CONFIDENTIAL OFFERING MEMORANDUM

*This Confidential Offering Memorandum (the "**Memorandum**") constitutes an offering of Units (as defined below) of the Fund only in those jurisdictions where they may be lawfully offered for sale, only by persons permitted to sell the Units, and only to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Memorandum or has in any way passed upon the merits of the securities offered hereunder. No prospectus has been filed with any such authority in connection with the sale of the Units. This Memorandum is confidential, is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the Units offered hereby, and is not to be construed as a prospectus or advertisement or a public offering of Units. All references in this Memorandum to "$" and "dollars" are to Canadian dollars unless otherwise indicated.*

Continuous Offering **March 2024**

THE HGC FUND TRUST

Trust Units

The HGC Fund Trust (the "**Fund**") is an investment fund established as a trust under the laws of Ontario, formed to invest in securities. The investment objective of the Fund is to seek to maximize returns on its capital by engaging in merger arbitrage and investing in Special Purpose Acquisition Corporations (SPACs). The Fund intends to invest all or substantially all its assets in The HGC Fund LP (the"**Partnership**"), a limited partnership formed under the laws of Ontario with the same investment objective as the Fund, although a portion of the Fund's assets may be kept in cash or cash equivalents from time to time.

The Fund was formed on April 8, 2016 and will continue until it is dissolved. HGC Investment Management Inc. (the "**Manager**") is the manager of the Fund and of the Partnership, and is responsible for all aspects of the management of the Fund and the Partnership. Computershare Trust Company of Canada (the "**Trustee**") is the trustee of the Fund. **By investing in the Fund, each investor consents to the Fund investing all or substantially all its assets in the Partnership.** See "*Material Conflicts of Interest*".

The Manager is the manager of the Fund and the Partnership and is an affiliate of HGC Arbitrage Fund GP LP, the general partner of the Partnership (the "**MF General Partner**"). The Manager and other registered dealers may act as dealer on behalf of the Fund in respect of the sale of Units in Canada. The Manager receives fees for the portfolio advisory and management services it provides to the Fund and the Partnership and is entitled to reimbursement of certain expenses by the Fund and the Partnership. HGC Arb GP LP, an affiliate of the Manager and the MF General partner, will be entitled to participate in the profits of the Partnership as described under "*The Partnership – Profit Allocation*". Accordingly, the Fund may be considered to be a "related issuer" and a "connected issuer" of the Manager within the meaning of applicable Canadian securities laws. See "*Material Conflicts of Interest – Affiliated Entities, Related Issuers and Connected Issuers; Proprietary Products*".

SUBSCRIPTION PRICE: $10 PER UNIT

An unlimited number of beneficial interests in the Fund referred to as units (the "**Units**") are being issued in twelve different series: **Series A Units, Series AU Units, Series A1 Units, Series A1U Units, Series B Units, Series F Units, Series FU Units, Series F1 Units, Series F1U Units, Series M Units, Series W Units and Series WU Units**. Units of each series will be issued in sub-series. Purchasers of Units will be issued Series A Units unless they qualify to purchase another series of Units.

Purchases of Units of the Fund can be made on the last business day of each month (each, a "**Valuation Date**") by forwarding a fully completed Subscription Agreement and subscription funds to the Manager either directly or through one's own dealer prior to 4:00 p.m. (ET) on the designated Valuation Date (subscriptions received after that time will be processed as at the next Valuation Date). All subscriptions for Units are subject to acceptance or rejection by the Manager. Units of each sub-series will be issued at a subscription price of $10 per Unit. If a subscription is accepted, Units will be deemed to be issued as at the business day immediately following the relevant Valuation Date.

The **minimum individual investment for Series A and AU Units is $100,000**, in the currency in which such Units are issued, for investors who purchase their Units through the Manager. The minimum initial investment for Series A, AU, A1, A1U, F, FU, F1 and F1U Units is **$10,000**, in the currency in which such Units are issued, for investors acquiring their Units through a dealer other than the Manager (orsuch lower amount as the Manager may in its sole discretion accept from time to time). This offering is notsubject to any minimum aggregate subscription level, and therefore any funds invested are available to theFund and need not be refunded to the subscriber.

These securities are speculative. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund.

If the Fund has taxable income and/or capital gains for Canadian federal income tax purposes for a fiscal year, such income will be distributed to Unitholders in accordance with the provisions of the Trust Agreement and will be reinvested in additional Units. **Unitholders will be required to include all such distributions in computing their income for tax purposes, whether or not cash has been distributed to such Unitholders.**

Units may also be redeemed on a Valuation Date upon not less than 15 days' written notice to the Manager.

There is no market through which the Units may be sold and none is expected to develop. The Units are also subject to transfer restrictions under the Fund's Trust Agreement and applicable securities legislation. Persons who receive this Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation. **There are certain additional risk factors associated with investing in the Units.** Investors should consult their own professional advisers to assess the income tax, legal and other aspects of the investment. Please see "Risk Factors" and "Legal Matters".

The Units are offered by the Manager, as exempt market dealer for the Fund, exclusively on a private placement basis in reliance upon exemptions from the prospectus requirements of applicable securities laws in the provinces of Ontario, Alberta, British Columbia, Manitoba, Québec, Saskatchewan, Prince Edward Island, Nova Scotia and New Brunswick (the "**Offering Jurisdictions**"). Units may also be offered under this Memorandum to residents in the Offering Jurisdictions and certain other provinces and territories of Canada through other registered dealers pursuant to exemptions from the prospectus requirements, with the approval of the Manager. Prospective investors must be "accredited investors" as defined under applicable securities laws unless another exemption from the prospectus requirements can be relied on.

No person is authorized to give away any information or to make any representation not contained in this Memorandum and any information or representation, other than that contained in this Memorandum, must not be relied upon. This Memorandum is a confidential document furnished solely for the use of prospective

purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

Information regarding the Partnership can be found in the offering memorandum of the Partnership, and in the annual and semi-annual financial statements of the Partnership, which are available upon request (free of charge) from the Manager.

Subscribers are urged to consult with an independent legal adviser prior to signing the Subscription Agreement for the Units and to review the Trust Agreement, which is available from the Manager on request.

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SUMMARY

*This summary is qualified by the more detailed information appearing elsewhere in this Confidential Offering Memorandum (the "**Memorandum**"). Capitalized terms used but not defined in this summary are defined elsewhere in this Memorandum.*

The Fund:

The HGC Fund Trust (the "**Fund**") is an investment fund established as a trust under the laws of the Province of Ontario pursuant to an amended and restated trust agreement dated as of March 31, 2021 (the "**Trust Agreement**") made between Computershare Trust Company of Canada (the "**Trustee**") and HGC Investment Management Inc. (the "**Manager**"). The office of the Fund is 1073 Yonge St, 2nd Floor, Toronto, Ontario, M4W 2L2. See "The Fund" and "Management of the Fund".

Investment Objectives and Strategies of the Fund:

The investment objective of the Fund is to seek to maximize returns on its capital by engaging in merger arbitrage and investing in Special Purpose Acquisition Corporations (SPACs). The Fund intends to invest all or substantially all itsassets in The HGC Fund LP (the "**Partnership**"), a limited partnership formedunder the laws of Ontario with the same investment objective as the Fund, although a portion of the Fund's assets may be kept in cash or cash equivalentsfrom time to time. **By investing in the Fund, each investor consents to the Fund investing all or substantially all its assets in the Partnership.** The Fund's investment in the Partnership will be by way of subscriptions by the Fundfor the class and series or sub-series of Units of the Partnership (the "**Corresponding Partnership Units**") that correspond with each series and sub-series of Units. See "*The Fund – Investment Objective and Strategies of the Fund*".

The Partnership:

The Partnership is a limited partnership formed and organized under the laws of the Province of Ontario pursuant to the *Limited Partnerships Act* (Ontario) and governed by an amended and restated limited partnership agreement dated as of March 31, 2021. Investors (including the Fund) become limited partners of the Partnership (the "**Limited Partners**") by acquiring interests in the Partnership designated as limited partnership units (the "**Partnership Units**"). Information regarding the Partnership can be found in the offering memorandum of the Partnership (as amended from time to time, the "**Partnership OM**"), and in the annual and semi-annual financial statements of the Partnership, which are available upon request from the Manager.

Investment Objectives and Strategies of the Partnership:

The primary objective of the Partnership is to seek to maximize returns on its capital. To achieve the Partnership's investment objective, it is the Manager's intention that the Partnership will engage in merger arbitrage and invest in Special Purpose Acquisition Corporations (SPACs), however other event-driven strategies may be used opportunistically.

The Manager intends to primarily trade in North American equities. Up to 10% of the Partnership's net assets may be invested in other financial instruments that may either be listed on a recognized stock exchange or unlisted, including non-listed warrants related to a financing or a spin-off related to a merger. The

Manager will seek to dispose of these securities in a timely manner, generally within 90 days.

The Partnership may also employ leverage to enhance investment returns in situations where the Manager believes leverage is appropriate. The Partnership may also be invested in other financial instruments, including cash or cash equivalents and engage in short selling in order to enhance returns and/or mitigate systemic risk. See "*Investment Objectives and Strategies of the Partnership*".

Manager: The Manager is the manager of both the Fund and the Partnership. The Manager is a corporation incorporated under the laws of Canada. In addition to managing the day-to-day activities of the Fund and the Partnership, it is the responsibility of the Manager to make investment decisions on behalf of the Fund and the Partnership, to assist in the marketing of the Fund and the Partnership, and to act as a distributor of Units not otherwise sold through another registered dealer. The Manager will receive fees for its services, as set out in this Memorandum. See "*Management of the Fund – The Manager*".

The Offering: Twelve series of Trust units (the "**Units**") are currently offered:

Series A Units are only available to existing investors and new investors who purchase their Units through the Manager. The Class A Partnership Units that will be issued to the Fund upon a subscription for Series A Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnership Allocations – Profit Allocation*" below). A trailing commission may be payable by the Manager to the dealer who sells Series A Units. Series A Units are denominated in Canadian dollars.

Series AU Units are only available to existing investors and new investors who purchase their Units through the Manager. The Class AU Partnership Units that will be issued to the Fund upon a subscription for Series AU Unitsare charged a management fee (see "*Management Fees*" below) and are subjectto a profit allocation (see "*Partnership Allocations – Profit Allocation*" below).A trailing commission may be payable by the Manager to the dealer who sells Series AU Units. Series AU Units are denominated in U.S. dollars.

Series A1 Units are available to all investors who purchase their Units through a dealer other than the Manager. The Class A1 Partnership Units that will be issued to the Fund upon a subscription for Series A1 Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnership Allocations – Profit Allocation*" below). A trailing commission may be payable by the Manager to the dealer who sells Series A1 Units. Series A-1 Units are denominated in Canadian dollars.

Series A1U Units are available to all investors who purchase their Units through a dealer other than the Manager. The Class A1U Partnership Units that will be issued to the Fund upon a subscription for Series A1U Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnership Allocations – Profit Allocation*" below). A

trailing commission may be payable by the Manager to the dealer who sells Series A1U Units. Series A1U Units are denominated in U.S. dollars.

Series B Units are available to certain investors who invest in (and continue to hold) Units with a purchase price of a minimum of $2,000,000. The Class B Partnership Units that will be issued to the Fund upon a subscription for Series B Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnership Allocations – Profit Allocation*" below). Series B Units are denominated in Canadian dollars.

Series F Units are only available to existing investors who purchase their Units through a dealer other than the Manager with whom they have a managed or fee-based account, and to certain other investors in the absolute discretion of the Manager. The Class F Partnership Units that will be issued to the Fund upon a subscription for Series F Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnership Allocations – Profit Allocation*" below). No trailing commission is payable with respect to Series F Units. Series F Units are denominated in Canadian dollars.

Series FU Units are only available to existing investors who purchase their Units through a dealer other than the Manager with whom they have a managed or fee-based account, and to certain other investors in the absolute discretion of the Manager. The Class FU Partnership Units that will be issued to the Fund upon a subscription for Series FU Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnership Allocations – Profit Allocation*" below). No trailing commission is payable with respect to Series FU Units. Series FU Units are denominatedin U.S. dollars.

Series F1 Units are only available to investors who purchase their Units through a dealer other than the Manager with whom they have a managed or fee-based account, and to certain other investors in the absolute discretion of the Manager. The Class F1 Partnership Units that will be issued to the Fund upon a subscription for Series F1 Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnerships Allocations – Profit Allocation*" below). No trailing commission is payable with respect to Series F1 Units. Series F1 Units are denominated in Canadian dollars.

Series F1U Units are only available to investors who purchase their Units through a dealer other than the Manager with whom they have a managed or fee-based account, and to certain other investors in the absolute discretion of the Manager. The Class F1U Partnership Units that will be issued to the Fund upon a subscription for Series F1U Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnerships Allocations – Profit Allocation*" below). No trailing commission is payable with respect to Series F1U Units. Series F1U Units are denominated in U.S. dollars.

Series M Units will generally only be issued to associates and affiliates of the Manager and its employees and to managed account clients who pay fees

directly to the Manager. There are no fees payable to the Manager and there are no profit allocations in respect of Series M Units or the Class M Partnership Units that will be issued upon a subscription for Series M Units. Series M Units are denominated in Canadian dollars.

Series W Units are available to all investors who invest in (and continue to hold) Units with a purchase price of a minimum of $2,000,000. The Class W Partnership Units that will be issued to the Fund upon a subscription for Series W Units are charged a management fee (see "*Management Fees*" below) and are subject to a profit allocation (see "*Partnership Allocation – Profit Allocation*" below). Series W Units are denominated in Canadian dollars.

Series WU Units are available to all investors who invest in (and continue to hold) Units with a purchase price of a minimum of $2,000,000. The Class WU Partnership Units that will be issued to the Fund upon a subscription for Series WU Units are charged a management fee (see "*Management Fees*" below)and are subject to a profit allocation (see "*Partnership Allocation – Profit Allocation*" below). Series WU Units are denominated in U.S. dollars.

A new sub-series of Units in each series will be issued on each successive date on which Units are issued.

The Units are offered by the Manager, as exempt market dealer for the Fund, exclusively on a private placement basis in reliance upon exemptions from the prospectus requirements of applicable securities laws in the provinces of Ontario, Alberta, British Columbia, Manitoba, Québec, Saskatchewan, Prince Edward Island, Nova Scotia and New Brunswick (the "**Offering Jurisdictions**"). Units may also be offered under this Memorandum to residents in the Offering Jurisdictions and certain other provinces and territories of Canada through other registered dealers pursuant to exemptions from the prospectus requirements, with the approval of the Manager. Prospective investors must be "accredited investors" as defined under applicable securities laws unless another exemption from the prospectus requirements can be relied on.

At the same time that the Fund issues a sub-series of Units to a subscriber, the Fund will automatically subscribe for Partnership Units. For accounting purposes, and in order to facilitate the equitable allocation of fees, expenses and Profit Allocations in respect of Partnership Units issued to the Fund and other Limited Partners, the Partnership will issue Partnership Units to the Fund of the class and series with terms corresponding to the series and sub-series of Units issued to each Unitholder ("**Corresponding Partnership Units**"). In general, all accounting procedures and financial allocations are made at the Partnership level (which are reflected in the net asset values of the Partnership Units held by each Limited Partner, including the Corresponding Partnership Units held by the Fund). In particular, all Partnership expenses, including Management Fees, are allocated to and paid by the Partnership, and all Profit Allocations are calculated and made by the Partnership (and not by the Fund directly).

If a Unitholder holds multiple sub-series of Units because such Unitholder subscribed for Units of such series on different dates, each sub-series of Units

	will be accounted for separately and a separate series of Corresponding Partnership Units will be created in the Partnership and issued to the Fund (including for purposes of calculating Profit Allocations).
Minimum Individual Subscription:	The minimum initial investment for Series A and AU Units is $100,000, in the currency in which such Units are issued, for investors who purchase their Units through the Manager. The minimum initial investment for Series A, AU, A1, A1U, F, FU, F1 and F1U Units is $10,000, in the currency in which such Units are issued, for investors who purchase Units through a dealer other than the Manager, but may be reduced for accredited investors in the discretionof the Manager. See "*The Offering*" for the minimum investment amounts applicable to Series B, M, W and WU Units. As part of ensuring that the Fundhas the necessary number of investors to continue to qualify as a mutual fund trust under the *Income Tax Act* (Canada) (the "**Tax Act**"), the Manager may waive the minimum initial investment amount for accredited investors from timeto time. Each additional investment must be not less than $25,000, in the currency in which such Units are issued, or such lesser amount as the Manager may permit. The above minimums are net of any commissions paid directly by an investor to his or her dealer. At the time of making each additional investment, unless a new Subscription Agreement is executed, each investor will be deemed to have repeated and confirmed to the Manager the covenants and representations contained in the Subscription Agreement delivered by the investor to the Manager at the time of the initial investment. This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Fund and need not be refunded to the subscriber. See "*Subscription Process*" below and "*The Offering - Minimum Individual Subscriptions*".
Registered Plans:	The Fund qualifies as a mutual fund trust under the Tax Act. Provided that the Fund continues to qualify as such, Units will be qualified investments under the Tax Act for registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans ("**RESP**"), registered disability savings plans ("**RDSP**") and tax-free savings accounts ("**TFSAs**"). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs and subscribers of RESPs are urged to consult with their own tax advisers as to whether Units would be a "prohibited investment" under the Tax Act in their particular circumstances. See "*The Offering - Registered Plans and Prohibited Investments" and "Risk Factors*".
Currency Hedging	The functional currency of the Fund and the Partnership is Canadian Dollars and each of the Fund and the Partnership generally values its assets and reports in Canadian dollars. The Series of Units issued in U.S. dollars will have exposure to changes in the currency exchange rate between the Canadian and U.S. dollars. The Manager may, but has no obligation to, attempt to reduce the currency exchange-rate exposure of Unitholders holding U.S. dollar denominated Series of Units by engaging in foreign exchange hedging transactions in the Partnership. Any profits, losses and expenses associated with any such currency hedging will be allocated solely to the U.S. dollar denominated Series of Units.

The Partnership may invest in assets issued or denominated in currencies other than Canadian dollars and the Manager may, but has no obligation to, attempt to hedge any currency exchange rate risks associated with non-Canadian dollar investments. Any profits, losses and expenses associated with currency hedging in respect of such investments will be allocated on the same basis as other gains, losses and expenses of the Partnership.

See "*Risk Factors – Risks Associated with the Partnership's Underlying Investments – Currency and Exchange Exposure and Currency Hedging*".

Subscription Process: Subscriptions for Units must be made by completing and executing the subscription form (the "**Subscription Agreement**") provided by the Manager and by forwarding to the Manager such form together with a cheque (or other form of funds transfer acceptable to the Manager) representing payment of the subscription price.

Subscriptions will be accepted on a monthly basis, being on the last business day in each month or such other date as the Manager may permit (each, a "**Valuation Date**"), subject to the Manager's discretion to refuse subscriptions in whole or in part. (Units will be issued as of the next business day.) A fully-completed Subscription Agreement and subscription proceeds (in the form of a cheque, bank draft or confirmation of wire transfer) must be received by the Manager no later than 4:00 p.m. (ET) on the designated Valuation Date in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Valuation Date. Subscription fundsprovided prior to a Valuation Date will be kept in a segregated account. See "The Offering – Subscription Procedure".

Price per Unit: Units of each sub-series will be issued at a subscription price of $10 per Unit.

Redemptions: An investment in Units is intended to be a long-term investment. However, redemptions of Units will be permitted on a monthly basis, being on the last business day of each month (each, a "**Redemption Date**") pursuant to written notice that must be received by the Manager at least 15 days prior to the applicable Redemption Date.

The redemption price shall equal the Net Asset Value per Unit of the applicable sub-series of Units being redeemed, determined as of the close of business on the relevant Redemption Date. Units held by a redeeming Unitholder will be redeemed on a first-in, first-out basis within the same series.

The Fund will pay the redemption proceeds (determined as of the relevant Redemption Date) to a Unitholder with respect to the Units being redeemed within 12 business days after the applicable Redemption Date. To the extent a Unitholder has purchased Units through a dealer other than the Manager, the payment of redemption proceeds will be made in accordance with the terms of the Unitholder's Subscription Agreement but the receipt of such proceeds by the Unitholder from the dealer may be subject to delay.

Redemptions may be deferred in certain circumstances. See "*Redemptions*". Redemption requests as at any Redemption Date will be honoured and/or deferred on a pro rata basis (based on the respective Net Asset Value of the Units subject to redemption), but deferred redemptions will be honoured in full before new redemption requests.

The Manager has the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Redemption Date designated by the Manager at the Net Asset Value per Unit thereof, by notice in writing to the Unitholder given at least 15 days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion.

Transfer of Units: Units may only be pledged or transferred with the consent of the Manager and pledges and transfers will generally not be permitted. The transfer of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation. See "*Legal Matters*".

Management Fees: The Manager will receive a monthly management fee (the "**Management Fee**") from the Partnership in respect of the class of Partnership Units corresponding to the series of Units on the last business day of each month equal to

- 1/12 of **2%** of the aggregate net asset value of the Class A, Class AU, Class A1 and Class A1U Partnership Units corresponding to the **Series A Units, Series AU Units, Series A1** and **Series A1U Units**,plus
- 1/12 of **1.5%** of the aggregate net asset value of the Class B, Class F1, Class F1U, Class W or Class WU Partnership Units correspondingto the **Series B Units**, **Series F1 Units, Series F1U Units, Series W Units** and **Series WU Units**, respectively, plus
- 1/12 of **1%** of the aggregate net asset value of the Class F or Class FU Partnership Units corresponding to the **Series F Units and Series FU Units**,

on such date.

Payment of Expenses: The Fund shall be responsible for, and the Trustee and the Manager shall be entitled to reimbursement from the Fund for all costs and operating expenses actually incurred in connection with the formation and organization of the Fund and the ongoing activities of the Fund, including but not limited to:

(i) third party fees and administrative expenses of the Fund, which include Manager's fees, accounting and legal costs, insurance premiums, custodial fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, all Unitholder communication expenses, organizational and set-up expenses, the cost of maintaining the Fund's existence and regulatory fees and expenses, and all reasonable extraordinary or non-recurring expenses; and

(ii) fees and expenses relating to the Fund's portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, and banking fees.

The Manager also may serve as investment manager to certain other funds and accounts (the "**Other Accounts**"). Any expenses which benefits not only the Fund but also the Other Accounts will, to the extent permissible and reasonably

practicable, be allocated among the Fund and all such Other Accounts in such manner as the Manager determines to be equitable.

See "*Summary of Trust Agreement – Expenses*".

The Partnership pays all ongoing operating costs and other expenses incurred in connection with the business of the Partnership, as described in the Partnership OM. Because the Fund is expected to invest all or substantially all its assets in the Partnership, the Fund (and indirectly the Unitholders of the Fund) will bear the Fund's proportionate share of the expenses of the Partnership. See "*The Partnership – Fees and Expenses of the Partnership*".

"Soft Dollars"

The Manager does not intend to enter into any "soft dollar" arrangements in connection the services it provides to the Fund or the Partnership. However, if the Manager does enter into any such arrangements it will only do so as permitted under applicable securities laws, including National Instrument 23-102 – Use of Client Brokerage Commissions promulgated by the Ontario Securities Commission ("**NI 23-102**"), under which the Partnership may bear the costs of certain products and services received by the Manager that constitute "order execution goods and services" or "research goods and services". Such products and services may benefit Other Accounts in addition to the Partnership.

Partnership Allocations:

General

On each Valuation Date, the MF General Partner will determine income or loss (and/or taxable capital gains or allowable capital losses) of the Partnership during the accounting period ending on such Valuation Date and will allocate same to the Partnership Units owned by the Fund and the other Limited Partners in accordance with the Limited Partnership Agreement.

Profit Allocation

Unitholders will be subject to a reduction in the Net Asset Value of their Units in the amount of the reduction in the net asset value of the Corresponding Partnership Units resulting from each Profit Allocation at the Partnership, if earned, as at each year end and each Redemption Date in respect of the Units redeemed. The Class C Limited Partner will share in the profits of the Partnership by receiving an allocation to its capital account following each calendar year-end based on the increase, if any, in the net asset value of each Partnership Unit during such calendar year. If a Unit, and therefore the Corresponding Partnership Unit, is redeemed on a Redemption Date that is not the last Valuation Date of a calendar year, the Class C Limited Partner will receive an allocation to its capital account in respect of such Partnership Unit as of such Redemption Date. Such allocations (each, a "**Profit Allocation**") are equal to:

- **20%** of the positive amount, if any, obtained when the High Water Mark for each **Class A Partnership Unit**, **Class AU Partnership Unit, Class A1 Partnership Unit, Class A1U Partnership Unit**, **Class F Partnership Unit**, **Class FU Partnership Unit**, **Class F1 Partnership Unit**, **Class F1U Partnership Unit, Class W Partnership Unit** and **Class WU Partnership Unit**, and

- **15%** of the positive amount, if any, obtained when the High Water Mark for each **Class B Partnership Unit**

and such amount is subtracted from the Net Asset Value of such Partnership Unit on such Valuation Date or Redemption Date (if the resulting amount is negative, the allocation in respect of such Partnership Unit shall be zero). No profit allocation will be made to the Class C Limited Partner in respect of the **Class M Partnership Units**.

A Partnership Unit's "**High Water Mark**" is, initially, (i) its subscription price, or (ii) for a Corresponding Partnership Unit issued on January 1, 2020 in exchange for an outstanding Class T Unit, the high water mark as at such date applicable to the Unit in respect of which such Class T Unit was issued, and in each case, such amount thereafter will be adjusted from time to time to equal its Net Asset Value immediately following a Profit Allocation to the Class C Limited Partner in respect of such Partnership Unit.

Any Profit Allocation made to the Class C Limited Partner will be deducted from the net asset value (or redemption proceeds, as the case may be) of the respective Corresponding Partnership Units and therefore, will reduce the Net Asset Value of the applicable Units (or redemption proceeds, as the case may be). See "*Partnership Allocations - Profit Allocation*".

The Class C Limited Partner may withdraw all or any part of its capital account at any time following a Profit Allocation without notice to the Limited Partners and without being subject to any of the lock-up period, early redemption deduction, provisions which limit redemptions, minimum notice provisions or other redemption restrictions applicable to the other Limited Partners.

Distributions: The Fund will distribute at the end of each taxation year such portion of its annual net income and net realized capital gains as will result in the Fund paying no ordinary income tax under Part I of the Tax Act. Generally, it is expected that net income and net realized capital gains of the Fund will be calculated and payable to each Unitholder of record as of the close of business on the last Valuation Date in each taxation year.

All such distributions made by the Fund will be automatically reinvested in additional Units of the same series on which the distributions are paid. Special distributions of net realized capital gains may be made in cash to Unitholders who surrender Units for redemption during the year – any such amounts will be deducted from redemption proceeds otherwise payable. See "*Summary of Trust Agreement – Distributions*".

Fiscal Year End: The fiscal year end of the Fund is December 31.

Term: The Fund does not have a fixed term. The Manager may, in its discretion, terminate the Fund by giving notice, fixing the date of termination not earlier than 60 days following the mailing or other delivery of notice, to the Trustee and the Unitholders of the Fund. In the event that the Trustee or Manager resigns, and a permanent successor is not appointed, and in certain other circumstances, the Fund shall terminate and its assets shall be distributed in

	accordance with the provisions of the Trust Agreement. See "Summary of Trust Agreement – Term".
Financial and Other Reporting:	Audited financial statements will be available and, unless otherwise instructed, delivered to Unitholders within 90 days of each fiscal year end. Unaudited interim financial statements for the first six months of each fiscal year will be available and, unless otherwise instructed, delivered to Unitholders within 60 days of the end of such period. Unaudited financial information respecting the Net Asset Value per Unit will be provided on a monthly basis. In addition, the Manager will forward such other reports to Unitholders as are from time to time required by applicable law. See "Unitholder Reporting".
Tax Considerations:	Persons investing in an investment fund such as the Fund should be aware of the tax consequences of investing in, holding and/or redeeming Units. Investors are urged to consult with their tax advisers to determine the tax consequences of an investment in the Fund. Further information is contained under "Canadian Income Tax Considerations".
Liability:	The Trust Agreement provides that no holder of Units shall be subject to any liability to any person in connection with the investment obligations, affairs or assets of the Fund, however there is a theoretical risk, which is considered by the Manager to be remote in the circumstances, that a holder of Units could be held personally liable (in the unlikely event that the Net Asset Value of the Fund declines below zero). See "Risk Factors".
Release of Confidential Information:	Under applicable securities and anti-money laundering legislation, the Manager is required to collect and may be required to release confidential information about Unitholders and, if applicable, about the beneficial owners of corporate Unitholders, to regulatory or law enforcement authorities.
Risk Factors:	Investors should consider a number of factors in assessing the risks associated with investing in Units including those generally associated with the investment techniques used by the Manager. See "Risk Factors".
Sales Commission:	There is no commission payable by an investor to the Manager upon the purchase of the Units, however an investor may pay a fee if purchasing through another dealer. Subject to applicable law, the Manager may pay, out of the Management Fees payable to the Manager by the Partnership, a referral fee or trailing commission to dealers or other persons in connection with a sale of Units.
Trustee:	Computershare Trust Company of Canada
Legal Counsel:	Davies Ward Phillips & Vineberg LLP, Toronto, Ontario
Auditors:	KPMG LLP, Toronto, Ontario
Administrator:	Apex Fund Services (Canada) Ltd, Toronto, Ontario

THE FUND

The HGC Fund Trust (the "**Fund**") is an investment fund established as a trust under the laws of the Province of Ontario pursuant to an amended and restated trust agreement dated as of March 31, 2021 (the "**Trust Agreement**") made between Computershare Trust Company of Canada (the "**Trustee**") and HGC Investment Management Inc. (the "**Manager**"). The Fund was formed to invest in securities. The head office of the Fund is located at 1073 Yonge St, 2nd Floor, Toronto, Ontario, M4W 2L2. A copy of the Trust Agreement is available from the Manager upon request.

An investment in the Fund is represented by beneficial interests in the form of units (the "**Units**"), which may be issued in an unlimited number of classes and series of Units and which may be further divided into sub-series. One class of Units are offered under this Memorandum in twelve series: Series A Units, Series AU Units, Series A1 Units, Series A1U Units, Series B Units, Series F Units, Series FU Units,Series F1 Units, Series F1U Units, Series M Units, Series W Units and Series WU Units. The Managermay create additional classes and series of Units without notice to existing investors. The interest of each holder of Units (a "**Unitholder**") represents the same proportion of the total interest of all Unitholders as the net asset value ("**Net Asset Value**") of Units held by such Unitholder is of the total Net Asset Value ofthe Fund (except to the extent that Units of each series or sub-series may have different distribution entitlements as a result of different expenses and other factors). See "*Summary of Trust Agreement – The Units*" and "*The Offering*" below.

The Fund, for the benefit of its Unitholders, will engage in making investments in accordance with investment objectives and restrictions as determined by the Manager, all as disclosed in this Memorandum. The activities of the Fund shall include all things necessary or advisable to give effect to the Fund's investment objectives.

Investment Objective and Strategies of the Fund

The investment objective of the Fund is to seek to maximize returns on its capital. To achieve its investment objective, the Fund intends to invest all or substantially all its assets in The HGC Fund LP (the "**Partnership**"), a limited partnership formed under the laws of Ontario with the same investment objective as the Fund, although a portion of the Fund's assets may be kept in cash or cash equivalents from time to time as the Manager may deem prudent in the circumstances to fund expenses of the Fund. To achieve its investment objective, the Partnership will engage in merger arbitrage and invest in Special Purpose Acquisition Corporations (SPACs), however other event-driven strategies may be used opportunistically. **By investing in the Fund, each investor consents to the Fund investing all or substantially all its assets in the Partnership, which is a connected issuer of the Manager** (see "*Material Conflicts of Interest*" below). The Fund's investment in the Partnership will be by way of subscriptions by the Fund for the class and series or sub-series of Units of the Partnership (the "**Corresponding Partnership Units**") that correspond with each series and sub-series of Units.

THE PARTNERSHIP

The Partnership was formed under the laws of the Province of Ontario and became a limited partnership by filing a Declaration of Limited Partnership under the *Limited Partnerships Act* (Ontario) (the "**LP Act**") on June 7, 2013. The Partnership is governed by an amended and restated limited partnership agreement dated as of March 31, 2021 (the "**Limited Partnership Agreement**") made between HGC Arbitrage Fund GP LP (the "**General Partner**") and the limited partners. See "Summary of Limited Partnership Agreement". The principal place of business of the Partnership and of the General Partner is 1073 Yonge St, 2nd Floor, Toronto ON M4W 2L2. Information regarding the Partnership can befound in the offering memorandum of the Partnership (as amended from time to time, the "**Partnership**

OM"), and in the annual and semi-annual financial statements of the Partnership, which are available upon request from the Manager.

Investors (including the Fund) become limited partners of the Partnership (the "**Limited Partners**") by acquiring interests in the Partnership designated as limited partnership units (the "**Partnership Units**").

The General Partner

The General Partner was formed as a limited partnership under the laws of the Province of Ontario effective December 16, 2015. HGC Arbitrage GP Inc. (formerly HGC GenPar Inc.), the general partner of the General Partner, was incorporated under the *Business Corporations Act* (Ontario) on June 4, 2014 (and, until December 21, 2015, was the general partner of the Partnership). The General Partner does not presently carry on any other business operations and currently has no significant assets or financial resources. Certain directors, officers and employees of the Manager indirectly own or control all of the limited partner interests in the General Partner and the shares of HGC Arbitrage GP Inc. David Heden is the sole director and officer of HGC Arbitrage GP Inc.

The General Partner is generally responsible for management and control of the business and affairs of the Partnership in accordance with the terms of the Limited Partnership Agreement, however the General Partner has engaged HGC Investment Management Inc. (the "**Manager**") to carry out its duties, including management of the Partnership on a day- to-day basis, management of the Partnership's portfolio and distribution of the Units of the Partnership.

Investment Objective and Strategies of the Partnership

The investment objective of the Partnership is to seek to maximize returns on its capital. The Manager will assist the Partnership in the selection of investments consistent with the Partnership's objectives.

To achieve the Partnership's investment objective, it is the Manager's intention that the Partnership will engage in merger arbitrage and invest in Special Purpose Acquisition Corporations (SPACs), however other event-driven strategies may be used opportunistically.

The Manager intends to primarily trade in North American equities. Up to 10% of the Partnership's net assets may be invested in other financial instruments that may either be listed on a recognized stock exchange or unlisted, including non-listed warrants related to a financing or a spin-off related to a merger. The Manager will seek to dispose of these securities in a timely manner, generally within 90 days. The Manager will primarily use this allocation to participate in merger arbitrage transactions where a private company is being acquired by a publicly listed company.

The Partnership may also employ leverage to enhance investment returns in situations where the Manager believes leverage is appropriate. The Partnership may also be invested in other financial instruments, including cash or cash equivalents and engage in short selling in order to enhance returns and/or mitigate systemic risk.

A brief description of the major event-driven strategies that the Partnership will engage in, are as follows:

Event-driven Strategies

(a) ***Merger arbitrage*** refers to investing in companies (the "**Target**") that are being acquired by or merging with another company. A Target will typically trade at a discount to the price that the Target is being acquired at or the price that the combined company will havewhen the merger is closed. This differential in the price is called the "**Spread**". Spreads reflect the costs of capital, transaction costs and a "**Risk Premium**" associated with the likelihood of a deal closing. Often, a merger or acquisition will have a number of conditionsfor closing, including shareholder approvals, regulatory approval and financial conditions. Merger arbitrage involves assessing the probability of a merger or acquisition being completed and the timing of closing such transaction.

The Partnership will primarily engage in three categories of merger arbitrage:

Definitive Merger Arbitrage: occurs when there is a legal commitment from friendly parties, under defined conditions, and often with liability to the acquiror if the merger or acquisition is not completed. Definitive merger arbitrage might also include an investment in listed subscription receipts that are convertible into common stock upon closing of a transaction. In such a situation, the Manager would endeavour to short the common stock and buy the subscription receipt at a discount, thereby earning a "spread" upon closing. The Manager also considers investment in SPACs (Special Purpose Acquisition Vehicles) at discounts to their contractual redemption price to be definitive merger arbitrage because there is a legal agreement surrounding defined conditions within a defined timeframe and a defined return.

Letters of Intent: where there is little public disclosure about the merger or acquisition and often no liability or obligation is attached to the parties to close the transaction. These transactions typically trade at a larger spread to the proposed takeout price than definitive deals.

Hostile deals: where the Target's board of directors has not agreed to the proposed offer for acquisition of the Target.

(b) ***SPAC investing:*** The Manager will look to invest in SPACs at IPO or attractive prices in the secondary market. Given the capital protection afforded to shareholders through their redemption right, the Manager is of the opinion that this is an attractive strategy to protect capital, earn an appreciable base case return and has the potential for asymmetric upside.

(c) ***Financing arbitrage*** occurs when a public issuer issues shares usually at a lower price than the prevailing market price for such shares and/or offers warrants as an incentive to investors. Financing arbitrage involves assessing how such shares might trade post transaction by looking at factors like the use of proceeds and the amount of shares being issued by the public issuer. The Partnership seeks to invest in these situations ideally where the deals have quick closing dates.

(d) ***Spin-outs*** refer to the investment opportunity created when a company distributes to shareholders at asset or division which is not recognized in the value of its shares. The Partnership typically seeks to hold these spin-outs over the reorganization period.

(e) ***Stubs*** refers to investing on a hedged basis in a scenario where one company owns material shares of another that are not recognized in the owners' share price creating a spread that can be traded.

(f) ***Initial Public Offerings*** ("**IPOs**") frequently present significant short term trading opportunities. Well priced and managed IPOs should increase the price of the common shares of the company upon going public. The Partnership seeks to participate in these opportunities to produce short term returns.

(g) ***Shorting***. Straight shorting is employed in instances whereby the Manager's analysis indicates that a stock is materially over-priced. Given the potential downside risks, the Partnership intends to have stop losses in place to protect against sudden movements counter to the investment thesis. Shorting will be used more or less based off of the Manager's opinion on the amount of systemic risk in the portfolio which shorting has the additional benefit of reducing.

The Partnership seeks to maximize its competitive advantages in research and trading by focusing primarily on Canadian merger arbitrage. Additionally, the Partnership seeks to keep the duration (time frame to close), of its events short in an effort to further reduce systemic risk as spreads have more beta with a longer duration.

In accordance with the risk rating guidelines established by the Alternative Investment Management Association and the Chartered Alternative Investment Analysis Association (5th Edition, March 2024), the Manager assesses the investment risk rating of the Partnership to be "medium", with a standard deviation from mean returns of 6% to less than 11%. Key risk management metrics that the Manager carefully monitors and manages are the Partnership's liquidity, downside, beta, concentration and duration. The Manager has developed a set of risk management tools, which are tailored to the Partnership's strategies.

The Partnership uses leverage and hedging techniques to provide high risk-adjusted returns. The Partnership exploits the information and liquidity gap surrounding less followed transactions with an active trading style and fundamental industry and company specific research and analysis. Excellent broker relationships also allow the Partnership to short stocks that are typically difficult to borrow. The Partnership is able to greatly reduce its risk and market exposure through scenario analyses, various hedging strategies and diversification. The assets of the Partnership may be invested in cash and/or cash equivalents for defensive purposes.

Active trading can mitigate risk by capitalizing on changes in the Spread. The Partnership employs portfolio controls to mitigate risk. No single position - long and short - can be greater than 15% of the net assets on a cost listed basis. No more than 10% of the net assets of the Partnership can be in non-listed private company securities and such allocation is reserved for the unusual circumstances of a private merger arbitrage situation or an unlisted warrant attached to a financing. The Partnership will seek to dispose of these positions in a timely manner. No more than 20% of the Partnership's net assets will be invested in transactions with financing conditions. Finally, leverage will be limited to 150% of the net assets of the Partnership.

The Manager will seek to maintain a competitive advantage over its peers. The Manager maintains a unique investment template to effectively evaluate and to track the progression of every type of position. The Partnership will have the flexibility to trade small and mid-cap securities, both long and short, and capitalize on opportunities that are passed over by other traditional arbitrage desks and offer superior returns. The Partnership maintains 'best of breed' supplier relationships. The Partnership will access a prime account to maximize utilization of margin, have multiple trading relationships to get the best marketmaking for any given stock, have multiple prime accounts to get access to loan posts for effective stock borrowing, and consult multiple sales representatives to get different ideas and execution strategies.

General

The above-described investment strategies which may be pursued by the Partnership (and indirectly by the Fund through its investment in the Partnership) are not intended to be exhaustive and other strategies may also be employed. The actual strategies utilized by the Manager will depend upon its assessment of market conditions and the relative attractiveness of the available opportunities. The Manager may, in its discretion, use strategies other than those described above or discontinue the use of any strategy without advance notice to investors, however neither the Fund nor the Partnership will make or permit a change to the above investment objective, strategies or restrictions, that the Manager determines in good faith to be a material change, unless the investors are given not less than 60 days' written notice prior to the effective date of the change (together with an explanation of the reasons for the change), and each investor is given the opportunity to redeem such investor's Units prior to the effective date of such change (in such event the Manager agree to waive any applicable notice period or redemption deductions).

There can be no assurance that the Fund or the Partnership will achieve its investment objective.

Currency Hedging

The functional currency of the Fund and the Partnership is Canadian Dollars and each of the Fund and the Partnership generally values its assets and reports in Canadian dollars. The Series of Units issued in U.S. Dollars will have exposure to changes in the currency exchange rate between the Canadian and U.S. dollars. The Manager may, but has no obligation to, attempt to reduce the currency exchange-rate exposure of Unitholders holding U.S. dollar denominated Series of Units by engaging in foreign exchange hedging transactions in the Partnership. The Manager will only hedge currency exchange-rate risk (if at all) to the extent it deems reasonably practical, and reserves the right to change the extent and method of such hedging at any time in its absolute discretion (including not engaging in any currency hedging transactions). Any profits, losses and expenses associated with any such currency hedging will be allocated solely to the U.S. dollar denominated Series of Units.

The allocation of profits, losses and expenses and the Class C Allocation will be determined based on the Canadian dollar valuations of the Partnership and each Class of Partnership Units prior to taking into account the gains, losses and expenses related to such currency hedging.

In addition, when the underlying investments of the Partnership are denominated in currencies other than Canadian dollars, the Partnership may hedge such currency exposure against the Canadian dollar. However, because the Partnership may include investments in a variety of currencies and may from time to time hedge such exposure back to the Canadian dollar, the Units will, to the extent that the Partnership is unhedged, be indirectly exposed to the currency risk of such currencies to the Canadian dollar. For greater certainty, the losses and gains and expenses on currency hedging related to the currency risk of non-Canadian dollar denominated portfolio investments of the Partnership will be taken into account in determining allocations made to all Classes of Partnership Units.

The Manager's judgment on whether to hedge currency exchange-rate risk may be incorrect and result in potentially material losses to the Fund or the Partnership, in addition to incurring potentially substantial exchange-rate hedging and transaction costs.

The Fund will accept subscription monies in U.S. dollars for each of the U.S. dollar denominated Series and will convert such amounts into Canadian dollars at the spot rate of exchange available to the Fund at any time and from time to time prior to the applicable Valuation Date without notice to the subscriber. The Partnership will make all allocations, including Class C Allocations, and determinations

based on the Canadian dollar valuations of the Partnership and all Classes of Partnership Units prior to converting U.S. dollar denominated Classes of Partnership Units into U.S. dollars at the spot rate selected by the Manager in its sole discretion.

None of the Partnership, the Fund or the Manager has an obligation to reduce a subscriber's currency exchange-rate exposure between Canadian dollars and the currency of such subscriber's subscription monies by engaging in foreign exchange hedging transactions. See "*Risk Factors – Currency and Exchange Exposure and Currency Hedging*".

Statutory Caution

The disclosure in this Memorandum, or in materials deemed to be incorporated into this Memorandum, regarding the investment strategies and intentions of the Fund and the Partnership may constitute "forward-looking information" for the purpose of applicable securities legislation, as it may contain statements of the Manager's intended course of conduct and future operations of the Fund or the Partnership. These statements are based on assumptions made by the Manager about the success of its 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 its 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 its actual course of conduct. Investors are urged to read "Risk Factors" below for a discussion of other factors that will impact the operations and success of the Fund and the Partnership.

The Partnership Units

The Partnership may issue an unlimited number of Partnership Units. The Manager may in its discretion create different classes of Partnership Units. Each class may be subject to different management fees, may have a different profit-sharing arrangements and may have such other features as the Manager may determine. As at the date hereof, twelve Classes of Partnership Units (Class A Partnership Units, Class AU Partnership Units, Class A1 Partnership Units, Class A1U Partnership Units, Class B Partnership Units, Class F Partnership Units, Class FU Partnership Units, Class F1 Partnership Units, Class F1U Partnership Units, Class M Partnership Units, Class W Partnership Units and Class WU Partnership Units) have been created, having the attributes described in the Partnership OM.Partnership Units within each Class may be designated by the Manager as being Partnership Units of a series, and the opening Net Asset Value of each such series may be determined by the Manager.

The Partnership previously issued Class T Partnership Units to the Fund. As of January 1, 2020, each issued and outstanding Class T Unit held by the Fund will be automatically exchanged (and subsequently cancelled) for a new Partnership Unit with a net asset value equal to the Net Asset Value of the corresponding unit of the Fund as at such date. For accounting purposes, and in order to facilitate the equitable allocation of fees, expenses and Profit Allocations in respect of Partnership Units issued to the Fund and other Limited Partners, the Partnership will issue Partnership Units to the Fund of the class and series with terms corresponding to the series and sub-series of the Units held by each Unitholder ("**Corresponding Partnership Units**").

Partnership Units of a series of any Class may from time to time be consolidated or subdivided, and redesignated by the Manager as Partnership Units of another series or renamed such that they have thesame name as another series of the same Class, with the consolidation/subdivision ratio based on their respective net asset values per Partnership Unit, if (i) the High Water Mark for the first such series is equalto the net asset value per Partnership Unit for such first series and the High Water Mark for the second

series is equal to the net asset value per Partnership Unit of such second series, or (ii) the ratio of the High Water Mark to the net asset value per Partnership Unit for each such series is identical. (For the definition of "High Water Mark", see "Profit Allocation" below.) Units will be subject to the same consolidation, subdivision and redesignation by the Trust as the consolidation, subdivision and redesignation of the Corresponding Partnership Units.

Partnership Allocations

General

Income and loss for taxation purposes, as well as taxable capital gains and allowable losses, of the Partnership in each fiscal year will generally be allocated to the Partners according to the following guidelines:

(a) Limited Partners who redeemed Units in the year will first be allocated a portion of income and taxable capital gains to reflect the realization of such amounts necessary to fund the redemptions;

(b) the General Partner will be allocated a portion of income, dividends and taxable capital gains in a total amount generally equal to the distributions received by the General Partner payable in such year;

(c) the Class C Limited Partner will be allocated a portion of income, dividends and taxable capital gains in a total amount generally equal to the Profit Allocation, if any, allocated to the capital account of the Class C Limited Partner in respect of such year;

(d) Limited Partners who hold Units will be allocated the remaining income, dividends and taxable capital gains in a fair manner based on the number, Class and series of Units held by such Limited Partners, the dates of purchase and/or redemption, the respective Net Asset Values of each Class and series of Units, the fees paid or payable and distributions payable to the Class C Limited Partner in respect of each Class and series of Units, and the date of realization of each such item of income, gain or loss, among other factors deemed by the Manager to be relevant; and

(e) net losses will be allocated as to (i) 0.0005%, to the General Partner, (ii) 0.0005% to the Class C Limited Partner, and (iii) 99.999%, to Limited Partners who hold Units at any time during such year (and in certain cases to Limited Partners who held Units at any time in the previous fiscal year).

Profit Allocation

Unitholders will be subject to a reduction in the Net Asset Value of their Units in the amount of the reduction in the net asset value of the Corresponding Partnership Units resulting from each Profit Allocation at the Partnership, if earned, as at each year end and each Redemption Date in respect of the Units redeemed. The Class C Limited Partner will share in the profits of the Partnership by receiving an allocation to its capital account following each calendar year-end based on the increase, if any, in the net asset value of each Partnership Unit during such calendar year. If a Unit, and therefore the Corresponding Partnership Unit, is redeemed on a Redemption Date that is not the last Valuation Date of a calendar year, the Class C Limited Partner will receive an allocation to its capital account in respect of such Partnership Unit as of such Redemption Date. Such allocations (each, a "**Profit Allocation**") are equal to:

- **20%** of the positive amount, if any, obtained when the High Water Mark for each **Class A Partnership Unit**, **Class AU Partnership Unit**, **Class A1 Partnership Unit**, **Class A1U Partnership Unit**, **Class F Partnership Unit**, **Class FU Partnership Unit**, **Class F1 Partnership Unit**, **Class F1U Partnership Unit**, **Class W Partnership Unit** and **Class WU Partnership Unit**, and

- **15%** of the positive amount, if any, obtained when the High Water Mark for each **Class B Partnership Unit**

and such amount is subtracted from the Net Asset Value of such Partnership Unit on such Valuation Date or Redemption Date (if the resulting amount is negative, the allocation in respect of such Partnership Unit shall be zero). No profit allocation will be made to the Class C Limited Partner in respect of the **Class M Partnership Units**.

A Partnership Unit's "**High Water Mark**" is, initially, (i) its subscription price, or (ii) for a Corresponding Partnership Unit issued on January 1, 2020 in exchange for an outstanding Class T Unit, the high water mark as at such date applicable to the Unit in respect of which such Class T Unit was issued, and in each case, such amount thereafter will be adjusted from time to time to equal its Net Asset Value immediately following a Profit Allocation to the Class C Limited Partner in respect of such Partnership Unit

Any Profit Allocation made to the Class C Limited Partner will be deducted from the net asset value (or redemption proceeds, as the case may be) of the respective Corresponding Partnership Units and therefore, will reduce the Net Asset Value of the applicable Units (or redemption proceeds, as the case may be). See "*Partnership Allocations – Profit Allocation*".

Fees and Expenses of the Partnership

The Partnership is liable for, and the General Partner and Manager are entitled to reimbursement from the Partnership for, all ongoing operating costs and other expenses incurred in connection with the business of the Partnership, including, but not limited to:

(a) third party fees and expenses of the Partnership, which include Manager's fees, accounting and legal costs, insurance premiums, custodial fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, Limited Partner communicationexpenses, organizational expenses, the cost of maintaining the Partnership's existence andregulatory fees and expenses, and all reasonable extraordinary or non-recurring expenses;and

(b) fees and expenses relating to the Partnership's portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, and banking fees

To the extent that such expenses are borne by the General Partner or Manager, the General Partner or Manager, as the case may be, shall be reimbursed by the Partnership from time to time. Expenses of the Partnership are allocated to the classes of Partnership Units generally based on the their respective net asset values. However, certain expenses may be determined to be for the benefit of certain classes or series and will be allocated accordingly. As a holder of Partnership Units, the Fund will bear the expenses of the Partnership allocated to the Partnership Units. Unitholders will therefore indirectly bear the Fund's share of those expenses.

Further Information

Further information regarding the Partnership can be found in the offering memorandum of the Partnership (as amended from time to time), and in the annual and semi-annual financial statements of the Partnership, which are available upon request (free of charge) from the Manager.

MANAGEMENT OF THE FUND

The Trustee

The Trustee, Computershare Trust Company of Canada, is a trust company existing under the federal *Trust and Loan Companies Act* (Canada). The Trustee carries on business included but not limited to corporate trust and related activities. Its registered head office is located in Toronto and it is registered or otherwise qualified to carry on the business of a trust company in all provinces and territories of Canada. As trustee of the Fund, the Trustee has the full authority and responsibility to manage the business and affairs of the Fund, however it has delegated to the Manager such general authority, including day to day management decisions and authority over the investment of the Fund's assets and the distribution of Units.

The Trustee will be paid a fee by the Fund for acting as trustee and will be entitled to reimbursement of all expenses of the Fund incurred by it. Furthermore, the Trustee and its directors, officers, employees, shareholders and agents will be indemnified and saved harmless by the Fund from and against (i) all claims whatsoever, (including costs, judgments, charges and expenses including legal fees in connection therewith) brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Trustee, and all other liabilities, costs, charges and expenses which it sustains or incurs in or about or in relation to the affairs of the Fund, except to the extent that any such liability, claim, cost, charge or expense have been caused by the negligence, misfeasance or wilful default on the part of the Trustee, or to the extent the Trustee does not meet its standard of care set out in the Trust Agreement.

The Trustee has the right to resign as trustee of the Fund by giving notice in writing to the Unitholders and the Manager not less than 90 days prior to the date on which such resignation is to take effect. Such resignation shall take effect on the date specified in such notice. The Trustee may be removed by the Manager at any time by notice to the Trustee and Unitholders not less than 60 days prior to the date that such removal is to take effect. In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any cause a vacancy shall occur in the office of trustee, a successor trustee must be appointed by the Manager to fill such vacancy. In the event that the Manager cannot or does not appoint a successor to the Trustee, the Trust Agreement will be terminated upon the effective date of the resignation or removal of the Trustee and the property of the Fund will be distributed in accordance with the Trust Agreement.

The Manager

The Manager, HGC Investment Management Inc., was incorporated under the *Canada Business Corporations Act* on September 30, 2013. The principal place of business of the Manager is 1073 Yonge St, 2nd Floor, Toronto, Ontario, M4W 2L2. The following are the directors and officers of the Manager:

Name and Municipality of Residence:	**Office with the Manager**
Sean Kallir Toronto, Ontario	Chief Executive Officer and Chief Investment Officer

Brett Lindros Toronto, Ontario	President
Stuart Grant Toronto, Ontario	Chief Compliance Officer and Chief Operating Officer

Sean Kallir

Sean began his investment career in 2011 as a merger arbitrage and special situations Analyst at a Toronto-based hedge fund. With over a decade of experience Sean has been involved in thousands of merger arb and SPAC positions, and has become well versed in nuances of special situations. Sean is a founding partner of HGC and holds an Honors BA in Economics from the University of Western Ontario.

Brett Lindros

Brett is a founding partner of HGC and in the role of President manages the business operations of the firm. He brings 25 years of investing experience in Canadian hedge funds and a decade of experience in Operations, Business Development and Investor Relations. Brett is on the Advisory Board of Capitalize for Kids and is proud to help the organization work to tackle the challenges of kids' mental health.

Stuart Grant

Prior to joining HGC, Stuart was the Canadian Chief Compliance Officer of an international broker dealer. Previous to that, he worked in risk and compliance for two Canadian prime brokers. He has over 15 years of finance experience in both Canada and the UK. Stuart received a Bachelor of Business Administration from Belmont University and a Master of Science in Finance from Boston University.

Powers and Duties of the Manager

As manager of the Fund, the Manager has full authority and responsibility under the terms of the Trust Agreement to direct the day-to-day business, operations and affairs of the Fund, including management of the Fund's portfolio on a discretionary basis and distribution of the Units. The Manager may delegate certain of these duties from time to time. The Fund and the Manager have entered into an agreement (the "**Management Agreement**") dated as of April 8, 2016, which sets out the rights and duties of the Manager.

The Manager will be entitled to reimbursement of all expenses of the Fund incurred by it.

Fees Payable to the Manager

The Manager will receive a monthly management fee (the "**Management Fee**") from the Partnership in respect of the class of Partnership Units corresponding to the series of Units on the last business day of each month equal to

- 1/12 of **2%** of the aggregate net asset value of the Class A, Class AU, Class A1 or Class A1U Partnership Units corresponding to the **Series A Units, Series AU Units, Series A1 Units and Series A1U Units**, plus

- 1/12 of **1.5%** of the aggregate net asset value of the Class B, Class F1, Class F1U, Class W or Class WU Partnership Units corresponding to the **Series B Units, Series F1 Units, Series F1U Units, Series W Units** and **Series WU Units**, respectively, plus
- 1/12 of **1%** of the aggregate net asset value of the Class F Partnership Units and Class FU Partnership Units corresponding to the **Series F Units and the Series FU Units**, respectively,

on such date.

No Management Fee is payable in respect of Series M Units.

Management fees payable by the Partnership are subject to applicable taxes (such as HST) and will be deducted as an expense of the Partnership in the calculation of the Net Asset Value of the Partnership, allocable to the applicable series of Units.

Reimbursement of Expenses

The Manager will be entitled to reimbursement from the Fund for certain costs and operating expenses actually incurred by it and by the Fund's service providers in connection with the organization and ongoing activities of the Fund.

Standard of Care of the Manager and Indemnification

The Manager must exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Manager has adopted policies and procedures to identify and avoid, or address and disclose, conflicts between its own interests and the interests of the Fund and/or the Unitholders, in accordance with applicable securities legislation, but will not be prohibited from, or be required to account to the Fund for, providing services to and receiving fees from any person or entity, including other pooled investment vehicles, similar to those services provided to the Fund.

In exercising its powers and discharging its duties under the Trust Agreement, the Manager may, but will not be bound to, with respect to any act done or permitted to be done by it, rely upon (a) financial statements of the Fund stated in a written report prepared by the auditor of the Fund to present fairly the financial position of the Fund, (b) any instrument or document reasonably believed by it to be genuine and to be correct, and (c) the advice or opinion of legal counsel, accountants, appraisers or other experts, including, without restricting the generality of the foregoing, any manager, administrator, consultant, adviser, sub-adviser, prime broker or custodian retained by or on behalf of the Manager, and the Manager will in no event be liable under the Trust Agreement for any action taken or not taken as a result of so relying in good faith.

Pursuant to the Trust Agreement, the Manager and its affiliates, subsidiaries and agents, and their respective directors, officers and employees will be indemnified and saved harmless by the Fund from and against all costs, charges and expenses sustained or incurred, including all legal fees, judgments and amounts paid in settlement, in or about any action, suit or proceeding that is brought, commenced or prosecuted against it for or in respect of any act, deed, omission, matter or thing whatsoever made, done or permitted by it in or about the proper execution of the services provided to the Fund under the Trust Agreement, provided that the act, deed, omission, matter or thing that caused the payment of the costs, charges, expenses, fees, judgments or amounts paid in settlement was in the best interest of the Fund. No such person or company will be indemnified by the Fund where (i) there has been negligence, misfeasance or wilful misconduct on the part of the Manager or such other person, or (ii) the Manager has failed to fulfil

its standard of care to the Fund as set forth in the Trust Agreement, unless in either case an action brought against such persons or companies they have achieved complete or substantial success as a defendant or, in the case of a criminal suit or administrative action or proceeding, such person or company had reasonable grounds for believing that its conduct was lawful.

The Manager has the right to resign as manager of the Fund by giving notice in writing to the Trustee and to the Unitholders not less than 90 days prior to the date on which such resignation is to take effect, unless another notice period of not less than 30 days is mutually agreed upon, in writing, by the Manager and the Trustee. Such resignation will take effect on the date specified in such notice.

THE OFFERING

Units offered hereby are being offered on a continuous basis by the Manager, as dealer for the Fund, to investors resident in Ontario, Alberta, British Columbia, Manitoba, Québec, Saskatchewan, PrinceEdward Island, Nova Scotia and New Brunswick (the "**Offering Jurisdictions**") pursuant to exemptions from prospectus requirements contained in National Instrument 45-106 – Prospectus Exemptions and Section 73.3 of the *Securities Act* (Ontario) (together referred to as "**NI 45-106**"). Units may also be offeredunder this Memorandum to residents in the Offering Jurisdictions and certain other provinces and territoriesof Canada through other registered dealers pursuant to exemptions from the prospectus requirements underNI 45-106, with the approval of the Manager.

Twelve series of Units are currently being offered:

- **Series A Units** are only available to existing investors and new investors who purchase their Units through the Manager. Series A Units are denominated in Canadian dollars.

- **Series AU Units** are only available to existing investors and new investors who purchase their Units through the Manager. Series AU Units are denominated in U.S. dollars.

- **Series A1 Units** are available to all investors who purchase their Units through a dealer other than the Manager. Series A1 Units are denominated in Canadian dollars.

- **Series A1U Units** are available to all investors who purchase their Units through a dealer other than the Manager. Series A1U Units are denominated in U.S. dollars.

- **Series B Units** are available to certain investors who invest in (and continue to hold) Units with a purchase price of a minimum of $2,000,000. Series B Units are denominated in Canadian dollars.

- **Series F Units** are only available to existing investors who purchase their Units through a dealer other than the Manager with whom they have a fee-based account, and to certain other investors in the absolute discretion of the Manager. Series F Units are denominated in Canadian dollars.

- **Series FU Units** are only available to existing investors who purchase their Units through a dealer other than the Manager with whom they have a fee-based account, and to certain other investors in the absolute discretion of the Manager. Series FU Units are denominated in U.S. dollars.

- **Series F1 Units** are only available to investors who purchase their Units through a dealer other than the Manager with whom they have a managed or fee-based account, and to certain other investors in the absolute discretion of the Manager. Series F1 Units are denominated in Canadian dollars.

- **Series F1U Units** are only available to investors who purchase their Units through a dealer other than the Manager with whom they have a managed or fee-based account, and to certain other investors in the absolute discretion of the Manager. Series F1U Units are denominated in U.S. dollars.

- **Series M Units** will generally only be issued to associates and affiliates of the Manager and its employees and to managed account clients who pay fees directly to the Manager. Series M Units are denominated in Canadian dollars.

- **Series W Units** are available to all investors who invest in (and continue to hold) Units with a purchase price of a minimum of $2,000,000. Series W Units are denominated in Canadian dollars.

- **Series WU Units** are available to all investors who invest in (and continue to hold) Units with a purchase price of a minimum of $2,000,000. Series WU Units are denominated in U.S. dollars.

A new sub-series of Units within each series will generally be issued in each month there are subscriptions. For example, Series A Units may be issued as Series A1 Units on the initial closing, as Series A2 Units on the next closing, etc. At the end of each year, some or all sub-series of the same seriesof Units may be redesignated as Units of a single series, in the discretion of the Manager. For all purposesdescribed herein, each such sub-series will be treated as a separate series. The Manager may commence orcease this practice at any time.

At the same time that the Fund issues a sub-series of Units to a subscriber, the Fund will automatically subscribe for Partnership Units. For accounting purposes, and in order to facilitate the equitable allocation of fees, expenses and Profit Allocations in respect of Partnership Units issued to the Fund and other Limited Partners, the Partnership will issue Partnership Units to the Fund of the class and series with terms corresponding to the series and sub-series of Units issued to each Unitholder ("**Corresponding Partnership Units**"). In general, all accounting procedures and financial allocations are made at the Partnership level (which are reflected in the net asset values of the Partnership Units held by each Limited Partner, including the Corresponding Partnership Units held by the Fund). In particular, all Partnership expenses, including Management Fees, are allocated to and paid by the Partnership, and all Profit Allocations are calculated and made by the Partnership (and not by the Fund directly).

If a Unitholder holds multiple sub-series of Units because such Unitholder subscribed for Units of such series on different dates, each sub-series of Units will be accounted for separately and a separate series of Corresponding Partnership Units will be created in the Partnership and issued to the Fund (including for purposes of calculating Profit Allocations).

This offering may be suspended by the Manager at any time and from time to time.

Prospectus Exemptions

Units are being sold under available exemptions from the prospectus requirements under NI 45-106. The Units are being distributed only to (a) investors who are "accredited investors" as defined in NI 45-106, (b) investors, other than individuals, who invest a minimum of $150,000 in the Fund (the "**Minimum Amount Exemption**"), or (c) investors to whom Units may otherwise be sold. Purchasers will be required to make certain representations in the Subscription Agreement (see below) and the Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above. Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least $5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to

establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. **The so-called "Offering Memorandum Exemption" is not being relied on, nor is the Minimum Amount Exemption being relied on in Alberta, and investors do not have the benefit of certain additional protections that applicable securities laws give to investors when an issuer relies on the Offering Memorandum Exemption.**

No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

Accredited Investors

A list of accredited investors is set out in the Subscription Agreement delivered with this Memorandum, but generally includes individuals who have net investment assets of at least $1,000,000, or personal income of at least $200,000 or combined spousal income of at least $300,000 (in the previous two years with reasonable prospects of same in the current year).

Restricted Investors

A person may not invest in the Fund if that person's acquisition of Units would result in the Fund being a "SIFT trust" within the meaning of subsection 122.1(1) of the *Income Tax Act* (Canada) (the "**Tax Act**"). Any subscriber that is or becomes a "non-resident", a partnership other than a "Canadian partnership", a "financial institution" or a "designated beneficiary" within the meaning of the Tax Act shall disclose such status to the Fund at the time of subscription (or when such status changes) and the Fund may restrict the participation of any such investor or require the redemption of all or some of such investor's Units.

Registered Plans and Prohibited Investments

The Fund qualifies as a mutual fund trust under the Tax Act. Provided that the Fund continues to qualify as such, Units will be qualified investments under the Tax Act for registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSAs**") (collectively, "**Registered Plans**"). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs and subscribers of RESPs are urged to consult with their own tax advisers as to whether Units would be a "prohibited investment" under the Tax Act in their particular circumstances. A "**prohibited investment**" includes a unit of a trust which does not deal at arm's length with the holder of the TFSA or RDSP, the subscriber of an RESP, or annuitant of the RRSP or RRIF, as the case may be, or in which the holder, subscriber or annuitant has a "significant interest" under the Tax Act, which in general terms means the ownership of 10% or more of the value of the trust's outstanding units by the holder, subscriber or annuitant, either alone or together with persons and partnerships with whom the holder, subscriber or annuitant does not deal at arm's length. A unit of a trust that is "excluded property" under the Tax Act for a particular RRSP, RRIF, RDSP, RESP or TFSA will not be a prohibited investment for that Registered Plan. In the event that the Fund satisfies a redemption request in kind, the property delivered to the Unitholder may not be a qualified investment under the Tax Act and, as a result, adverse tax consequences may arise if the Unitholder is a Registered Plan. In particular, Partnership Units are not qualified investments for a Registered Plan.

Subscription Procedure

Subscriptions for Units must be made by completing and executing the subscription form (the "**Subscription Agreement**") provided by the Manager and by forwarding to the Manager such Subscription Agreement together with payment or evidence of payment acceptable to the Manager representing payment of the subscription price.

Subscriptions will be accepted on a monthly basis, being on the last business day in each month or such other date as the Manager may permit (each, a "**Valuation Date**"), subject to the Manager's discretion to refuse subscriptions in whole or in part. (Units will be issued as of the next business day.) A fully-completed Subscription Agreement and subscription proceeds (in the form of a cheque, bank draft or confirmation of wire transfer) must be received by the Manager no later than 4:00 p.m. (ET) on the designated Valuation Date in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Valuation Date.

Subscription funds provided prior to a Valuation Date will be kept in a segregated account without interest accruing thereon. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction.

Unit Price

Units of each sub-series will be issued at a subscription price of $10 per Unit.

Minimum Individual Subscriptions

The minimum initial investment for Series A and AU Units is $100,000, in the currency in which such Units are issued, for investors who purchase their Units through the Manager. The minimum initial investment for Series A, AU A1, A1U, F, FU, F1 and F1U Units is $10,000, in the currency in which such Units are issued, for investors who purchase Units through a dealer other than the Manager, butmay be reduced for accredited investors in the discretion of the Manager. See "*The Offering*" for the minimum investment amounts applicable to Series B, M, W and WU Units. As part of ensuring that the Fund has the necessary number of investors to continue to qualify as a mutual fund trust under the *IncomeTax Act* (Canada) (the "**Tax Act**"), the Manager may waive the minimum initial investment amount for accredited investors from time to time.

Each additional investment must be not less than $25,000, in the currency in which such Units are issued, or such lesser amount as the Manager accept in its discretion. (For investors who are not accredited investors, the additional investment may have to meet certain regulatory minimums.)

These minimums are net of any front end commissions paid by an investor to his or her dealer.

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

Sales Commissions and Trailer Fees

There is no commission payable by an investor to the Manager upon the purchase of the Units, however an investor may pay a fee if purchasing through another dealer. Subject to applicable law, the Manager may pay, out of the Management Fee payable to the Manager by the Partnership, a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Series A Units. The Manager may discontinue or change such fee and commissions at any time.

Know-Your-Client and Suitability

Whether the subscriber for Units is purchasing through their own dealer or directly from the Manager (in its capacity as an exempt market dealer), the dealer through whom the Units are purchased has an obligation under applicable securities laws to determine suitability of the investment for such purchaser, unless the purchaser is a "permitted client" and either waives such requirement or the dealer is otherwise exempt from such requirement. Subscribers purchasing directly from the Manager will be required to provide certain information in the Subscription Agreement (referred to as know-your-client information) on which the Manager will rely in determining such suitability.

Complaints, Dispute Resolution and Mediation

Where the subscriber for Units is purchasing directly from the Manager (in its capacity as an exempt market dealer), the Manager has an obligation under applicable securities laws to use its reasonable best efforts to resolve any dispute with the subscriber respecting the purchase of Units and, if such a dispute cannot be resolved, to engage, at the Manager's expense, an independent dispute resolution or mediation service in accordance with applicable law.

Leverage Disclosure Statement (Using Borrowed Money to Purchase Units)

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

Benchmarks

Investors may find it helpful to compare the returns from their investments against one or more relevant benchmarks (i.e. the return that they may have received had they invested in a comparable investment, or a comparison of their investment to an average or median return of a basket of comparable investments). A benchmark for an investment fund such as the Fund might be an index of issuers with similar investment mandates. Investors should be aware of the similarities and differences between the benchmark and the investment, such as the concentration/diversification of securities, industries and or markets, the impact of fees and expenses on such returns, and risks inherent in such investments and investment strategies. Should the Manager use a benchmark comparison when reporting the performance of the Fund, an explanation of the similarities and differences between the Fund and the benchmark will be provided at that time.

REDEMPTIONS

A Unitholder shall be entitled to redeem Units as at a Valuation Date that falls on the last business day of each month (each a "**Redemption Date**"). Redemption requests will only be considered if the Manager receives a written request for such redemption at least 15 days prior to the proposed Redemption Date. The Manager reservesthe right, but shall not be obligated, to waive the notice period in circumstances where it would not be to the detriment of the Fund to do so.

Upon redemption of a Unit, the Unitholder will receive proceeds of redemption equal to the Net Asset Value of such Unit as at the close of business on the designated Redemption Date less applicable fees. Generally, all or a portion of net capital gains realized by the Fund in a taxation year may be allocated

to a Unitholder redeeming in the year, and in this event the amount of the redemption proceeds will be reduced by the amount of such distribution (see "*Summary of Trust Agreement – Distributions*").

If a redeeming Unitholder owns Units of more than one sub-series, Units will be redeemed on a "first in, first out" basis, meaning that Units of the earliest sub-series of the applicable series owned by the Unitholder will be redeemed first, at the redemption price for Units of such sub-series, until such Unitholder no longer owns Units of such sub-series (although this policy may be amended in the discretion of the Manager).

The Fund will pay the redemption proceeds (determined as of the relevant Redemption Date) to a Unitholder with respect to the Units being redeemed within 12 business days after the applicable Redemption Date. To the extent a Unitholder has purchased Units through a dealer other than the Manager, the payment of redemption proceeds will be made in accordance with the terms of the Unitholder's Subscription Agreement but the receipt of such proceeds by the Unitholder from the dealer may be subject to delay.

The Manager will suspend the calculation of the Net Asset Value per Unit, and the right to surrender Units for redemption, when required to do so under any applicable securities legislation or under any exemptive relief granted by the local securities authorities from such securities legislation. In the event of a severe market disruption, the Manager may suspend the calculation of the Net Asset Value per Unit, and the right to surrender Units for redemption, where the Manager determines that conditions exist as a result of which disposal of the securities or other property of the Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of the Fund's property.

The Manager will advise the Unitholders who have requested a redemption if redemptions will be limited or suspended on a requested Redemption Date. Redemption requests which are rejected as at a Redemption Date will be accepted on the next Redemption Date on which redemption requests are honoured in priority to redemption requests made after the deadline for redemption requests in respect of such earlier Redemption Date. Partial redemptions on a Redemption Date will be made on a pro rata basis. Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 5 days following such Redemption Date.

The Manager has the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Redemption Date designated by the Manager at the Net Asset Value per Unit thereof, by notice in writing to the Unitholder given at least 15 days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion.

NET ASSET VALUE

The Net Asset Value of the Fund, the Net Asset Value of each series of Units (or of each sub-series if Units are issued in sub-series), and the Net Asset Value Per Unit of each sub-series will be determined as of 4:00 p.m. (ET) on each Valuation Date by the Manager or by a third party engaged by the Manager for that purpose (the "**NAV Administrator**") in accordance with the Trust Agreement.

The Net Asset Value of the Fund as of any date will mean the net asset value of the Fund's investment in the Partnership plus the value of any other assets of the Fund, less all liabilities, costs, and expenses accrued or payable of every kind and nature including Management Fees and Profit Allocations due but not yet paid or made. In determining the Fund's liabilities, the Manager may estimate expenses of a regular or recurring nature in advance, and may accrue the same into one or more valuation periods, any such accrual to be binding and conclusive on all Unitholders, irrespective of whether such accrual subsequently proves to have been incorrect in amount (in which case any adjustments shall be made in the valuation period when such error is recognized).

The Net Asset Value of each sub-series of Units will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of the Fund (before deduction of fees and expenses

specific to a sub-series), and the Net Asset Value per Unit will be determined (after deduction of fees and expenses specific to a sub-series) by dividing the Net Asset Value of each sub- series of Units by the number of Units of such sub-series outstanding. The Net Asset Value of each series of Partnership Units will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of the Partnership (before deduction of class-specific and series-specific fees, expenses and other deductions), and the Net Asset Value per Partnership Unit shall be determined (after deduction of class-specific and series-specific fees, expenses and other deductions) by dividing the Net Asset Value of each series of Partnership Units by the number of Partnership Units of such series outstanding.

Valuation Principles

The value of the assets and the amount of the liabilities of each of the Fund and the Partnership will be calculated in such manner as the NAV Administrator shall determine from time to time, subject to the following guidelines:

(a) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the Net Asset Value of the Fund is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager, in consultation with the NAV Administrator, determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager, in consultation with the NAV Administrator, determines to be the reasonable value thereof.

(b) The value of any security which is listed or dealt in upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and asked prices. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over-the-counter markets while being listed or traded on such securities exchanges or over-the-counter markets will be valued on the basis of the market quotation which, in the opinion of the Manager, in consultation with the NAV Administrator, most closely reflects their fair value.

(c) Any securities which are not listed or dealt in upon any public securities exchange will be valued at the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager, in consultation with the NAV Administrator, such value does not reflect the value thereof and in which case, the latest offer price or bid price as best reflects the value thereof should be used), as at the Valuation Date.

(d) The value of any restricted security shall be the lesser of (i) the value thereof based on any available reported quotations in common use and (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, warranty or agreement or by law, equal to the percentage that the acquisition cost thereof was of the market value of such securities at the time of acquisition thereof.

(e) Securities held in private issuers are recorded at cost unless an upward adjustment is considered appropriate and supported by persuasive and objective evidence such as a significant equity financing by an unrelated investor at a transaction price higher than the

valuation price. Downward adjustments to valuation price are made when there is evidence of other than a temporary decline in value as indicated by the assessment of the financial condition of the investment based on third-party financing, operational results, forecasts, and other developments since the previous valuation price was established. Options and warrants held in private issuers are carried at cost unless there is an upward or downward adjustment of the underlying privately-held company supported by persuasive and objective evidence such as significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the valuation price.

(f) All property valued in a foreign currency and all liabilities and obligations payable in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the NAV Administrator to calculate Net Asset Value of the Fund or the Partnership, as the case may be.

(g) The value of any security or property to which, in the opinion of the Manager, in consultation with the NAV Administrator, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as may from time to time determine based on standard industry practice.

(h) Short positions will be marked-to-market, i.e. carried as a liability equal to the cost of repurchasing the securities sold short applying the same valuation techniques described above.

(i) All other liabilities shall include only those expenses paid or payable by the Fund or the Partnership, as the case may be, including accrued contingent liabilities; however (A) organizational and start-up expenses of each of the Fund and the Partnership will be amortized by the Fund or the Partnership, as the case may be, over a five year period (unless terminated earlier, in which case the expenses will be brought current); and (B) expenses and fees allocable only to a series and sub-series of Units shall not be deducted from the Net Asset Value of the Fund prior to determining the Net Asset Value of each series and sub-series, but shall thereafter be deducted from the Net Asset Value so determined for each such series and sub-series.

The Manager may amend the foregoing and/or determine such other rules as it deems necessary from time to time, which rules may deviate from Canadian generally accepted accounting principles, so long as such rules are consistent with industry practice.

The Manager may determine that certain assets, liabilities, income and/or losses are attributable to only one or more, but not all, series and sub-series of Units from time to time. The Net Asset Value of the Partnership and the Net Asset Value per Unit for each series and sub-series of Units established by the NAV Administrator in accordance with the provisions of the Trust Agreement shall be conclusive and binding on all Unitholders.

Net asset value calculated in this manner will be used for the purpose of calculating the Manager's (and other service providers') fees and will be published net of all paid and payable fees. Such Net Asset Value will be used to determine the subscription price and redemption value of Units. For the purposes of financial reporting, the Fund is required to calculate Net Asset Value in accordance with International Financial Reporting Standards ("**IFRS**"). To the extent that such calculations are not in accordance with IFRS, the financial statements of the Fund will be adjusted if the difference between IFRS and the above guidelines are deemed material from a financial point of view.

SUMMARY OF TRUST AGREEMENT

The rights and obligations of the Trustee, the Manager and the Unitholders of the Fund are governed by the Trust Agreement (as amended from time to time). The following is a summary of the Trust Agreement. This summary is not intended to be complete and each investor should carefully review the Trust Agreement itself for full details of these provisions. A copy of the Trust Agreement is available upon request from the Manager.

The Fund

The Manager and the Trustee may create one or more trusts (each, a separate investment fund and referred to separately as a "Fund" in this summary) from time to time under the Trust Agreement. To date the Manager and the Trustee have created The HGC Fund Trust. Each Fund governed by the Trust Agreement is treated as a separate and distinct legal entity, and no recourse can be had against the assets of any one Fund for the liabilities and expenses of another Fund.

The Units

The Manager has the sole discretion to determine whether the beneficial interests in the Fund are to be divided into one or more classes and/or series of Units, the attributes that shall attach to each class and series of Units and whether any series of Units should be redesignated as or converted into a different series of Units from time to time. Each series of Units may be further subdivided into sub-series for the purpose of allocations as provided in the Trust Agreement, each such sub-series having the same features, other than the date of issue and any reference dates, for the purpose of calculating applicable fees, expenses and allocations for that sub-series. Each Unit is without nominal or par value and entitles the holder thereof to one vote at all meetings of Unitholders of the Fund where all series vote together and to one vote at all meetings of Unitholders of the Fund where that particular series votes separately as a series. Each Unit of a particular series (or sub-series) entitles the holder thereof to participate pro rata, in accordance with the provisions of the Trust Agreement, with respect to all distributions made to that series (or sub-series) (except with respect to a special distribution) and, upon liquidation of the Fund, to participate pro rata withthe other Unitholders of that same series (or sub-series) in the Net Asset Value of such series (or sub-series)remaining after the satisfaction of outstanding liabilities of the Fund and the series (or sub-series). Once thesubscription price thereof has been paid, Units shall be non-assessable so that there shall be no liability forfuture calls or assessments with respect to the Units. Each Unit of a particular series (or sub-series) may beredesignated or converted by the Manager as or into a Unit of another series (or sub-series) based on the respective Net Asset Value per Unit for each of the affected series (or sub-series) of Units on the date of the redesignation or conversion. Fractional Units may be issued and shall be proportionately entitled to allthe same rights as whole Units of the same series (or sub-series), except voting rights (however fractional Units held by a single Unitholder may be combined). There is no limit to the number of Units, class, seriesor sub-series that may be issued.

Redemptions

Redemption rights are described above under the heading "*Redemptions*".

Distributions

The Fund will distribute in each taxation year such portion of its annual net income and net realized capital gains as will result in the Fund paying no ordinary income tax under Part I of the Tax Act. Generally, Unitholders will be allocated net income and net capital gains in such amounts as reflect each Unitholder's pro rata share of such income and gains earned over the period during which such Units are outstanding.

The Fund may make distributions out of net income, net realized capital gains and capital on such other dates during the year as the Manager in its discretion may decide.

Also, when a Unitholder redeems all or any of his Units of the Fund, there may be a special distribution of net realized capital gains of the Fund in cash out of the redemption proceeds otherwise payable to such Unitholder to the time immediately prior to redemption, as determined by the Manager. The Manager has the sole discretion to determine the amount, if any, of the Fund's net realized capital gains for its taxation year and the sole discretion to allocate all or any portion of such net realized capital gains to a Unitholder who has redeemed Units of the Fund at any time in that year. The balance of the amount paid to such Unitholder at the time of redemption shall be paid as proceeds of redemption.

All distributions made by the Fund (other than a special distribution to a redeeming Unitholder) will be automatically reinvested in additional Units on the Valuation Date on the date of or immediately following the distribution at the applicable Net Asset Value per Unit thereof. Once the distribution reinvestment is completed, there may be a consolidation of Units such that each Unitholder (other than a non-resident in respect of whose share of the distribution tax was withheld) has the same number of Units that they held immediately prior and the Net Asset Value per Unit of the series (or sub-series) will be adjusted accordingly so that the aggregate Net Asset Value of the affected Units remains the same as prior to the distribution. The Fund does not intend to make any cash distributions (except in respect of distributions made to redeeming Unitholders).

Fiscal Year

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

Unitholder Meetings

Meetings of the Unitholders of the Fund may be convened by the Manager at such time and on such day as the Manager may from time to time determine, for the purpose of considering the matters required or desired to be placed before such meetings, and for the transaction of such other matters as the Manager determines. Unitholders holding not less than 50% of the votes attaching to all outstanding Units of the Fund may requisition a meeting of Unitholders of the Fund by giving a written notice to the Manager setting out in detail the reason(s) for calling and holding such a meeting. Details regarding the calling and holding of Unitholder meetings are set out in the Trust Agreement.

Any resolution consented to in writing by Unitholders holding a majority of the votes attaching to all Units of the Fund then outstanding is as valid as if it had been passed at a meeting of Unitholders of the Fund. No amendment may be made to the terms of the Trust Agreement by a resolution of the Unitholders without the consent of the Trustee and Manager.

Amendment

Any provision of the Trust Agreement may be amended, deleted, expanded or varied by agreement of the Manager and the Trustee. No amendment may be made which materially adversely affects the interests of the Unitholders of the Fund unless the Manager either:

- obtains the approval of not less than a majority of the votes cast at a meeting of Unitholders of the Fund duly called for the purpose of considering the proposed change (or by written resolution in accordance with the Trust Agreement); or

- gives at least 60 days' written notice of the proposed change to the affected Unitholders in accordance with the Trust Agreement and each such Unitholder has been given the opportunity to redeem all of such Unitholder's Units prior to the effective date of such change.

All persons remaining or becoming Unitholders of the Fund after the effective date of such change shall be bound by such change.

Term

The Fund has no fixed term. The Manager may, in its discretion, terminate the Fund by giving written notice to the Trustee and the Unitholders of the Fund and fixing the date of termination not earlier than 60 days following the mailing or other delivery of notice. No Units of the Fund may be redeemed at the option of a Unitholder from the date that the notice of termination is delivered. The Fund will be terminated and dissolved in the event that the Trustee resigns or is terminated by the Manager and no successor trustee is appointed, if the Manager resigns and no successor is appointed, or if the Trustee or the Manager has been declared bankrupt or becomes insolvent, or there is a material breach of the Manager's obligations under the Trust Agreement and such default continues for 120 days from the date that the Manager receives notice of such material default from the Trustee.

On or about the effective date of termination of the Fund, the Manager (or other person appointed by the Trustee in the event that the Manager cannot or will not so act) will sell all non-cash assets of the Fund, unless the Manager (or such other appointed person) determines that it would be in the best interests of the Unitholders to distribute some or all of such assets in kind. The Manager (or such other appointed person) will be entitled to retain out of any moneys in its hands full provision for all costs, charges, expenses, claims and demands incurred, made or reasonably anticipated by the Manager (or such other appointed person) in connection with or arising out of the termination of the Fund and the distribution of the Fund's assets to Unitholders and out of the moneys so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands.

Expenses

The Fund is responsible for payment of all expenses relating to the organization and operation of the Fund and the carrying on of its undertaking, including, but not limited to:

- all investment expenses (including expenses the Manager reasonably determines to be related to the investment of the Fund's assets, such as brokerage commissions, fees relating to forward or swap contracts and expenses relating to short sales; the costs of products and services relating to research, market data, execution and related items; clearing and settlement charges, custodial fees, hedging expenses, bank service fees, interest expenses, expenses relating to proposed investments that are not consummated and all such other fees and disbursements directly relating to the implementation of the investment strategies, policies and practices of the Fund and transactions for the portfolio of the Fund);

- any taxes, assessments or other regulatory and governmental charges levied against the Fund or to which the Fund may be subject;

- interest expenses, if any;

- any management fees payable by the Fund;

- any custody and safekeeping charges relating to the Fund's activities;

- Trustee fees, Manager's fees and the fees of their agents and delegates (except where the Manager has specifically agreed to pay such fees);
- the costs of the initial organization of the Fund and the initial offering of Units, including without limitation the fees and expenses of counsel and the Auditor (organizational costs of the Fund may be amortized, in the sole discretion of the Manager);
- any continuous offering fees, costs and expenses, including fees, costs and expenses relating to the issue and redemption of Units;
- any costs and expenses associated with the qualification for sale of the Units;
- Fund administration expenses;
- any costs associated with the defence and indemnity of the Trustee, the Manager and other service providers;
- any costs relating to providing information to Unitholders including annual and interim financial reports;
- audit, accounting and legal fees of the Fund and of the Trustee (relating to the Fund);
- tax preparation expenses;
- valuation expenses;
- costs of preparing, delivering and, where required, filing this Memorandum;
- costs of printing and distributing offering materials in respect of the offering of Units;
- expenses of conducting Unitholder meetings;
- costs of any independent review committee or other person or committee as the Manager may be required by Securities Legislation or in accordance with industry practice to appoint or engage for fund governance purposes;
- costs of bookkeeping, Fund accounting, registry and transfer agency services, and offer record-keeping services;
- expenses incurred upon termination of the Fund; and
- all reasonable extraordinary or non-recurring expenses, including legal, accounting and audit fees and fees and expenses of the Trustee, custodian or any sub-custodian which are incurred in respect of matters not in the normal course of the Fund's activities.

The foregoing expenses will be allocated by the Manager to each series of Units of the Fund on the basis that (i) all Series Expenses shall be allocated only to the series of Units of the Fund in respect of which the Series Expenses were incurred, and (ii) each type of Common Expense shall be allocated among the series of Units of the Fund as determined by the Manager, in its sole discretion (generally based on respective Net Asset Values of such series). In this regard, "**Common Expenses**" means all expenses of the Fund other than Series Expenses; and "**Series Expenses**" in respect of any particular series of Units

means the expenses of the Fund (including management and other fees) that relate only to that series. Expenses incurred by the Manager on behalf of a number of its managed funds and/or managed accounts will be allocated to each in a manner that the Manager believes to be fair under the circumstances, and generally consistent with the manner in which trades are allocated amongst its various clients (see "**Conflicts of Interest Policy**"). The Manager may at its discretion from time to time agree to pay certain of these expenses.

CUSTODIAN

The Manager has the authority to appoint one or more custodians. Any such custodian may register the assets of the Fund in its own name or in the name or names of nominees, including The Canadian Depository for Securities Limited, The Depository Trust Company or in bearer form. Any such custodian may appoint sub-custodians (who may be affiliated with or otherwise related to the custodian).

ADMINISTRATION AGREEMENT

Apex Fund Services (Canada) Ltd. (the "**Administrator**") has been appointed by the Fund, pursuant to an administration agreement dated April 8, 2016 (the "**Administration Agreement**"), to provide administrative services to the Fund. The Administrator is an affiliate of Apex Fund Services Limited and has its principal place of business at 333 Bay St, Suite 1130, Toronto, Ontario, M5H 2S5.

The Administrator will calculate the net asset value of the Fund, keep the books and records of the Fund as required by applicable law or otherwise for the proper recording of the financial affairs of the Fund, liaise with the Fund's auditors with respect to the audit of the financial statements for each financial year of the Fund, reconcile records of investments maintained by the Fund, calculate all the operating expenses of the Fund, determine management fees, determine the net asset value of the Units of each Unitholder, calculate distributions to Unitholders and complete the T3 return and relevant slips for the Unitholders, maintain the register of Unitholders of the Fund, prepare financial statements for the Fund, pay to or deposit with the Fund's bankers all moneys, bills and notes received by it on behalf of the Fund, make payments from accounts of the Fund, process allocations, including Profit Allocations, and distributions of income (including capital gains), dividends and/or losses to the Unitholders and provide other services as agreed between the Fund and the Administrator from time to time.

The Administrator will receive fees from the Fund in accordance with the Administration Agreement.

The Administrator has agreed to provide its services with reasonable care, subject to the control of and review by the Manager. The Fund has agreed to indemnify and hold harmless the Administrator against all liabilities, damages, costs, claims and expenses incurred by the Administrator or its officers, employees, servants, or agents in the performance of any of their obligations or duties under the Administration Agreement except where such liabilities, damages, costs, claims and expenses arise from the Administrator's own gross negligence, wilful misconduct, fraud or material breach of the Administration Agreement. The Administrator will not be responsible to the Fund for any loss suffered by the Fund or Manager in connection with the performance by the Administrator of its obligations under the Administration Agreement, except a loss resulting directly from the gross negligence, wilful misconduct, fraud or material breach of the Administration Agreement on the part of the Administrator in the performance of its obligations and duties. The Administrator will not be liable for any indirect, special or consequential loss howsoever arising.

The Administration Agreement has an initial one year term and is automatically renewable for subsequent one-year terms unless terminated by either party upon prior written notice to the other party at least 90 days prior to the expiry of a term. The Administration Agreement may also be terminated immediately by either party under certain circumstances, including bankruptcy or insolvency of the other party.

BROKERAGE AND CUSTODIAL ARRANGEMENTS

Prime Broker

The Partnership has appointed CIBC World Markets Inc. (the "**Prime Broker**") as prime broker in respect of the Partnership's portfolio transactions pursuant to the terms of a prime brokerage service agreement dated June 10, 2013, as amended November 30, 2015 (the "**Prime Broker Agreement**"). These services include the provision to the Partnership of trade execution, settlement and/or holding of investments and cash, at the discretion of the Prime Broker. Subject to the regulatory constraints related to the custody of the Partnership's assets described below under "Custody Arrangements," the Partnership may utilise other brokers and dealers for the purposes of executing transactions for the Partnership. The Prime Broker assumes possession of and a security interest in the assets as part of its prime brokerage function in accordance with the terms of the Prime Broker Agreement. Assets not required as margin on borrowings are required to be segregated (from the Prime Broker's own assets) under the rules of the Canadian Investment Regulatory Organization (CIRO), which regulates the Prime Broker, but the Partnership's assets may be commingled with the assets of other clients of the Prime Broker. However, the Partnership's cash and credit balances on account with the Prime Broker are not segregated and may be used by the Prime Broker in the ordinary conduct of its business, and the Partnership is an unsecured creditor in respect of those assets. The Partnership may request delivery of any assets not required by the Prime Broker for margin or borrowing purposes.

Under the terms of the Prime Broker Agreement, the Partnership has agreed to indemnify the Prime Broker for losses it may incur in providing services under the Prime Broker Agreement. Neither the Prime Broker nor any brokers appointed has or will have investment discretion in relation to the Partnership and no responsibility will be taken by the Prime Broker for any of the assets of the Partnership held by other brokers.

Custody Arrangements

Under Canadian securities regulations, the Manager is required to cause the Fund and the Partnership to use a "Canadian custodian" (as defined under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")) to be the custodian of the cash or securities of the Fund and the Partnership unless a reasonable person would conclude, considering all of the relevant circumstances, that using the foreign custodian is more beneficial to the Fund and the Partnership than using a Canadian custodian. The Fund will invest substantially all of its assets in units in the Partnership. The Manager is not required to appoint a "qualified custodian" (as defined under NI 31-103) for the Fund to hold a security that is recorded on the books of the security's issuer, or the transfer agent of the security's issuer, only in the name of the Fund. The Manager expects that the Fund's units in the Partnership will be recorded on the books and records of the Partnership and any transfer agent, only in the name of the Fund. As such, the Fund has not appointed a custodian to hold its securities.

The Fund and the Partnership will maintain one or more bank accounts with Canadian and global financial institutions in addition to holding cash and securities in its prime brokerage account(s). The Fund's and the Partnership's account banks, brokers, including the Prime Broker, and other financial institutions (collectively, "**Custodians**") will maintain custody of the Fund's and the Partnership's cash, securities and

other financial instruments. The Manager has internal policies and procedures in place to protect against unauthorized access to client accounts, including access to the accounts of the Fund and the Partnership. However, there is a risk of fraud and errors by the employees of the Manager notwithstanding any such policies and procedures. See "*Material Conflicts of Interest – Trade Errors*."

CIBC World Markets Inc. is a "Canadian custodian" for the purposes of NI 31-103. However, the Partnership may hold assets and enter into Customer Documents (as defined below) for prime brokerage and other trading, clearing and brokerage services with one or more "foreign custodian(s)" (as defined under NI 31-103) for certain trades or for all trades where such foreign custodian(s) has access to foreign securities and instruments, financial stability, pricing, access to a larger balance sheet, reputation or can provide research, brokerage or other services that are, in the aggregate, not available from, or are superior to, those available from a Canadian custodian.

The Manager intends to hold the cash, securities and other assets of the Fund and the Partnership in accounts in the Fund's or the Partnership's name with Custodians, including the Prime Broker, that constitute "qualified custodians" for the purposes of NI 31-103. In connection therewith, certain of the Custodians may provide certain clearing (including prime brokerage) services to the Partnership and may also provide margin financing and other financing facilities. Such services and facilities will be provided pursuant to a series of agreements (the "**Customer Documents**"), including the Prime Brokerage Agreement, and may include institutional account agreements, other prime brokerage agreements and custodian agreements. The Custodians also provide custody services for the assets of the Fund and the Partnership that are held in custody by the Custodians or such other broker-dealers or banks as part of their brokerage and/or custodial functions in accordance with the terms of the Customer Documents. The Custodians may appoint sub-custodians, including affiliates of the respective Custodians, of the assets of the Partnership, which could be located in various countries and/or jurisdictions depending on the types of trades entered into by the Partnership. Furthermore, the Manager reserves the right to change the Partnership's brokerage and custodial arrangements (including using additional prime brokers and custodians or terminating the services of any of the prime brokers) and the Fund may change its account bank, in each case without prior notice to and without the consent of Unitholders.

Under Canadian and U.S. laws, there are rules intended to protect customer assets held by Custodians in the event of a financial crisis and/or insolvency of the Custodian, including rules regarding segregation of client assets, portability of client accounts and orderly liquidation of a broker. Notwithstanding these and other such protections, if a Custodian becomes insolvent, there may be a substantial delay in proceedings against a Custodian, the assets of the Partnership may become substantially impaired during such proceedings and if there are insufficient assets at the Custodian to cover all client accounts and other obligations of the Custodian, the Partnership may suffer material losses.

Cash, securities and other assets held by Custodians located outside Canada and the United States (including sub-Custodians appointed by Custodians located in Canada or the United States) could be subject to laws and regulations that are less favorable to the Fund and the Partnership than those of Canada or the United States (including with respect to the priority of any claims upon a bankruptcy, insolvency or liquidation of any Custodian, which may result in the Partnership being a general unsecured creditor of a Custodian rather than the owner of assets that were previously included in the Partnership's portfolio). Under certain circumstances, including certain transactions where the Partnership's assets are pledged as collateral for leverage, the securities and other assets deposited with the Custodian may not be clearly identified as being assets of the Partnership and hence the Partnership could be exposed to a credit risk with regard to such parties. Placement of a Custodian in bankruptcy or similar proceedings outside of Canada and the United States could result in a great deal of uncertainty as to the status of assets held by such Custodian for various clients, the risk that such clients no longer own positions previously maintained by such Custodian (and instead hold claims against an insolvent entity) and a significant likelihood of low

recoveries. To the extent that any of the Custodians are subject to bankruptcy or similar proceedings outside of Canada or the United States, the Partnership could suffer a total loss of positions held by such Custodian. In addition, there may be a substantial delay in such proceedings and as a result the Partnership may suffer a substantial loss. See "*Certain Risk Factors – Risks Associated with an Investment in the Partnership – Custody Risk," " – Prime Brokerage Arrangements"* and *"– Broker or Dealer Insolvency*".

"Soft Dollars"

The Manager is authorized to determine the broker to be used for each securities transaction on behalf of the Partnership. In selecting brokers and negotiating commission rates for the Partnership, the Manager takes into account the financial stability and reputation of brokerage firms, and the quality of the investment research, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by the broker, even though the Partnership may or may not in any particular instance be the direct or indirect beneficiary of the research or other services provided. In selecting brokers or dealers to execute transactions, the Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

The Manager does not intend to enter into any "soft dollar" arrangements in connection the services it provides to the Fund or the Partnership. However, if the Manager does enter into any such arrangements it will only do so as permitted under applicable securities laws, including NI 23-102, under which the Partnership may bear the costs of certain products and services received by the Manager that constitute "order execution goods and services" or "research goods and services". Such products and services may benefit Other Accounts in addition to the Partnership.

Brokers may refer investors to the Manager. As a result, the Manager has an incentive to select or recommend brokers based on such brokers providing client referrals, rather than upon the Partnership's receiving the most favourable execution from the broker.

Non-Securities Trading

In respect of investing in asset classes other than securities (for example, futures, forwards and swap contracts), commissions and spreads are solely a matter of negotiation between the trader and the counterparty.

The Manager negotiates all commission and trading arrangements (as well as interest income arrangements in the case of counterparties holding the Partnership's assets as collateral) at arm's length and has no affiliation with any of the Partnership's brokers or counterparties.

CANADIAN INCOME TAX CONSIDERATIONS

Investors are urged to consult with their tax advisers respecting the purchase, holding and disposition of Units of the Fund. Investors should be aware of the tax considerations and consequences associated with an investment in a Trust generally and in an actively managed investment pool in particular.

For investors acquiring Units through a Registered Plan, see "*The Offering – Registered Plans and Prohibited Investments*" above.

RISK FACTORS

Investment in Units involves certain risk factors, including risks associated with the Fund's investment strategies. The following risks should be carefully evaluated by prospective investors.

Risks Associated with an Investment in the Fund

Marketability and Transferability of Units

There is no market for the Units and their resale, transfer and redemption are subject to restrictions imposed by the Trust Agreement, including prior consent by the Manager, and applicable securities legislation. Consequently, holders of Units may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan.

Investment Risk

An investment in the Fund may be deemed to be speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objective and investment strategies to be utilized by the Fund as outlined herein to familiarize themselves with the risks associated with an investment in the Fund (and indirectly in the Partnership). The Net Asset Value of Units will vary directly with the market value and return of the investment portfolio of the Fund, all or substantially all of which will consist of Partnership Units. There can be no assurance that the Fund (and the Partnership) will not incur losses. There is also no assurance that either the Fund or the Partnership will be able to achieve its investment objective. There is no guarantee that the Fund or the Partnership will earn a return.

No Operating History for the Fund

Although persons involved in the management of the Fund have had experience in their respective fields of specialization and have managed accounts with the same investment objective and strategies as the Fund, the Fund itself has no operating or performing history. Investors should be aware that the past performance by those involved in the investment management of the Fund should not be considered as an indication of future results of the Fund.

Not a Trust Company

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

Tax Matters

The Fund is not required to distribute its income in cash. If the Fund has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be distributed to Unitholders in accordance with the provisions of the Trust Agreement and reinvested in additional Units. Unitholders will be required to include all such distributions in computing their income for tax purposes, even if that cash may not have been distributed to such Unitholders. Since Units may be acquired or redeemed on a monthly basis and distributions of taxable income of the Fund to Unitholders are anticipated only to be made on an annual basis, such distributions to a particular Unitholder may not correspond to the economic gains and losses which such Unitholder may experience.

In order to qualify as a mutual fund trust under the Tax Act, the Fund must meet certain conditions relating to the number of its Unitholders and the dispersal of ownership of its Units. The Manager expects that the Fund will qualify as a mutual fund trust under the Tax Act at all times. However, if the Fund were not to qualify as a mutual fund trust under the Tax Act, adverse tax consequences would arise, including:

Units of the Fund would not be qualified investments for Registered Plans; the Fund could be subject to tax under Part of the Tax Act on its "designated income"; the Fund may be subject to alternative minimum tax; and the Fund would not be entitled to capital gains refunds.

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

Reliance on Manager and Track Record

The success of the Fund and the Partnership will be primarily dependent upon the efforts of the Manager and its principals. Investors should be aware that the past performance of the Fund should not be considered as an indication of future results.

Governance of the Fund and the Partnership

The management, policies and control of the Fund and the Partnership are vested exclusively in the Manager. No Unitholder, in its capacity as such, will take any part in the control of the affairs of the Fund, undertake any transactions on behalf of the Fund, or have any power to sign for or otherwise to bind the Fund.

Key Persons Risk

The Manager's portfolio manager, Sean Kallir, is solely responsible for providing discretionary investment management services to the Fund. There may be significant adverse consequences to the Fund's assets in the event Sean Kallir is unable to perform his duties. In addition, there is no assurance that management quality will be maintained following such event.

Liability of Unitholders

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

Funding Deficiencies

Other than with respect to the possible loss of the limited liability as outlined above, no Unitholder shall be obligated to pay any additional assessment on the Units held or subscribed. However, if, as a result of a distribution by the Fund, the Fund's capital is reduced and the Fund is unable to pay its debts as they become due, the Unitholders may have to return to the Fund any such distributions received by them to restore the capital of the Fund. If the Fund does not have sufficient funds to meet its requirements and must default because the deficiency is not funded, Unitholders may lose their entire investment in the Fund.

Income

An investment in the Fund is not suitable for an investor seeking an income from such investment, as the Fund may not, or may be unable to, distribute income earned by it.

Not a Public Mutual Fund

The Fund is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's portfolio.

Changes in Investment Strategy

The Manager may alter its strategy without prior approval by the Unitholders if the Manager determines that such change is in the best interest of the Fund.

Valuation of the Fund's Investments

The Fund's investments will consist primarily of Partnership Units, together with cash and cash equivalents. Accordingly, the valuation of the Fund's investments will be heavily dependent upon the valuation of the Partnership and its investments.

Valuation of the Fund's securities and other investments, and the portfolio securities and other investments of the Partnership, may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Fund could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the Trust Agreement.

Although the Partnership generally will invest in exchange-traded and liquid over-the-counter securities, the Fund may from time to time have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of its Units while the Fund holds such investments will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Manager in respect of a redemption. In addition, there is risk that an investment in the Fund by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the actual value of such investments is higher than the value designated by the Manager. Further, there is risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if

the actual value of such investments is lower than the value designated by the Manager. The Fund does not intend to adjust the Net Asset Value of the Fund retroactively.

Potential Indemnification Obligations

Under certain circumstances, the Fund might be subject to significant indemnification obligations in favour of the Trustee, the Manager, other service providers to the Fund or certain persons related to them in accordance with the respective agreement between the Fund and each such service provider. The Fund will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the Fund's Net Asset Value.

Possible Effect of Redemptions

Substantial redemptions of Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

Possible Effect of Profit Allocations

Affiliates of the Manager may receive Profit Allocations from the Partnership based on the performance of the Partnership's investment portfolio. Such Profit Allocations may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because a performance based allocation will be calculated on a basis which includes unrealized appreciation of portfolio assets, it may be greater than if such allocation were based solely on realized gains.

Charges to the Fund

The Fund is obligated to pay administration fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Fund realizes profits. Because of the "fund on fund" structure, investors should consider the fees and expenses being charged at both the Fund and Partnership levels, as disclosed in this Memorandum. Investors in the Fund will bear their direct and indirect share of expenses of the Fund and of the Partnership.

Lack of Independent Experts Representing Unitholders

Each of the Fund and the Manager have consulted with a single legal counsel regarding the formation and terms of the Fund and the offering of Units. The Unitholders have not, however, been independently represented. Therefore, to the extent that the Fund, the Unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisers regarding the desirability of purchasing Units and the suitability of investing in the Fund.

No Involvement of Unaffiliated Selling Agent

No outside selling agent unaffiliated with the Manager has made any review or investigation of the terms of this offering, the structure of the Fund or the background of the Manager.

Risks Associated with the Fund's Investment in the Partnership

The Fund's principal investment will be an investment in the Partnership. The following additional risk factors, associated with an investment in the Partnership, will impact the Fund as a holder of Partnership Units and will indirectly impact investors in the Fund.

Marketability and Transferability of Partnership Units

There is no market for the Partnership Units and their resale, transfer and redemption are subject to restrictions imposed by the Limited Partnership Agreement, including prior consent by the Manager, and applicable securities legislation. Although the LP Act permits a Limited Partner to assign his or her economic rights to distributions of profit and capital, legal ownership of the Partnership Units, and all other rights and liabilities of the Limited Partner as a partner of the Partnership, may only be transferred with such prior consent.

Possible Loss of Limited Liability

Under the LP Act, the General Partner has unlimited liability for the debts, liabilities, obligations and losses of the Partnership to the extent that they exceed the assets of the Partnership. The liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership is limited to the value of money or other property the Limited Partner has contributed or agreed to contribute to the Partnership. In accordance with the LP Act, if a Limited Partner has received a return of all or part of the Limited Partner's contribution to the Partnership, the Limited Partner is nevertheless liable to the Partnership, or where the Partnership is dissolved, to its creditors, for any amounts not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims arose before the return of the contribution. **The limitation of liability of a Limited Partner may be lost if a Limited Partner takes part in the control of the business of the Partnership.**

Funding Deficiencies

Other than with respect to the possible loss of the limited liability as outlined above, no Limited Partner shall be obligated to pay any additional assessment on the Partnership Units held or subscribed. However, if, as a result of a distribution by the Partnership, the Partnership's capital is reduced and the Partnership is unable to pay its debts as they become due, the Limited Partners may have to return to the Partnership any such distributions received by them to restore the capital of the Partnership. If the Partnership does not have sufficient funds to meet its requirements and must default because the deficiency is not funded, Limited Partners may lose their entire investment in the Partnership.

Custody Risk

The Partnership does not control the custodianship of all of its securities. The banks or brokerage firms selected to act as custodians may become insolvent, causing the Partnership to lose all or a portion of the funds or securities held by those custodians. Consequently, the Partnership and therefore, the Limited Partners, may suffer losses.

Prime Brokerage Arrangements

A majority of the assets of the Partnership will be held in one or more accounts with the Partnership's prime brokers, pursuant to which each prime broker offers execution and settlement services, margin and securities lending services, among other things. Under the terms of prime brokerage agreements,

a prime broker is not obligated to provide these services and may, in its discretion, refuse to provide any or all such services to the Partnership. The Manager may execute a trade that the prime broker refuses to settle (using assets of the Partnership held by the prime broker), and unless the Manager has the cash (in the case of a purchase) or relevant securities (in the case of a sale) in another account, the Manager may have to break the trade and the Partnership may suffer a loss as a result.

Broker or Dealer Insolvency

The Partnership's assets may be held in one or more accounts maintained for the Partnership by its prime brokers or at other brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Partnership's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker or any sub-custodians, agents or affiliates, it is impossible to generalize about the effect of their insolvency on the Partnership and its assets. Investors should assume that the insolvency of any of the prime brokers or such other service providers would result in the loss of all or a substantial portion of the Partnership's assets held by or through such prime broker and/or the delay in the payment of withdrawal proceeds.

Trading Errors

In the course of carrying out trading and investing responsibilities on behalf of the Partnership, employees of the Manager may make "trading errors" — i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are an intrinsic factor in any complex investment process, and will occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by employees of the Manager. Consequently, the Manager will (unless the Manager otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Partnership, unless they are the result of conduct by the Manager which is inconsistent with the Manager's standard of care.

Changes in Investment Strategy

The Manager may alter its strategy without prior approval by the Limited Partners if the General Partner and the Manager determine that such change is in the best interest of the Partnership.

Valuation of the Partnership's Investments

While the Partnership is independently audited by its auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the Partnership's securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Partnership could be adversely affected. Independent pricing information may not at times be available regarding certain of the Partnership's securities and other investments. Valuation determinations will be made in good faith in accordance with the Limited Partnership Agreement.

Although the Partnership generally will invest in exchange-traded and liquid over-the-counter securities, the Partnership may from time to time have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Partnership to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Limited Partner who redeems all or part of its Units while the Partnership holds such investments will be paid an amount less than such Limited Partner would otherwise be paid if the actual value of such investments is higher than the value designated by the Partnership. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Manager in respect of a redemption. In addition, there is risk that an investment in the Partnership by a new Limited Partner (or an additional investment by an existing Limited Partner) could dilute the value of such investments forthe other Limited Partners if the actual value of such investments is higher than the value designated by the Manager. Further, there is risk that a new Limited Partner (or an existing Limited Partner that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Manager. The Partnership does not intend to adjust the Net Asset Value of the Partnership retroactively.

Potential Indemnification Obligations

Under certain circumstances, the Partnership might be subject to significant indemnification obligations in favour of the General Partner, the Manager, other service providers to the Partnership or certain persons related to them in accordance with the respective agreement between the Partnership and each such service provider. The Partnership will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Partnership has agreed to indemnify them. Any indemnification paid by the Partnership would reduce the Partnership's Net Asset Value.

Possible Effect of Redemptions

Substantial redemptions of Partnership Units could require the Partnership to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Partnership Units redeemed and of the Partnership Units remaining outstanding.

Possible Effect of Class C Limited Partner Allocation

The Class C Limited Partner will receive allocations to its capital account, which allocations may be withdrawn and distributed to the Class C Limited Partner, based on any net realized and unrealized income and gains in a year. Any such distributions to the Class C Limited Partner might theoretically exceed taxable income and taxable capital gains in such year. The Partnership will not be entitled to claim such difference as an expense nor will the Class C Limited Partner have an obligation to the Partnership to repay any such distribution, having an adverse effect on the Net Asset Value of the Units.

Charges to the Partnership

The Partnership is obligated to pay administration fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Partnership realizes profits. In addition, the Partnership may make a distribution to the General Partner upon a mid-year redemption in a fiscal year in which there is a net loss for such year.

Lack of Independent Experts Representing Limited Partners

Each of the Partnership, the General Partner and the Manager has consulted with a single legal counsel regarding the formation and terms of the Partnership and the offering of Partnership Units. The Limited Partners have not, however, been independently represented. Therefore, to the extent that the Partnership, the Limited Partners or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisers regarding the desirability of purchasing Partnership Units and the suitability of investing in the Partnership.

No Involvement of Unaffiliated Selling Agent

The General Partner and Manager are under common control and ownership. Consequently, no outside selling agent unaffiliated with such parties has made any review or investigation of the terms of this offering, the structure of the Partnership or the background of the General Partner and Manager.

Possible Negative Impact of Regulation of Hedge Funds

The regulatory environment for hedge funds is evolving and changes to it may adversely affect the Partnership. To the extent that regulators adopt practices of regulatory oversight in the area of hedge funds that create additional compliance, transaction, disclosure or other costs for hedge funds, returns of the Partnership may be negatively affected. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Partnership. The effect of any future regulatory or tax change on the portfolio of the Partnership is impossible to predict.

Cyber Security Breaches and Identity Theft

Information and technology systems of the Partnership, the General Partner, the Manager and their respective service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, the Partnership, the General Partner and/or the Manager may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Partnership's, the General Partner's and/or the Manager's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Partnership's, the General Partner's or the Manager's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Disease and Epidemics

The impact of disease and epidemics may have a negative impact on the Manager, the Fund, the MF General Partner, the Partnership and the Partnership's underlying investments. In December 2019, a novel strain of coronavirus known as COVID-19 surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. COVID-19 has resulted in health and other government authorities recommending or requiring the closure of offices or other businesses, and has also resulted in a general economic decline, supply chain and delivery interruptions,

travel restrictions and increased rates of unemployment. The duration and depth of the economic dislocation caused by COVID-19 remains uncertain. Renewed outbreaks of COVID-19 or other epidemics or the outbreak of new epidemics could result in health or other government authorities recommending or requiring the closure of offices or other businesses, and could also result in a general economic decline. Moreover, the Manager's operations and those of the Fund, the MF General Partner and the Partnership could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the business of the Manager, the Fund, the MF General Partner and the Partnership. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. The extent to which COVID-19 (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain this coronavirus or treat its impact, among others.

Risks Associated with the Partnership's Underlying Investments

General Economic and Market Conditions

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

Systemic Risk

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Partnership interacts on a daily basis.

Merger Arbitrage Risk

The Partnership may invest in issuers involved in, or the target of, corporate restructurings, mergers, acquisition attempts, tender offers, takeovers, spin-offs and similar transactions. The consummation of mergers, tender offers and exchange offers can be prevented or delayed by a variety of factors, including management or shareholder opposition, government intervention, market conditions, compliance with applicable legal requirements and inability to obtain adequate financing. Additionally, such investments can result in a distribution of cash or a new security the value of which may be less than the purchase price of the security in respect of which such distribution is received. Similarly if an anticipatedtransaction does not in fact occur, the Partnership may be required to sell its investment at a loss.

SPAC Risk

The Partnership may invest in stock, warrants, and other securities of SPACs or similar special purpose entities that pool funds to seek potential acquisition opportunities. Unless and until an acquisition is completed, a SPAC generally invests its assets (less a portion retained to cover expenses) in government securities, money market fund securities and cash; if an acquisition that meets the requirements for the SPAC is not completed within a pre-established period of time, the invested funds are returned to the entity's shareholders. Because SPACs and similar entities are in essence blank check companies without an operating history or ongoing business other than seeking acquisitions, the value of their securities is

particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. Some SPACs may pursue acquisitions only within certain industries, which may increase the volatility of their prices. In addition, these securities may be considered illiquid and/or be subject to restrictions on resale. SPACs may be subject to litigation which, notwithstanding management indemnifications, may result in the value of the SPAC being materially negatively impacted. The value of a SPAC is difficult to determine and the Manager may have no basis upon which to evaluate a SPAC's ability to achieve its business objective of completing an initial business combination with one or more target businesses.

Investments in Initial Public Offerings ("IPOs")

Investments in IPOs or shortly thereafter may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including (without limitation) the limited number of shares available for trading, unseasoned trading, lack of investor knowledge about the issuer and limited operating history of the issuer. In addition, some companies in IPOs are involved in relatively new industries or lines of business which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental-stage companies without revenues or operating income or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and for the value of the Partnership.

Special Situations/Event-Driven Investing

The Partnership may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies andsimilar transactions. The consummation of mergers, tender offers and exchange offers can be prevented ordelayed by a variety of factors, including: (i) opposition of the management or shareholders of the target company, which often results in litigation to enjoin the proposed transaction; (ii) intervention of governmentagencies; (iii) efforts by the target company to pursue a defensive strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) an attempt by a third party to acquire the offeror; (v) in the case of a merger, failure to obtain the necessary shareholder approvals; (vi) market conditions resulting in material changes in securities prices; (vii) compliance with any applicable legal requirements; and (viii) inability to obtain adequate financing.

Additionally, such investment can result in a distribution of cash or securities, the value of which is less than the purchase price of the security in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Partnership may be required to sell its investment at a loss. The Partnership may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price and/or interest rate receivable with respect to a when-issued security are fixed when the portfolio enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Concentration Risk

The Partnership does not have any specific limits on holdings in securities of issuers in any one country, region or industry. As a result, the Partnership's portfolio may be subject to more rapid or dramatic changes in value than would be the case if the Partnership were required to maintain a wide diversification among companies, industries, regions, types of securities and other asset classes.

Deal Risks

Certain of the proposed transactions in which the Partnership invests may be renegotiated or terminated, in which case losses may be realized.

Commodity Price Risk

The Partnership may be invested in securities of energy-related companies and thus exposed to the

risks associated with an investment in commodities. The price of commodities can be affected by a variety of factors, such as the global economy, weather, politics, and OPEC policy. There can be no assurances that losses due to unexpected commodity price fluctuations will not occur.

Fixed Income Securities

The Partnership may invest in bonds or other fixed income securities of U.S., Canadian and other foreign governments, as well as other issuers, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the federal, state or provincial government in the United States or Canada or a governmental agency; and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Partnership invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed income investments are not held to maturity, the Partnership may suffer a loss at the time of sale of such securities.

Equity Securities

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

Small to Medium Capitalization Companies

The Partnership may invest a portion of its assets in the stocks of companies with small- to medium-sized market capitalizations. While the Manager believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Liquidity of Underlying Investments

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Partnership's portfolio positions may be reduced. In addition, the Partnership may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Partnership's liquidity. During such times, the Partnership may be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolio or to meet withdrawal requests. In addition, such circumstances may force the Partnership to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, the Partnership may be unable to sell such financial instruments or prevent losses relating to such financial instruments. Furthermore, if the Partnership incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Partnership's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Partnership's exposure to their credit risk.

Shorting

Selling a security short ("**shorting**") involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. Should the security increase in

value during the shorting period, losses will incur to the Partnership. There is in theory no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return. In cases like this, the Partnership must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Partnership may have to bid up the price of the security in order to cover the short, resulting in losses to the Partnership.

Lending Risk

The Partnership may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Partnership will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delays in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Trading Costs

The Partnership may engage in a high rate of trading activity resulting in correspondingly high costs being borne by the Partnership.

Currency and Exchange Exposure and Currency Hedging

Because the Partnership may invest in securities that are denominated or quoted in non-Canadian currencies, whereas the functional currency of the Partnership is Canadian dollars, performance may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. The Classes of Partnership Units issued in U.S. dollars will be subject to exchange rate risk given that the Partnership's assets are predominantly Canadian dollar denominated and that the functional currency of the Partnership is Canadian dollars. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Manager may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. To the extent the Partnership seeks to hedge its currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Partnership may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Partnership at one rate, while offering a lesser rate of exchange should the Partnership desire immediately to resell that currency to the dealer. The Partnership conducts its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into a number of different types of hedging transactions including, without limitation, forward, futures or commodity options contracts to purchase or sell currencies and entering into foreign currency borrowings.

To the extent the Partnership enters into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if the Partnership fails to predict accurately the direction of currency exchange rates, or if the Partnership fails to predict accurately the size of its exposure. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Partnership for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

There can be no guarantee that instruments suitable for hedging currency exchange-rate risks will be available at the time the Manager wishes to use them or will be able to be liquidated when the Manager

wishes to do so. In addition, the Manager may choose not to enter into hedging transactions with respect to some or all of its positions that are exposed to currency exchange risk.

Counterparty Risk

The Partnership will have moderate credit and operational risk exposure to its counterparties, which will require the Partnership to post collateral to support its obligations. Generally, counterparties will have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of the collateral posted by the Partnership in connection with such transactions. This could increase the Partnership's exposure to the risk of a counterparty default since, under such circumstances, such collateral of the Partnership could be lost or the Partnership may be unable to recover such collateral promptly. Also, counterparties have an interest in maximizing the return from such collateral. This interest could conflict with the interests of the Partnership in preserving and protecting its portfolio.

Leverage

The Partnership may use financial leverage by borrowing funds against the assets of the Partnership. Leverage increases both the possibilities for profit and the risk of loss for the Partnership. Fromtime to time, the credit markets are subject to periods in which there is a severe contraction of both liquidityand available leverage. The combination of these two factors can result in leveraged strategies being required to sell positions typically at highly disadvantageous prices in order to meet margin requirements, contributing to a general decline in a wide range of different securities. Illiquidity can be particularly damaging to leveraged strategies because of the essentially discretionary ability of dealers to raise margin requirements, requiring leveraged strategy to attempt to sell positions to comply with such requirements ata time when there are effectively no buyers in the market at all or at any but highly distressed prices. Thesemarket conditions have in the past resulted in major losses to a substantial number of private investment funds. Such conditions, although unpredictable, can be expected to recur.

Market Value Borrowings and Derivatives

In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio which require the Partnership to post margin results in certain additional risks to the Partnership. For example, should the financial instruments pledged to brokers to secure the Partnership's margin accounts decline in value, the Partnership could be subject to a "margin call", pursuant to which the Partnership must either deposit additional funds or financial instruments with the broker or suffer mandatory liquidation of the pledged financial instruments to compensate for the decline in value. In the event of a sudden drop in the value of the Partnership's portfolio, the Partnership might not be able to liquidate financial instruments quickly enough to satisfy its margin requirements.

Uncertain Exit Strategies

Due to the illiquid nature of some of the positions which the Partnership may acquire, the Manager will be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

The foregoing statement of risks does not purport to be a complete explanation of all the risks involved in purchasing the Units. Potential investors should read this entire Offering Memorandum and consult with their legal, tax and financial advisers, before making a decision to invest in the Units.

MATERIAL CONFLICTS OF INTEREST

In accordance with applicable securities laws, the Manager must take reasonable steps to identify and disclose to its clients existing material conflicts of interest and material conflicts of interest that are reasonably foreseeable between the Manager and a client and between each individual acting on the Manager's behalf and a client. The Manager is required to address all material conflicts of interest between a client and itself, including each individual acting on its behalf, in the best interest of the client. However, there can be no assurance that the Manager will resolve all conflicts of interest in a manner that is favorable to the Fund. In certain circumstances, the Manager must exercise its judgment to resolve conflicts of interest between its clients. The Manager will act in good faith in a fair and reasonable manner in applyingits policies to resolve such conflicts. In addition to the conflicts of interest and risks discussed elsewhere in this Memorandum, prospective investors should consider the following inherent and potential conflicts of interest in respect of the Fund. Prospective investors must also review and carefully consider the specific conflicts associated with the Fund's and the Partnership's investment strategy.

The Fund is subject to a number of actual and potential material conflicts of interest.

The Manager

The Manager and its affiliates and their respective principals face numerous material conflicts of interest and other potential material conflicts of interest between their own interests and those of clients, including the Fund, and between the interests of different clients in connection with the management and the investment management of the Fund. In this case, because the Manager is the manager of the Fund and earns fees from the ongoing management of the Fund, the Fund is considered a connected issuer of the Manager. Also, the Manager is an affiliate of the General Partner and because the Manager earns fees from the ongoing management of the Partnership's investment portfolio, the Partnership is considered to be a connected issuer of the Manager. Details of these relationships and the fees earned by the Manager are fully disclosed elsewhere in this offering memorandum.

As a result of these relationships, an investment in the Partnership by the Fund can be regarded as a conflict of interest. To address any potential conflict, the Manager will not direct the voting of Partnership Units by the Trust – rather, it will make arrangements to permit Unitholders of the Trust to exercise the votes attaching to the Partnership Units held by the Trust (in proportion to their voting rights as Unitholders of the Trust).

By signing the Subscription Agreement, each investor consents to the Fund investing all or substantially all its assets in the Partnership.

The Manager and its affiliates and their respective principals do not devote their time exclusively to the management or portfolio management of the Fund. In addition, such persons may perform similar or different services for others and may sponsor or establish other investment funds during the same period during which they act on behalf of the Fund. Such persons therefore may have conflicts of interest in allocating management time, services and functions to the Fund and the other persons for which they provide similar services. Accordingly, certain opportunities to purchase or sell securities or engage in other permissible transactions may be allocated among a number of the Manager's clients. The Manager, however, will allocate available transactions among the Fund and other clients in a manner believed by the Manager to be fair and equitable.

The Manager and its officers and employees will use all reasonable efforts to avoid engaging in activities that would lead to conflicts of interest. The Manager has in place systems to monitor the personal trading and other business activities of its officers and employees.

Affiliated Entities, Related Issuers and Connected Issuers; Proprietary Product

The Manager may engage in the promotion and marketing of, and may advise, including on a discretionary basis, clients to invest in, securities of related issuers and connected issuers, including the Fund, but will do so only in compliance with applicable securities laws. Applicable securities laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients and by the same medium of communication as any recommendation, to inform them of the relevant relationships and connections with the issuer of the securities. Prospective investors and Unitholders should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser. The definitions of the terms "related issuer" and "connected issuer" can be found in National Instrument 33-105 – *Underwriting Conflicts* of the Canadian Securities Administrators.

The Manager is registered as an investment fund manager, portfolio manager and exempt market dealer in Ontario, as an investment fund manager and exempt market dealer in Québec, and as an exempt market dealer in British Columbia, Alberta, Manitoba, Saskatchewan, Prince Edward Island, Nova Scotia and New Brunswick. The Manager will also ensure that it is registeredas an exempt market dealer, portfolio manager and/or investment fund manager in such other provinces andterritories of Canada as required under applicable laws in connection with the offering of Units of the Fund.

Potential conflicts of interest could arise in connection with the Manager acting in different capacities as manager and/or exempt market dealer. As an exempt market dealer, the Manager may sell securities of related and/or connected limited partnerships and other pooled funds organized by the Manager in accordance with applicable laws, and will not be remunerated by such partnerships or other funds for acting in that capacity.

Each of the Partnership and the Fund constitutes a "proprietary product" of the Manager because it is a related issuer and connected issuer and because the Manager is the investment fund manager of the Partnership. Generally, the Manager will only make recommendations with respect to proprietary products. This creates a conflict of interest between the interests of investors and the interests of the Manager because the Manager is incentivized to recommend an investment in the Fund or the Partnership in order to earn Management Fees and for affiliates of the Manager and other parties with whom the Manager has a relationship to receive performance and incentive allocations, if earned. The Manager has policies and procedures in place and has trained its registered dealing representatives to ensure they will not sponsor a fund like the Fund or the Partnership, or recommend an investment in the Fund or the Partnership, unless such investment satisfies the suitability criteria of the prospective investor, including that such investment puts the client's interest first.

As a result of the Manager exclusively offering proprietary products, in connection with the Manager's suitability assessment, the Manager is not required to consider investments as an alternative to recommending that a client invest in the Fund or the Partnership. Accordingly, the Manager has not conducted, and does not intend to conduct, any review of the market to consider alternative products in which a client may invest that have similar investment objectives and other terms to the Fund or the Partnership or that are dissimilar to the Fund or the Partnership. Even if the Manager is aware of other products in the market that are similar to the Fund or the Partnership or that offers similar investment characteristics, the Manager has not conducted, and does not intend to conduct, any financial, legal, or operational due diligence to evaluate any such alternative investments for its clients.

The Manager receives fees from the Fund for its management services. The Manager may also act as an exempt market dealer with respect to the distribution of the Units. There is no

commission payable to the Manager in its capacity as an exempt market dealer in respect of Units purchased directly by an investor from the Manager.

Allocation of Investment Opportunities

The Manager and its employees shall conduct themselves with integrity and honesty and act in an ethical manner in all of their dealings with its clients, including the Fund. The Manager shall not knowingly participate or assist in the violation of any statute or regulation governing securities and investment matters. The responsible persons shall exercise reasonable supervision over subordinate employees subject to their control to prevent any violation by such persons of applicable statutes or regulations. The Manager shall exercise diligence and thoroughness on taking an investment action on behalf of each client and shall have a reasonable and adequate basis for such actions, supported by appropriate research and investigations. Before initiating an investment transaction for a client, the Manager will consider its appropriateness and suitability. The Manager will manage each account within the guidelines established between the Manager and the client. The Manager shall ensure that each client account is supervised separately and distinctly from other clients' accounts. The Manager owes a duty to each client and, therefore, has an obligation to treat each client fairly.

It may be determined, however, that the purchase or sale of a particular security is appropriate for more than one client account, i.e. that particular client orders should be aggregated or "bunched", such that in placing orders for the purchase or sale of securities, the Manager may pool one client's order with that of another client or clients. Simultaneously placing a number of separate, competing orders may adversely affect the price of a security. Therefore, where appropriate, when bunching orders, and allocating block purchases and block sales, it is the Manager's policy to treat all clients fairly and to achieve an equitable distribution of bunched orders. All new issues of securities and block trades of securities will be purchased for, or allocated amongst, all applicable accounts of the Manager's clients in a manner the Manager considers to be fair and equitable.

In the course of managing a number of discretionary accounts, there may arise occasions when the quantity of a security available at the same price is insufficient to satisfy the requirements of every client, or the quantity of a security to be sold is too large to be completed at the same price. Similarly, new issues of a security may be insufficient to satisfy the total requirements of all clients. Under such conditions, as a general policy, and to the extent that no client will receive preferential treatment, the Manager will ensure:

- where orders are entered simultaneously for execution at the same price, or where a block trade is entered and partially filled, fills are allocated proportionately and equally on the amount of equity of each client's account;

- where a block trade is filled at varying prices for a group of clients, fills are allocated on an average price basis;

- in the case of hot issues and IPOs, participation is split equally between clients based proportionately on the equity in each account;

- in the case of a new securities issue, where the allotment received is insufficient to meet the full requirements of all accounts on whose behalf orders have been placed, allocation is made on a pro rata basis. However, if such prorating should result in an inappropriately small position for a client, the allotment would be reallocated to another account. Depending on the number of new issues, over a period of time, every effort will be made to ensure that these prorating and reallocation policies result in fair and equal treatment of all clients, and

- trading commissions for block trades are allocated on a pro rata basis, in accordance with the foregoing trade allocation policies.

Whichever method is chosen, it must be followed in the future where similar conditions exist. Where it is impossible to achieve uniform treatment, every effort shall be made by the Manager and its employees to compensate at the next opportunity in order that every client, large or small, over time, receives equitable treatment in the filling of orders.

In allocating bunched orders, the Manager uses several criteria to determine the order in which participating client accounts will receive an allocation thereof. Criteria for allocating bunched orders include the current concentration of holdings of the industry in question in the account, and, with respect to fixed income accounts, the mix of corporate and/or government securities in an account and the durationof such securities.

Some of the Manager's clients have selected a dealer to act as custodian for the clients' assets and direct the Manager to execute transactions through that dealer. It is not the Manager's practice to negotiate commission rates with such dealers. For clients who grant the Manager brokerage discretion, the Manager will block orders and all client transactions will be done at the same standard institutional per share commission rate.

Brokerage Arrangements

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

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

The Manager does not have any agreements or arrangements in place with any dealer for portfolio transactions regarding the Fund. However, the Manager is provided with research, from time to time, from the dealers with whom it places trades for the Fund, as well as for its other clients. The Manager does not take into account the research it receives in determining dealers through whom it will place portfolio transactions for the Fund. Names of the dealer(s) that provided the Manager with such research services in connection with the portfolio transactions for the Fund during the last financial year of the Fund will be provided on request by contacting the Manager.

Personal Trading

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

Transactions for clients shall have priority over personal transactions so that the Manager's personal transactions do not act adversely to a client's interest.

Referral Arrangements

While the Manager currently has no referral arrangements with respect to this offering and nor does it receive any referral fees in connection with this offering, the Manager may in the future, in its sole discretion, enter into referral arrangements whereby it pays a fee for the referral of a client to the Manager or to one of the funds it manages. No such payment will be made unless all applicable securities laws in connection with referral arrangements are complied with.

Trade Errors

The Manager will from time to time make trade errors. Trade errors are not errors in judgment, strategy, market analysis, or economic outlook, but rather errors in implementing specific trades which the Manager had determined (rightly or wrongly) to make. Examples of trade errors include: (i) buying or selling an investment at a price or quantity that is not intended; or (ii) buying rather than selling a particular investment (and *vice versa*). Trade errors can result from clerical mistakes, miscommunications between Manager personnel and other reasons. Importantly, however, trade errors are not the function of poor strategies, valuation models, economic expectations, undue speculation, unauthorized trades, or the like, but rather of the physical implementation of specific trades on which the Manager had decided.

The Manager will (unless the Manager otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Partnership, unless they are the result of conduct by the Manager which is inconsistent with the Manager's standard of care. The Manager will, accordingly, be obligated to reimburse the client for any trade error resulting from the Manager's fraud, gross negligence or reckless or intentional misconduct, but not otherwise. This approach does not contemplate that the Manager would determine whether any individual trade error resulted from the Manager's fraud, bad faith, gross negligence or reckless or intentional misconduct *per se*; rather, the Manager would likely consider itself to have been grossly negligent if the Manager determines that its supervisory procedures were inadequate to prevent such errors from recurring with any frequency.

The Manager has a conflict of interest in determining whether a trade error should be for the account of the client or the Manager and attempts to resolve such conflict by an objective determination of the status of such trade error under the applicable liability standard.

Trade error costs can be significant – including market losses resulting from the position incorrectly acquired as well as the additional brokerage costs of closing out or reversing the error. The opportunity cost (lost profits) of not having made the trade intended to be made is not considered a trade error cost.

Any gains recognized on trade errors will be for the benefit of the Partnership; none will be retained by the Manager.

Compensation of the Manager and Employees

The terms of the Units in general, and the Management Fees in particular, have not been negotiated at arm's-length. The Management Fees payable to the Manager in respect of the Partnership will be payable without regard to the overall success of or income earned by the Partnership.

The compensation arrangements of certain of the officers and employees of the Manager may be related to its revenues and profits. These types of compensation arrangements create a conflict of interest as such officers and employees are incentivized to put their interests ahead of clients to maximize the amount of capital raised by the Partnership and upon which Management Fees are determined. However, the Manager does not compensate employees in direct relation to capital raised or investment returns and

have policies and procedures in place to ensure that their registered individuals do not act in a manner inconsistent with putting the interests of clients first. The Manager has various policies in place to ensure that such compensation arrangements do not interfere with the Manager's and its registered individuals' obligations to Unitholders and other clients, including the suitability determination obligation under applicable securities laws. In addition, the Manager may impose disciplinary action against any employees that fail to comply with such policies and procedures.

Preferential Information

In response to questions and requests and in connection with due diligence meetings and other communications, the Manager may provide additional information to certain Unitholders and prospective investors that is not distributed to other Unitholders and prospective investors in the Fund. Suchinformation may affect a prospective investor's decision to invest in the Fund or a Unitholder's decision tostay invested in the Fund. Each investor is responsible for asking such questions as it believes are necessaryto make its own investment decisions and must decide for itself whether the limited information provided by the Manager or the Fund is sufficient for its needs.

COMPLAINTS HANDLING PROCEDURE

If a Unitholder (other than a "permitted client" as defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, unless such permitted client is an individual) has a complaint relating to the trading or advising services provided by the Manager or one of its representatives, the Unitholder may file the complaint with the Manager within six years of the day when the Unitholder first knew or reasonably ought to have known of an act or omission that is a cause of or contributed to the complaint. If the Manager does not provide the Unitholder with a decision regarding the complaint within 90 days of the Manager's receipt of the complaint, the Unitholder may have the complaint considered by the Ombudsman for Banking Services and Investments ("**OBSI**") at the Manager's expense provided that the Unitholder agrees that any amount it will claim for the purpose of OBSI's consideration will be no greater than $350,000. Alternatively, if the Manager decides to reject the complaint or to make an offer to resolve the complaint, and the Unitholder is not satisfied with the Manager's decision, the Unitholder may within 180 days of the Unitholder's receipt of written notice of the Manager's decision, have the complaint considered by OBSI at the Manager's expense, provided that the Unitholder agrees that any amount it will claim for the purpose of OBSI's consideration will be no greater than $350,000.

OBSI can be reached by telephone at 1-888-451-4519 or at www.obsi.ca, and must be contacted within 180 days of receiving the final response to a Limited Partner's complaint.

ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LEGISLATION

In order to comply with Canadian legislation aimed at the prevention of money laundering and the financing of terrorist activities, the Manager may require additional information concerning investors. The Subscription Agreement contains detailed guidance on whether identification verification materials will need to be provided with the Subscription Agreement and, if so, a list of the documents and information required.

If, as a result of any information or other matter which comes to the Manager's attention, any director, officer or employee of the Manager, or its professional advisers, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

UNITHOLDER REPORTING

The Fund is not a reporting issuer for the purpose of applicable securities legislation and Unitholders will receive only those reports required by the Trust Agreement and by National Instrument 81-106 – *Investment Fund Continuous Disclosure* applicable to non-reporting issuer investment funds.

Within 90 days after the end of each fiscal year, the Manager will forward to each Unitholder an annual report for such fiscal year consisting of (i) unless otherwise instructed, audited financial statements for such fiscal year together with a report of the auditor on such financial statements; (ii) tax information to enable each Unitholder to properly complete and file his or her tax returns in Canada in relation to an investment in Units.

Within 60 days following the end of the first six months of each fiscal year, the Manager will forward to each Unitholder, unless otherwise instructed, unaudited semi-annual financial statements.

Unitholders may also request, free of charge, the annual and semi-annual financial statements of the Partnership.

The Manager will also forward to each Unitholder monthly unaudited information respecting the Net Asset Value per Unit of the Units held by them.

The Manager will forward such other reports to Unitholders as are from time to time required by law. For example, if the Manager is the dealer through whom Units are purchased, the Manager must provide:

- a written confirmation of the purchase indicating, among other things, the number and series of Units issued as well as the purchase price thereof and any charges applicable to the purchase;

- a written confirmation of any redemption of Units, indicating, among other things, the number and series of Units redeemed as well as the redemption proceeds therefrom and any charges applicable to the redemption;

- a statement to the Unitholder at the end of each quarter (or month, if the Unitholder requests monthly reporting or if there was a subscription for or redemption of Units by the Unitholder during the month) showing, for each purchase, redemption or transfer made by the Unitholder during the period (i) the date of the transaction, (ii) whether the transaction was a purchase, redemption or transfer, (iii) the number and Series of Units purchased, redeemed or transferred, (iv) the price per Unit paid or received by the Unitholder and (v) the total value of the transaction, as well as the number, Series, sub-series, original cost and Net Asset Value of Units held by the Unitholder at the end of the period (if there is no dealer of record for a Unitholder, the Manager will provide this information to the Unitholder on an annual basis); and

- an annual statement on certain charges and other compensation charged to the Unitholder during the year, as well as a report on investment performance on the Unitholder's Units.

LEGAL MATTERS

Purchase and Resale Restrictions

The Units are being offered on a private placement basis to purchasers in Ontario, Alberta, British Columbia, Manitoba, Québec, Saskatchewan, Prince Edward Island, Nova Scotia and New Brunswick

pursuant to available prospectus exemptions under the securities laws of those jurisdictions. Resale of the Units will be subject to restrictions under applicable securities legislation, which will vary depending upon the relevant jurisdiction. Generally, the Units may be resold only pursuant to an exemption from the prospectus requirements of applicable securities legislation, pursuant to an exemption order granted by appropriate securities regulatory authorities or after the expiry of a hold period following the date on which the Fund becomes a reporting issuer under applicable securities legislation. It is not anticipated that the Fund will become a reporting issuer. Accordingly, Unitholders are advised to seek legal advice with respect to such restrictions. Resale of Units is also restricted under the terms of the Trust Agreement. Transfers will generally only be permitted in exceptional circumstances.

Each purchaser of Units will be required to deliver to the Fund a subscription agreement in which such purchaser will represent to the Fund that such purchaser is entitled under applicable provincial securities laws to purchase such Units without the benefit of a prospectus qualified under such securities laws.

Cooling-off Period

Securities legislation in certain provinces may give a purchaser certain rights of rescission, against the registered dealer who sold Units to them, but those rights must be exercised within a certain time period (as little as 48 hours) following the purchase of Units.

Rights of Action for Damages or Rescission

Securities legislation in some of the Canadian provinces provides some purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages or both where an offering memorandum and any amendment to it and, in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. Those remedies, or notice with respect thereto, must be exercised, or delivered, as the case may be, by the purchaser within the time limits prescribed by the applicable securities legislation. Each purchaser should refer to the provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this Canadian offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption provided in Section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to Section 73.3 of the *Securities Act* (Ontario), the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1 provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this Canadian offering memorandum is furnished to a prospective purchaser of securities in connection with a trade made in reliance on Section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the issuer and a selling security holder on whose behalf the distribution is made for damages or, while still the owner of the securities, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The defendant shall not be liable for a misrepresentation if it proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In an action for damages, the defendant shall not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

In no case shall the amount recoverable for the misrepresentation exceed the price at which the securities were offered.

The liability of all persons and companies referred to above is joint and several. The issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the issuer, unless themisrepresentation, (a) was based on information that was previously publicly disclosed by the issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of Financial and Consumer Services Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this Canadian offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. In the event that any information relating to the offering provided to the purchaser contains a "misrepresentation", Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action against the issuer and a selling security holder on whose behalf the distribution is made for damages or, while still the owner of the securities, for rescission. Section 150 also provides such investors with a statutory right of action against every person who was a director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum. The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made.

Where this Canadian offering memorandum is delivered to a prospective purchaser of securities in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this offering memorandum contains a misrepresentation, a purchaser who purchases the securities shall be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the issuer and a selling security holder on whose behalf the distribution is made for damages or, while still the owner of securities, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the purchaser 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 defendant shall not be liable for a misrepresentation if it proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In an action for damages, the defendant shall not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

In no case shall the amount recoverable for the misrepresentation exceed the price at which the securities were offered.

The liability of all persons and companies referred to above is joint and several. The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by Section 138 of the *Securities Act* (Nova Scotia) ("**Section 138**"). Section 138 provides, in the relevant part, that in the event that this Canadian offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser of securities is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a

statutory right of action for damages against the seller of such securities, the directors of the seller at the date of the offering memorandum and the persons who signed the Canadian offering memorandum. Alternatively, while still the owner of the securities, the purchaser may elect instead to exercise a statutory right of rescission against the seller, in which case the purchaser shall have no right of action for damages against the seller, the directors of the seller or the persons who signed the Canadian offering memorandum, provided that, among other limitations:

(a) no action shall be commenced to enforce the right of action for rescission or damages under Section 138 later than 120 days after the date payment was made for the securities (or after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities resulting from the misrepresentation; and

(d) in no case will the amount recoverable under Section 138 exceed the price at which the securities were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. The foregoing statutory right of action for rescission or damages conferred is in addition toand without derogation from any other right the purchaser may have at law.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended, (the "**Saskatchewan Act**") provides that where an offering memorandum, such as this Canadian offering memorandum, or any amendment thereto is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, 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 any 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 the defendant 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) 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 purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert, unless the person or company 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;

(e) no person who or company that sells securities on behalf of the issuer or selling security holder will be liable if that person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the offering memorandum or any amendment to it;

(f) 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; and

(g) in no case shall the amount recoverable exceed the price at which the securities were offered.

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 immediately gave reasonable general notice that it was so sent or delivered;

(b) after the filing of the offering memorandum or any amendment to it and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;

(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:

(i) there had been a misrepresentation; or

(ii) 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.

(d) with respect to any part of the offering memorandum or of any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert:

(i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or of any amendment to it fairly represented the person's or company's report, opinion or statement; or

(ii) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of any amendment to it; or

(e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

The liability for damages of all persons and companies referred to above is joint and several, provided that the court may deny the right to recover a contribution where, in all the circumstances of the case, it is satisfied that to permit recovery of a contribution would not be just and equitable.

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, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

The rights of action for damages or rescission under sections 138, 138.1 and 138.2 of the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Subsection 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 Financial and Consumer Affairs Authority of Saskatchewan.

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

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

(a) in the case of an action for rescission or cancellation, 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 or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; and

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that 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.

Rights for Purchasers in Newfoundland and Labrador

In accordance with Section 130.1 of the *Securities Act* (Newfoundland and Labrador), in the event this offering memorandum contains a misrepresentation, a purchaser to whom this offering memorandum has been delivered and who purchases Securities shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has a right of action for damages against the issuer and, subject to certain defences against the issuer, every director of the issuer at the date of this offering memorandum and every person or company who has signed this offering memorandum. The purchaser may instead elect to exercise a right of rescission against the issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person. For the purposes of the Securities Act (Newfoundland and Labrador) "misrepresentation" means: (a) an untrue statement of material fact, or (b) 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.

A defendant is not liable: (a) if the purchaser had knowledge of the misrepresentation; (b) in an action for damages, for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon. In an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the issuer, is liable:

(a) if the person or company proves that this offering memorandum was sent 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 promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge or consent;

(b) if the person or company proves that on becoming aware of any misrepresentation in this offering memorandum, the person or company withdrew the person's or company's consent to this offering memorandum, and gave reasonable notice to the issuer of the withdrawal and the reason for it;

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

(d) with respect to any part of this 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 did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation.

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

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

The liability of all persons and companies referred to above is joint and several.

Pursuant to Section 138 of the *Securities Act* (Newfoundland and Labrador), no action shall be commenced to enforce the rights conferred by Section 130.1 thereof unless commenced:

(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 plaintiff 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.

General

The foregoing summary is subject to the express provisions of the *Securities Act* (Ontario), the *Securities Act* (New Brunswick), the *Securities Act* (Nova Scotia), the *Securities Act* (Newfoundland and Labrador)

and *The Securities Act, 1988* (Saskatchewan) and the rules and regulations thereunder and reference is made thereto for the complete text of such provisions. Purchasers in other provinces may have similar rights of action pursuant to the securities legislation of such provinces and purchasers in such provinces should consult the complete text of such legislation. The rights discussed above are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

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