Manager receives from the Fund the fees described below under *Fees and Expenses*.

Trustee:

The bare trustee of the Fund is Computershare Trust Company of Canada (defined above as the “**Trustee**”). The Trustee holds legal title to the assets of the Fund which are held by one or more prime brokers. The Trustee has no responsibility for investment management of the Fund’s assets or for any investment decision except for carrying out the instructions given to it from the Manager.

The Trust Indenture provides that the Trustee will exercise its powers and carry out its duties thereunder honestly, in good faith and in the best interests of the Fund and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

The Trustee receives an annual fee from the Fund payable annually in advance for acting in such capacity and is entitled to be reimbursed for expenses incurred.

Investment Objective:

The Fund is a multi-asset class, multi-strategy fund. The Fund’s investment objective is to achieve superior risk-adjusted capital growth in the medium to long term by identifying mispriced securities and executing trading strategies in asset classes typically overlooked by mainstream investment managers.

Investment Strategies, Policies and Restrictions:

The investment strategies of the Fund will be determined from time to time based on the Manager’s determination of the best strategies to achieve the investment objective. In general, the Fund will seek to achieve above average returns by identifying pricing anomalies in individual securities or between multiple securities and taking positions that will profit when those anomalies return to normal. The Fund targets absolute return as it is not focused on any

benchmark. Pricing anomalies include, without limitation: a single security trading significantly below or above its intrinsic value, two securities that have diverged significantly from past economically-explained trading relationships, or two securities on a futures curve which have a price relative to each other that is expected to change meaningfully as they ‘roll down’ the curve with the passage of time. Exploiting an apparent pricing anomaly involves several steps, including the identification of the potential anomaly, analysis to understand the reason for the current mispricing, a trade thesis, the selection of individual securities for execution of the trade, position sizing, trade execution, on-going trade monitoring and risk control, and trade exit.

The Fund will have concentrated positions in individual strategies and securities, but at other times may be 100% invested in cash or cash-like securities.

The Fund will typically execute investment strategies through equity (including exchange traded funds and exchange traded notes), futures, options and currency markets. Although it is anticipated that the Fund will engage in these strategies using these instruments, the Fund is not restricted from engaging in other strategies and instruments to achieve its investment objectives.

Short selling may be used within the Fund either as a stand-alone strategy or as a hedge against a security or group of securities.

An investment in the Fund is highly speculative.

Leverage:

The Fund may utilize leverage to a maximum of 50% in the aggregate (at the time of investment) of the Fund’s net asset value.

Who May Invest:

Units may be purchased by investors resident in any province or territory of Canada or an overseas jurisdiction (not including the United States), and in certain circumstances in the United States, by investors that meet certain requirements.

Net Asset Value:

The purchase price and redemption price of Units is based on the net asset value per Unit.

The net asset value of the Fund and the net asset value per Unit will be calculated in accordance with the Trust Indenture and will be determined at 1:00 p.m. (Vancouver time) (“**Valuation Calculation Time**”) on the last business day of the month (“**Valuation Day**”).

Subscription Procedure:

Subscription Price

The Units will be offered at the applicable net asset value per Unit. The net asset value per Unit for subscriptions is the net asset value per Unit next determined following receipt by the Manager on behalf of the Fund, of a subscription order provided the subscription and the subscription payment is received by the Manager at or prior to 1:00 p.m. (Vancouver time) (the “**Order Receipt Time**”) on a date which is three business days before the Valuation Day and accepted by the Manager on behalf of the Fund. Subscription orders received after the Order Receipt Time and before or at the next Valuation Calculation Time will be deemed to have been received after such Valuation Calculation Time.

Subscription Procedure

Investors may purchase Units of the Fund through the Manager or through registered intermediaries who have complied with all applicable securities laws of the investor's jurisdiction of residence. Investors resident in the United States will be entitled to subscribe for Units upon providing satisfactory evidence that the issue of Units to the investors will not breach United States securities laws.

Each prospective and qualified investor who desires to subscribe for Units must complete and sign the subscription agreement provided by the Manager and deliver the duly executed subscription agreement to the Manager or to the investor's qualified dealer, broker or referral agent for delivery to the Manager, together with payment for the subscription price payable for the Units subscribed for (including, if applicable, the amount of commission payable to the investor's dealer or broker), by certified cheque or bank draft or by electronic funds transfer if permitted by the Manager or such other methods of payment as may be acceptable to the Manager.

Subscriptions will be received subject to acceptance or rejection of the investor's subscription, in whole or in part by the Manager on behalf of the Fund. Any decision to accept or reject a subscription will be made by the Manager on behalf of the Fund in its sole discretion.

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

Fees and Expenses:

Management Fee

The Manager will be entitled to receive from the Fund a monthly management fee (the "**Management Fee**") of 1/12 of 2.0% (2.0% per annum) of the net asset value of the Fund, accrued and payable monthly. The Management Fee will be deducted as an expense of the Fund in the calculation of the net asset value of the Fund. The Management Fee is subject to applicable taxes, including HST/GST.

Incentive Fee

The Manager will be entitled to receive an incentive fee (the "**Incentive Fee**") equal to 20% of the cumulative Trading Profits earned by the Fund. The Incentive Fee will be accrued monthly and payable quarterly to the Manager. "**Trading Profit**" means the net realized gains and losses from closed transactions during a calendar month, plus or minus the change in unrealized gains or losses from transactions during such month, minus the sum of transactional costs (including all brokerage commissions, clearing, exchange and give-up fees paid or accrued in order to liquidate open positions) and other expenses incurred by or on behalf of the Fund. The Incentive Fee is subject to applicable taxes, including HST/GST.

Service Fee

The Manager may, in its sole discretion, pay to qualified dealers, brokers, referral agents or other parties service fees (the “**Service Fees**”) based on the respective value of Units held by their clients. The Manager will pay the Service Fees out of the Management Fee and/or Incentive Fee received in respect of the Units. The Service Fees payable may vary between dealers, brokers, referral agents and others. The Service Fees will be calculated and payable by the Manager at such frequency as determined by the Manager. Service Fees may be modified or discontinued by the Manager at any time.

Administration Fees and Expenses

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

Short-Term Trading Fee

The Manager is entitled to charge a Unitholder a fee of up to 2% of the Net Asset Value of any Units that are redeemed within 90 days of the original date of purchase. Following the 90 day period, no fee will be charged to a Unitholder on redemption of Units except such administrative or processing expenses as may arise in the ordinary course.

Sales Charges:

Investors purchasing through a qualified dealer, broker or referral agent may be required to pay the qualified dealer, broker or referral agent a sales charge of up to 5% of the purchase amount. Sales charges are negotiable between investors and their qualified dealers, brokers or referral agents. Brokers, dealers and referral agents may also be entitled to compensation from the Manager in connection with a Unitholder’s subscription for Units as described under *Fees and Expenses – Service Fee*. Investors purchasing through the Manager directly will not be subject to any sales charges.

Units:

The Fund is authorized to issue an unlimited number of Units. Each Unit has equal value and entitles the Unitholder to the same rights and obligations. Each Unit is entitled to one vote and to participate equally with all other Units with respect to all payments made to Unitholders, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the Fund remaining after satisfaction of outstanding liabilities. No Unitholder has any individual ownership of any asset of the Fund and no Unitholder has the right to call for any partition, division or distribution of any portion of the assets of the Fund.

Fractions of Units may be issued which have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion which they bear to a whole Unit, except that a fraction of a Unit does not carry the right to vote. All Units and fractions will be issued only as fully paid and non-assessable.

Redemptions:

Redemption Price

The net asset value per Unit for the purpose of the redemption of Units is the net asset value per Unit determined following receipt, by the Manager on behalf of the Fund, of a properly completed notice for the redemption of Units of the Fund, provided the notice is received at or prior to the Order Receipt Time before the Valuation Day and redemption has not been suspended. Redemption notices received after the Order Receipt Time and before or at the Valuation Calculation Time on the Valuation Day, will be deemed to have been received after such Valuation Calculation Time.

Redemption Procedure

An investor may redeem Units of the Fund by submitting a properly completed redemption notice to the Manager or to the investor's dealer, broker or referral agent for delivery to the Manager. Redemptions of Units registered in the name of an intermediary such as a qualified dealer or broker, clearing agency or its nominee, must be made through such intermediary. The redemption notice is irrevocable and must state the number of Units to be redeemed or the dollar amount which the Unitholder requires to be paid and must be signed by the Unitholder. The Manager shall notify a Unitholder of any deficiencies in the notice of redemption.

The total redemption proceeds resulting from the redemption of Units will be paid to the investor by cheque, by direct deposit to the Unitholder's bank account if the Unitholder requests direct deposit in the redemption notice and provides a void personal cheque with the redemption notice, or by such other methods as may be determined by the Manager. Redemptions of Units registered in the name of an intermediary such as a qualified dealer or broker, clearing agency or its nominee, will be made through such intermediary. Payment of redemption proceeds will be made within 10 business days from the Valuation Day used to determine the redemption amount provided the Manager has received a properly completed redemption notice as outlined above.

Forced Redemptions

Under the Trust Indenture, the Trustee has reserved the right to redeem, on a *pro rata* basis, Units held by certain financial institutions, if at any time, as a result of any new subscription for, redemption of, or distribution of Units, more than 45% of all outstanding Units of the Fund will be held by certain financial institutions. Such right of redemption entitles the Trustee to redeem only such number of Units held by certain financial institutions as are required to reduce the number of such Units to the point at which they represent no more than 45% of all outstanding Units of the Fund.

Where the Manager determines that the Fund is at risk of being deemed not to be a "mutual fund trust" under the *Income Tax Act* (Canada) (the "**Tax Act**") by virtue of a majority of Units being beneficially held by one or more persons who are non-residents of Canada for purposes of the Tax Act ("**Non-Resident Persons**"), the Manager may redeem a sufficient number of such Units so that the Fund will prevent the loss of its mutual fund trust status. The Manager will select the Units of Non-Resident Persons to be redeemed in inverse order to the order of acquisition of such Units of Non-Resident Persons (excluding Units held as a result of reinvestment of distributions). The Manager will mail a notice of redemption to such Non-Resident Persons whose Units are to be so redeemed.

Suspension of Redemptions

The Manager may suspend the redemption of Units of the Fund and payment of redemption proceeds in respect thereof in the following circumstances:

- (a) for a period of 60 days whenever the aggregate number of Units of the Fund being redeemed exceeds 15% of the outstanding Units to allow for the orderly liquidation of assets of the Fund to satisfy such redemption requests;
- (b) when, and for so long as, the custodian of the Fund is closed for business;
- (c) any time during which any of the exchanges or markets on which any significant portion of the assets of the Fund are quoted or dealt in is closed other than for customary holidays and weekends, or during which dealings thereon are restricted or suspended;
- (d) when any breakdown occurs in the means of communication or computation normally employed in determining the price or value of any of the assets owned by the Fund or values on any exchange in respect of the assets owned by the Fund or when, for any other reason, the prices or values of any such assets cannot reasonably be promptly and accurately ascertained; and
- (e) during which, in the opinion of the Manager, redemptions would seriously impair the Fund's ability to operate or to jeopardize its investment objectives.

Suspension of redemption of Units of the Fund will terminate on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. The Manager will apply the suspension to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests will (unless the suspension lasts for less than 48 hours) be given notice by the Manager advising of the suspension, that redemptions will be effected on the basis of the net asset value per Unit determined on the first Valuation Day following the termination of the suspension and that Unitholders have the right to withdraw their requests for redemption. Any declaration of suspension made by the Manager is final and conclusive.

If the right of redemption is suspended, a Unitholder may either withdraw his or her redemption order or receive payment based upon the net asset value per Unit next determined on the first Valuation Day after the end of the suspension. The Fund will not accept any subscriptions for the purchase of Units during any period when the right to redeem Units is suspended.

Funding Redemptions

If at any time there is not sufficient cash on hand to redeem Units, the Manager will either:

- (a) dispose of securities in the Fund's investment portfolio for cash, the nature and type of such securities to be selected by the Manager in its sole discretion, in an amount sufficient to cover the cash requirements for the redemption of the Units; or
- (b) on behalf of the Fund, borrow an amount to finance the redemption of the Units, provided, however, the aggregate amount outstanding for this purpose from time to time does not exceed 5% of the net asset value of the Fund, the term of such borrowing does not exceed 60 days from the date of the related redemption, such borrowing is not part of a series of loans or other transactions and repayments, and that the Trustee is promptly notified in writing of all such borrowing and the repayment thereof.

Distributions:

The Fund's fiscal year end is December 31. The net income and net realized capital gains of the Fund (net of amounts applied to applicable losses as discussed below) is distributed to Unitholders as at 1:00 p.m. (Vancouver Time) or such other time as may be determined by the Manager ("**Distribution Time**") on the last business day of the calendar year or such other day as may be determined by the Manager (the "**Distribution Date**"), in accordance with the provisions of the Trust Indenture and the Tax Act.

Distributions are made to Unitholders *pro rata* based on the number of Units held by Unitholders as at the Valuation Calculation Time on the Valuation Day immediately before the Distribution Date. All distributions of the Fund are automatically reinvested in additional Units of the Fund at the net asset value per Unit calculated as at the Distribution Time excluding the amounts so distributed. The reinvestment of the distributions in additional Units of the Fund is mandatory.

Transfer or Resale:

Units of the Funds are generally not transferable, except by operation of law. As the Units are being distributed pursuant to exemptions from the prospectus requirements under applicable securities laws, the transfer or resale of these securities (but not including redemptions) is also subject to restrictions under applicable securities laws.

Leverage:

The Fund may utilize leverage to a maximum of 50% in the aggregate (at the time of investment) of the Fund's net asset value.

Eligibility for Investment:

Units are not qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts.

Limited Liability:

The Trust Indenture provides that no Unitholder will have any personal liability in its capacity as a holder of a Unit or fraction thereof and no resort will be had to a Unitholder's personal property for satisfaction of any obligation or claim arising out of or in connection with the Trust Indenture or any obligation whatsoever of the Fund, the Manager or the Trustee or for any act or omission of the Manager, the Trustee or other person in the performance of any power or obligation imposed under the Trust Indenture or with respect to any transaction entered into pursuant to the Trust Indenture.

The Trust Indenture further provides that no Unitholder is subject to personal liability to any person in connection with the Fund and only the Fund assets are available to satisfy any claims against the Fund and Unitholders are not liable to indemnify any person in respect of the liabilities of the Fund.

Release of Confidential Information:

Under applicable anti-money laundering rules, the Manager or the Fund's other service providers may voluntarily release confidential information about Unitholders and, if applicable, about the beneficial owners of corporate Unitholders, to regulatory or law enforcement authorities if they determine to do so in their discretion or are required by law.

Auditor:

KPMG LLP is the auditor of the Fund.

Fiscal Year:

The Fund's fiscal year ends on December 31 of each year.

Financial Reporting:

Unitholders will be sent audited annual financial statements of the Fund following its year end and unaudited semi-annual financial statements of the Fund following the end of June.

Registration of Units:

The Investment Administrative Solutions Inc. is the registrar of the Units of the Fund, and is also responsible for Fund accounting and conducting the valuation of the Fund.

Statutory Caution:

This Term Sheet includes forward-looking information with respect to the Fund. In particular, the information contained in the sections entitled *Investment Objective* and *Investment Strategies, Policies and Restrictions* may constitute "forward-looking information" for the purpose of securities laws, as it contains statements of the intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Manager about the success of the Fund's investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of the Fund's investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as the Fund's actual course of conduct. Investors are urged to read the section entitled *Risk Factors* for a discussion of other factors that will impact the Fund.

Risk Factors:

Investment in the Units is speculative due to the nature of the Fund's business and involves certain risk factors. There is no guarantee that an investment in Units will earn any positive return in the short or long term and investors must be able to bear the risk of a complete loss of their investment. The following risks should be carefully evaluated by prospective investors.

No Assurance of Return

While the Manager believes that the Fund's investment policies will be successful over the long term, there can be no guarantee against losses resulting from an investment in Units and there can be no assurance that the Fund's investment approach will be successful or that its investment objectives will be attained. The success of the Fund will depend upon the success of the Fund's investment strategy. Their success will depend upon a number of conditions that are beyond the control of the Fund and the

Manager. There can be no assurance that any trading strategy employed on behalf of the Fund will produce profitable results. The Fund could realize substantial losses, rather than gains, from some or all of the investments described herein which will affect the net asset value of the Fund and the return to the Fund. The Fund is not subject to the normal mutual fund regulations and disclosure requirements for publicly offered mutual funds which limit such mutual funds' ability to short securities, leverage, concentrate investments and use derivatives.

Reliance on Management

The success of the Fund is entirely dependent upon the efforts of the Manager and the fundamental analysis employed by the Manager, and in particular on the efforts and analysis of Chris Cumming, who is a principal of the Manager and the portfolio manager of the Fund. The loss of services of Mr. Cumming would materially impair the ability of the Fund to achieve its investment objectives.

Potential Lack of Diversification

The Fund does not have any specific limits on holdings in securities of a single issuer. Accordingly, the investment portfolio of the Fund will be more susceptible to fluctuations in value than would be the case if the Fund were required to maintain a diversified portfolio.

Short Sale Equity Positions and Leveraging

The Fund may take short sale positions without maintaining an equivalent quantity or a right to acquire an equivalent quantity of the underlying securities in its portfolio. While the Manager engages in these transactions only in circumstances where it has concluded that a particular security is overvalued in its principal markets, there can be no assurance that the security will experience declines in market value. If the security rises in value, the Fund will realize a loss. Losses from short selling are theoretically unlimited and can in practice be many multiples of the value of the initial position.

In addition to short selling, the Fund may employ leverage (i.e. the use of borrowed funds or securities) as a tool in its investment strategy. While the use of leverage can increase the rate of return, it can also increase the magnitude of any loss. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried and will be lost in the event of a decline in the market value of such securities. Leveraging will thus tend to magnify the losses or gains from investment activities. The Manager limits the use of leverage to 50% in the aggregate (at the time of investment) of the net asset value of the Fund.

The Fund's anticipated use of short-term margin borrowings subjects the Fund to additional risks including the possibility of a "margin call" pursuant to which the Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund's assets, the Fund may not be able to liquidate assets quickly enough to pay off its margin debt.

Illiquid Securities

A portion of the Fund's assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists or which ceases to be traded after the Fund invests and/or which are restricted as to their transferability under local governmental securities laws or practices. In addition, a large portion of the Fund's portfolio may be invested in small company securities that are inherently illiquid. The sale of any such investments may be subject to delays and additional costs and may be possible only at substantial discounts that could affect materially and adversely the amount of gain or loss the Fund may realize. This, in turn, could have a negative effect on the Fund's performance. This potential lack of liquidity could also, in extreme cases, affect the Fund's ability to complete payments to a Unitholder on redemption in a timely manner or at all despite a legal obligation on the part of the Fund to do so.

Net Asset Value

The net asset value of the Fund fluctuates with the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors, including material changes in the value of an issuer whose securities are held by the Fund.

Use of Prime Broker to Hold Assets

Some or all of the Fund's assets may be held in one or more margin accounts due to the fact that the Fund will use leverage and engage in short selling. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custodial arrangement. The prime broker may also lend, pledge or hypothecate the Fund's assets in such accounts which may result in a potential loss of such assets. As a result, the Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded. In addition, the prime broker is unlikely to provide leverage to the Fund which would affect adversely the Fund's returns.

Portfolio Turnover

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

Potential Conflicts of Interest

The Fund may be subject to various conflicts of interest due to the fact that the Manager is engaged or may in the future be engaged in other management, advisory and other business activities. The Manager's investment decisions for the Fund will be made independently of those made for other business activities. However, the Manager may make the same investment for the Fund and one or more of its other clients as well as for the Manager itself. Where the Fund and one or more of the other clients of the Manager are engaged in

the purchase or sale of the same security or derivatives, the transaction will be effected on an equitable basis. Where the Manager itself makes a principal investment in the same security, the Fund or other clients will receive priority on any transactions on the said security. The Manager will allocate opportunities to make and dispose of investments equitably among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the Fund and the other funds under common management, and such other factors as the Manager considers relevant in the circumstances.

Costs and Indemnification

An investment in Units is subject to significant direct and indirect charges, including management, advisory and brokerage fees. The Fund may be obligated to pay these charges whether or not it realizes any profits. The Fund is required to make trading profits of a substantial magnitude to avoid depletion or exhaustion of its assets from these charges. There can be no assurance that the Fund will achieve any profits, much less profits in excess of these charges.

The Fund's officers, directors and service providers and their respective affiliates, are entitled to be indemnified in certain circumstances. As a result, there is a risk that the Fund will be used to indemnify such persons or satisfy their liabilities as a result of their activities in relation to the Fund.

International Investment

While most of the Fund's investments are made in Canada and the U.S., there are no specific restrictions on international investments and the Fund expects that it will invest in foreign countries in varying amounts from time to time as opportunities arise. Such investments involves certain considerations not typically associated with investments in Canadian dollars in Canadian issuers, including the potential effect of foreign exchange controls and the rate of exchange with international currencies, the application of foreign tax laws, the effect of local market conditions on the availability of public information and the fact that the Fund's assets may be held in accounts or pledged to creditors outside of Canada with no assurance that judgments in Canadian courts will be enforceable.

Counterparty Risk

Due to the nature of some of the investments that the Fund may undertake, the Fund relies on the ability of the counterparty to the transaction to perform its obligations. In the event that the counterparty fails to complete its obligations, the Fund bears the risk of loss of the amount expected to be received under options, exchange traded notes or securities lending agreements in the event of the default or bankruptcy of counterparty.

Tax and Regulatory Matters

It is recommended that an investor seek advice from his or her tax adviser before making an investment in the Fund as to the potential tax consequences of such an investment.

Liquidity

An investment in the Fund provides limited liquidity. The Units are subject to indefinite resale restrictions under applicable securities laws. Although Unitholders may redeem their Units monthly, redemption may be restricted or suspended. See *Redemptions – Suspension and Limitation of Redemptions*.

Use of Options

The Fund may purchase and write exchange-traded and over-the-counter put and call options on debt and equity securities and indices (both narrow and broad based). A put option on securities gives the purchaser of the option upon payment of premium the right to deliver a specified amount of the securities to the writer of the option on or before a fixed date at a predetermined price. A put option on a securities index gives the purchaser of the option upon payment of a premium the right to a cash payment from the writer of the option if the index drops below a predetermined level on or before a fixed date. A call option on securities gives the purchaser of the option, upon payment of a premium, the right to call upon the writer to deliver a specified amount of the securities on or before a fixed date at a predetermined price. A call option on securities index gives the purchaser of the option, upon payment of a premium, the right to a cash payment from the writer of the option if the index rises above a predetermined level on or before a fixed date.

The Fund's ability to close out a position as a purchaser or seller of a listed put or call option is dependent in part upon liquidity of the option market. Over-the-counter ("**OTC**") options are purchased from or sold to securities dealers, financial institutions or other parties (each a "**Counterparty**") through direct bilateral agreements with the Counterparty. In contrast to exchange listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guarantees and security are set by the negotiation of the parties. Unless the parties provide for it, there is no central clearing or guaranty function in the OTC option. As a result, if the Counterparty fails to make or take delivery of the security or other instrument underlying an OTC option it has entered into with the Fund or fails to make a cash settlement payment due in accordance with the terms of that option, the Fund will lose any premium it paid for the option as well as any anticipated benefit of the transaction.

Call options may be purchased for a speculative purposes or to provide exposure to increases in the market (e.g. with respect to temporary cash positions) or to hedge against an increase in the price of securities or other investments that the Fund intends to purchase. Similarly, put options may be purchased for speculative purposes or hedge against a decrease in the market generally or in the price of securities or other investments held by the Fund. Buying options may reduce the Fund's returns, but by no more than the amount of the premiums paid for the options. Writing covered call options (i.e. where the Fund owns the security or other investment that is subject to the call) may limit the Fund's gain on portfolio investments if the option is exercised because the Fund will have to sell the underlying investments below the current market price. Also, writing put options may require the Fund to buy the underlying investment at a disadvantageous price above the current market price. Writing uncovered call options (i.e. where the Fund does not

own the security or other investment that is subject to the call) entails the risk that the price of the underlying investment at the time the option is exercised theoretically could have risen without limit. The risk of loss of uncovered put option written by the Fund is limited in the exercise price of the option less the premium received.

Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary market risks.

Use of Futures

The Fund may buy or sell futures contracts listed on futures exchanges in Canada or elsewhere. Futures contracts are financial derivatives that bind parties to buy or sell a specific asset at a future time at a price agreed upon at the initial execution of the contract.

Futures can be used on a leveraged or non-leveraged basis, and generally offer the potential to use more leverage than other financial instruments. For the purpose of compliance with the Fund's total leverage restrictions outlined in the section above entitled *Leverage*, the net exposure of a futures contract will be considered to be the total notional value of the futures contract bought or sold. Accordingly, the leverage available to the Fund through the use of futures contracts is not materially different than that available using other financial instruments such as equities or options.

Lack of Insurance

The assets of the Fund are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by a government agency such as the Canada Deposit Insurance Corporation or the Federal Deposit Insurance Corporation (United States) or with brokers insured by the Canadian Investor Protection Fund, or the Securities Investor Protection Corporation (United States) and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository, custodian, broker, or other similar service provider, the Fund may be unable to recover all of its funds or the value of its securities so deposited.

Liability of Unitholders

The Trust Indenture provides that no Unitholder will be subject to any personal liability and no resort will be had to a Unitholder's property for satisfaction of any obligation in respect of or claim arising out of or in connection with any contract or obligation of the Fund, and only the Fund property is intended to be liable and subject to levy or execution for satisfaction of any obligation or claim. The law relating to investment trusts such as the Fund is not certain. Consequently, there is a remote risk that a Unitholder could be held personally liable notwithstanding the foregoing provisions of the Trust Indenture, for obligations of the Fund (to the extent that claims are not satisfied by the assets of the Fund). The risk to Unitholders is based on certain U.S. jurisprudence which has held the beneficiaries of a business trust who are given rights such that the beneficiaries are deemed to exert control over the assets of the trust will be considered to be acting as principals through the trustee as their agent.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, the Fund has become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Fund to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to the Fund's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of the Fund's third party service providers (e.g., administrators, transfer agents, custodians and sub-advisers) or of issuers the Fund invests in can also subject the Fund to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Fund has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Fund does not directly control the cyber security systems of issuers or third party service providers.

Anti-Money Laundering:

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Manager and the Fund's other service providers may require additional information concerning investors. If, as a result of any information or other matter which comes to the Manager or a service provider's attention, any director, officer or employee of the Manager or a service provider, or its professional advisers, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report will not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise. All personal information collected is otherwise subject to and protected by Canadian privacy laws and the Manager's and any service provider's privacy policy.

The Manager reserves the right to request such information and documentation as is necessary to verify the identity and the source of funds of an investor. In the event of delay or failure on the part of the investor in producing any information and/or requested documentation required for verification purposes, the Manager may refuse to accept, the application in which case any funds received will be returned without interest to the account from which they were originally debited.

Rights of Action:

Securities legislation in certain Canadian jurisdictions provides investors in Units with certain rights of action if an offering memorandum, which may include this Term Sheet, together with any amendment to the offering memorandum, contains a misrepresentation. Summaries of these rights are set out in Appendix A. These summaries are subject to the express provisions of applicable securities legislation, and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions contained therein. Such provisions may contain certain limitations and statutory defences on which the Fund may rely. These rights are in addition to, and without derogation from, any other right the investor may have at law. Each investor should refer to provisions of the applicable securities legislation for the particulars of these rights or consult a legal advisor.

APPENDIX A

PURCHASER'S RIGHT OF ACTION FOR DAMAGES OR RECESSION

The statutory rights of action and rescission available to purchasers where there is a misrepresentation are set forth below for Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut, and Yukon. For the purposes of the following, "misrepresentation" means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated, or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

The rights of action and rescission described below are in addition to, and without derogation from, any right or remedy available at law to the purchaser and are subject to the defences contained in those laws. These remedies must be exercised by the purchaser within the time limits set out below. Purchasers should refer to the available provisions of securities laws for the complete text of these rights or consult with a legal advisor.

Saskatchewan

Section 138 of The *Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an 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 we 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 Section 80.1 of the Saskatchewan Act.

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, 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, 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 or consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the 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 on 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

In the event that an offering memorandum, together with any amendment hereto, delivered to a purchaser of units resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against a fund for damages or, while still the owner of units of a fund 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 a fund, 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 following the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the fund, will not be liable if it proves that the purchaser purchased the units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the units as a result of the misrepresentation relied upon;
- (d) the fund will not be liable for a misrepresentation in forward-looking information if the fund proves:
 - (i) that the offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;
 - (ii) the reasonable cautionary language and disclosure of material factors appear proximate to the forward-looking information; and
 - (iii) the fund 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 units 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 a 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 or selling securityholder for damages or, alternatively, while still the owner of the purchased securities, for rescission, 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; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum; and
- (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.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) states that in the event that an 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 contains a misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under this memorandum will be deemed to have relied upon the misrepresentation and 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 this memorandum and every person who signed this 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, 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 delivered 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 is delivered to a purchaser to a purchaser resident in Newfoundland and Labrador and it contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation, 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, 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, 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.

Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that where an 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 is deemed to have relied on the misrepresentation, and 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;
- (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; or
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
 - (iv) 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 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 the earlier of:

- (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, (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 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 is deemed to have relied on the misrepresentation, and 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;
- (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; or
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;

- (iv) 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 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 the earlier of:

- (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, (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.

Yukon

Section 112 of the *Securities Act* (Yukon) provides that where an offering memorandum is delivered to a purchaser resident in the Yukon and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the 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;

- (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; or
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert; 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 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 the earlier of:

- (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, (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.

Cautionary note to purchasers

The foregoing summaries are subject to the express provisions of *The Securities Act, 1988* (Saskatchewan), the *Securities Act* (Manitoba), the *Securities Act* (Ontario), the *Securities Act* (New Brunswick), the *Securities Act* (Nova Scotia), the *Securities Act* (Prince Edward Island), the *Securities Act* (Newfoundland and Labrador), the *Securities Act* (Northwest Territories), the *Securities Act* (Nunavut) and the *Securities Act* (Yukon), and the regulations and policy statements thereunder, and reference is made thereto for the complete text of such provisions.

Other Canadian jurisdictions

Securities legislation in Alberta, British Columbia and Québec do not provide or require the Fund to provide to unitholders resident in these jurisdictions any rights of action if this Term Sheet, any amendment hereto or any document incorporated herein by reference, contains a misrepresentation, and no such rights are granted by the Fund.

Proposed legislation applicable to investors in Québec

Under legislation adopted but not yet in force in Québec, if an offering memorandum, which may include this Term Sheet, together with any amendment hereto or any document incorporated by reference herein, delivered to an investor resident in Québec contains a misrepresentation, you will have: (i) a right of action for damages against the Fund, every person in charge of the Fund's patrimony, the dealer (if any) under contract to the Fund and any expert whose opinion, containing a misrepresentation, appeared, with the expert's consent in the offering memorandum, and (ii) a right of action against the Fund for rescission of the purchase contract or revision of the price at which the units were sold to you.

This statutory right of action will be available to you whether or not you have relied on the offering memorandum. You will be able to bring an action for rescission of the purchase contract or revision of the price without prejudice to your claim for damages.

However, there will be various defences available to the persons against whom you will have a right of action. For example, they will have a defence if you knew of the misrepresentation when you purchased the units. In an action for damages, a person listed above, other than the Fund or the person(s) in charge of the Fund's patrimony, will not be liable if that person acted with prudence and diligence.

In addition, the defendant will not be liable for a misrepresentation in forward-looking information if the defendant proves that:

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

If you intend to rely on the rights described in (i) or (ii) above, you will have to do so within strict time limitations. You will have to commence an action for rescission of the purchase contract or revision of the price within three years after the date of the purchase. You will have to commence an action for damages within the earlier of (i) three years after you first had knowledge of the facts giving rise to the cause of

action (except on proof of tardy knowledge imputable to your negligence) or (ii) five years after the filing of the offering memorandum with the Autorité des marchés financiers.

If this legislation is declared to be in force in Québec, the Fund will provide you with these rights instead of the rights described above under the section *Other Canadian jurisdictions*. The foregoing summary is subject to the express provisions of the *Securities Act* (Québec) and the regulations and policy statements thereunder, and reference is made thereto for the complete text of such provisions.