

## CONFIDENTIAL OFFERING MEMORANDUM

No. \_\_\_\_\_

*This confidential offering memorandum (the "Offering Memorandum") constitutes an offering of the securities described herein only in those jurisdictions where, and to those persons to whom, they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or an advertisement or a public offering of these securities. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum nor has it in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities offered hereunder will be issued under exemptions from the prospectus requirements of the applicable securities laws of each of the provinces and territories of Canada, and the rules, regulations and policies thereunder and will be subject to certain resale restrictions.*

*This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation that is given or received must not be relied upon.*

Continuous Offering



FEBRUARY 12, 2019

**KiWi PRIVATE CREDIT TRUST**

Class A, Class B Class E, Class F, Class G, Class I and Class J units (collectively, the "**Units**") of KiWi Private Credit Trust (the "**Trust**") are being offered on a private placement basis pursuant to exemptions from the prospectus requirements under applicable securities legislation. The Units are being offered on a continuous basis to an unlimited number of eligible subscribers who are prepared to invest a minimum initial subscription amount of USD25,000 (or CAD 25,000 for Class B Units, Class G Units and Class J Units). Kilgour Williams Capital Incorporated (the "**Manager**") may, in its sole discretion, accept subscriptions for lesser amounts. The Units will be offered at the net asset value ("**Net Asset Value**") per Unit for the applicable class determined in accordance with the trust agreement of the Trust dated as of February 12, 2019 (the "**Trust Agreement**"), a copy of which is attached to this Offering Memorandum (as Appendix 1), as at the relevant Valuation Date (as hereinafter defined).

Subscriptions for Units will be processed as of the relevant Valuation Date. The Trust utilizes a "series accounting methodology" whereby a separate notional series of the applicable class of Units (each, a "**Series**") will be issued as of each Valuation Date with the initial Series being designated as the base series (the "**Base Series**") and subsequent Series bearing a designation which corresponds to the time at which the particular Series of Units were issued. Subject to the satisfaction of certain conditions, each outstanding Series of Units of a class will be consolidated into the Base Series on an annual basis.

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Each class of Units will initially be offered at a subscription price of USD10.00 (or CAD10.00 for Class B Units, Class G Units and Class J Units) per Unit. Subsequent to the date on which Units of the applicable class are issued, each class will be offered at a subscription price equal to the Series Net Asset Value per Unit of the applicable class as of each Valuation Date

The Units offered hereby are distributed exclusively by the Trust by way of a private placement. The Units are only transferable with the consent of the Manager and in accordance with applicable securities legislation. The Units are subject to restrictions on resale under applicable securities legislation, unless a further statutory exemption may be relied upon by the investor or an appropriate discretionary order is obtained from the appropriate securities regulatory authorities pursuant to applicable securities legislation. As there is no market for the Units, it may be difficult or even impossible for a subscriber to sell the Units other than by way of a redemption of their Units on a Valuation Date. Redemptions will occur monthly in accordance with the Trust Agreement. Units may be redeemed at their Net Asset Value per Unit for their applicable class at the close of business on the last business day of any month (a “**Valuation Date**”), provided the request for redemption is submitted at least 30 days prior to such Valuation Date. Holder of Units who have held their Units for less than 12 months may have to pay early redemption fees.

Investors should carefully review the risk factors outlined in this Offering Memorandum. Investors are urged to consult with their own independent professional advisors prior to signing the subscription form for the Units and to carefully review the Trust Agreement attached to this Offering Memorandum. Investors relying on this Offering Memorandum must comply with all applicable securities legislation with respect to the acquisition or disposition of the Units.

The investment objective of the Trust is to gain exposure to the returns of the KiWi Private Credit Fund L.P. (the “**Underlying Fund**”). To achieve its investment objective, the Trust will invest all or substantially all of its assets directly in Class E limited partnership units of the Underlying Fund (the “**LP Units**”). The Confidential Offering Memorandum of the Underlying Fund dated March 1, 2018 (the “**Underlying Fund OM**”) is attached to this Offering Memorandum as Appendix 2.

**The Trust is a “related and connected issuer” of Kilgour Williams Capital Incorporated under applicable securities legislation.**

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## Summary

*Prospective investors are encouraged to consult with their own professional advisors as to the tax and legal consequences of investing in the Trust. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum and the Trust Agreement.*

- The Trust:** KiWi Private Credit Trust (the “**Trust**”) is an investment fund formed as a trust organized under the laws of the Province of Alberta by a trust agreement dated February 12, 2019 (as it may be amended and otherwise modified from time to time, the “**Trust Agreement**”) between Odyssey Trust Company and Kilgour Williams Capital Incorporated. The only undertaking of the Trust is the investment of its assets. The Trust’s address is Suite 400, 49 Front Street East, Toronto Ontario M5E 1B3.
- The Trustee:** Odyssey Trust Company (the “**Trustee**”) is the trustee of the Trust. The Trustee is a corporation incorporated under the laws of the Province of Alberta. The Trustee is located at Stock Exchange Tower, 350 - 300 5th Avenue SW Calgary AB T2P 3C4.
- The Manager:** Kilgour Williams Capital Incorporated (the “**Manager**”) is a corporation incorporated September 7, 2012 and organized under the laws of the Province of Ontario and registered as an exempt market dealer, investment fund manager and portfolio manager in Ontario and Quebec and as a portfolio manager in Alberta. The Manager acts as the portfolio manager of the Trust. The Manager is located at Suite 400, 49 Front Street East, Toronto Ontario M5E 1B3.
- Investment Objective:** The investment objective of the Trust is to gain exposure to the returns of the KiWi Private Credit Fund L.P. (the “**Underlying Fund**”).
- Investment Strategy:** To achieve its investment objective, the Fund will invest all or substantially all of its assets directly in Class E limited partnership units of the Underlying Fund (the “**LP Units**”).
- The Underlying Fund:** The Underlying Fund is an investment fund formed as a limited partnership established under the laws of the Province of Ontario by limited partnership agreement dated June 1, 2017 (the “**Limited Partnership Agreement**”).
- The General Partner of the Underlying Fund:** KiWi Genpar Incorporated (the “**General Partner**”) is the general partner of the Underlying Fund. The General Partner is a corporation incorporated under the laws of the Province of Ontario.
- The Manager of the Underlying Fund:** The Manager also acts as manager and portfolio manager of the Underlying Fund.

**Investment Objective of the Underlying Fund:**

The investment objective of the Underlying Fund is to achieve superior risk-adjusted returns and regular income with minimal volatility and low correlation to any other asset class, primarily by investing in private credit investments or other opportunistic credit investments.

**Investment Strategy of the Underlying Fund:**

In general, the investment strategy of the Underlying Fund is to provide exposure to private credit investments that are otherwise difficult for Canadian investors to access.

The Underlying Fund may invest in opportunities in the private lending market through financial technology (fintech) businesses that market, underwrite, originate and service loans that are typically sold on a fully serviced basis to investors (“**Lending Platforms**”). The Underlying Fund may invest directly, or indirectly through special purpose vehicles (“**SPVs**”), in consumer loans, small and medium enterprise (“**SME**”) loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by Lending Platforms. Such investments may include unsecured loans. Sub-prime loans will be excluded from the Underlying Fund’s portfolio; all consumer borrowers will be ‘prime’ rated based on a minimum FICO score of 640.

The Underlying Fund may also make opportunistic credit investments. These may include circumstances where market dislocations have created opportunity for high risk-adjusted returns, such as market over-corrections, complex securities or restructurings, illiquid securities or markets, junior pieces of structured transactions, and/or portfolio liquidations. The Underlying Fund will be an advantaged buyer in these situations due to its access to deal flow, the technical expertise of the Manager to analyse the risks, and by having access to liquidity to capitalize on the opportunity.

The Underlying Fund will execute the investment strategy through the insight and experience of the Manager. The Underlying Fund may, but is not obliged to, make some or all of its investments through one or more intermediary vehicles.

**Use of Leverage by the Underlying Fund:**

The Underlying Fund may borrow permanently (either directly or at the level of any intermediary vehicle) and for investment purposes, to meet funding commitments in underlying investments, for working capital purposes, and to meet redemption requests, and secure these borrowings with liens or other security interests in its assets (or the assets of any of its intermediary vehicles provided that the Underlying Fund may not, at any point in time, incur a level of borrowing (including any short-term borrowings) in excess of 50% of the Underlying Fund’s net asset value (determined in accordance with the Limited Partnership Agreement). Subject to the foregoing restriction on the use of leverage, the Underlying Fund may obtain letters of credit/financial guarantees instead of cash borrowings.

**Valuation Date:** The net asset value (“**Net Asset Value**”) of the Trust and the Net Asset Value per Unit of each class will be calculated on the last “**Business Day**” (each day on which the Toronto Stock Exchange is open for trading) of each month and such other Business Day or days as the Manager may in its discretion designate (each, a “**Valuation Date**”).

**Offering:** A continuous offering of Class A units, Class E units, Class F units and Class I units of the Trust (collectively, the “**Units**”). There need not be any correlation between the number of Class A Units, Class E Units, Class F Units and Class I Units sold hereunder. The four classes of Units differ in respect of investor eligibility criteria, fee structures, currency of denomination and administrative expenses associated with each class. Each Unit of a Class represents an undivided interest in the assets of the Trust attributable to that Class. The Trust is authorized to issue an unlimited number of classes and series of Units and an unlimited number of Units in each such class or series. The Trust may issue fractional Units up to four decimal places so that subscription funds may be fully invested. Each Unit of a particular class has equal rights to each other Unit of the same class with respect to all matters, including voting, receipt of allocations and distributions from the Trust, liquidation and other events in connection with the Trust.

The Trust utilizes a “series accounting methodology” whereby a separate notional series of the applicable class of Units (each, a “**Series**”) will be issued as of each Valuation Date with the initial Series being designated as the base series (the “**Base Series**”) and subsequent Series bearing a designation which corresponds to the time at which the particular Series of Units were issued. Subject to the satisfaction of certain conditions, each outstanding Series of Units of a class will be consolidated into the Base Series on an annual basis.

Each class of Units will initially be offered at a subscription price of USD10.00 (or CAD10.00 for Class B Units, Class G Units and Class J Units) per Unit. Subsequent to the date on which Units of the applicable class are issued, each class will be offered at a subscription price equal to the Series Net Asset Value per Unit of the applicable class as of each Valuation Date

Units are being offered to investors resident in Ontario and such other provinces and territories in Canada as the Manager may determine from time to time (the “**Offering Jurisdictions**”) pursuant to exemptions from the prospectus requirements under section 2.3 under National Instrument 45-106 - *Prospectus Exemptions* (“**NI 45-106**”) and section 73.3(2) of the *Securities Act* (Ontario) (collectively, the “**Accredited Investor Exemption**”). Investors who reside in the

Offering Jurisdictions and are eligible for the Accredited Investor Exemption are termed “**Qualified Purchasers**”.

**Class A Units** and **Class B Units** are being offered to Qualified Purchasers.

**Class E Units** are being offered to Qualified Purchasers who are directors, officers and employees of the Manager and its affiliates and associates.

**Class F Units** and **Class G Units** are being offered to: (i) Qualified Purchasers who participate in fee-based programs through eligible registered dealers; (ii) Qualified Purchasers in respect of whom the Trust does not incur distribution costs; and (iii) other Qualified Purchaser’s in the Manager’s sole discretion.

**Class I Units** and **Class J Units** are being offered, at the discretion of the Manager, to Qualified Parties who are institutional investors.

Class A Units, Class F Units, Class E Units and Class I Units will be denominated in U.S. dollars, while Class B Units, Class G Units and Class J Units will be denominated in Canadian dollars. Since the LP Units are denominated in U.S. dollars, the Trust may enter into hedge agreements to fix the U.S. dollar / Canadian dollar exchange rate with respect to the Class B Units, Class G Units and the Class J Units.

Subscriptions shall be made pursuant to the form of subscription agreement accompanying this Offering Memorandum (the “**Subscription Agreement**”), and all subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. No subscription for Units will be accepted from a purchaser unless the Manager is satisfied that the subscription is in compliance with the requirements of applicable securities legislation and the Trust Agreement.

Units may be purchased as at the close of business on a Valuation Date if a duly completed Subscription Agreement and the required payment are delivered to the Manager no later than 4:00 p.m. (Toronto time) on such Valuation Date.

By executing the Subscription Agreement, each subscriber is making certain representations, and the Manager and the Trust are entitled to rely on such representations to establish the availability of the Accredited Investor Exemption. In addition, the subscriber is also acknowledging in the Subscription Agreement that the investment portfolio and investment procedures of the Trust and the Underlying Fund are proprietary in nature and agrees that all information relating to such investment portfolio and investment procedures will be kept confidential by such subscriber and will not be disclosed to third parties (excluding the subscriber’s professional advisors) without the prior written consent of the Manager.

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This offering is not subject to an aggregate minimum subscription level.

**Minimum Initial Subscription:**

Units are being offered by the Trust on a continuous basis to an unlimited number of Qualified Purchasers who are prepared to invest USD25,000 (or CAD25,000 for Class B Units, Class G Units and Class J Units). At the sole discretion of the Manager subscriptions may be accepted for lesser amounts.

**Additional Subscriptions:**

Following the required initial minimum investment in the Trust by an investor, such investor may make additional investments of not less than an aggregate amount of USD5,000 (or the Canadian dollar equivalent for Class B Units, Class G Units and Class J Units) in the same class of Units as are already held by such investor. The Manager may, in its sole discretion, from time to time, permit additional investments of lesser amounts. Holders of Units (“**Unitholders**”) subscribing for additional Units must complete an additional subscription form.

**Redesignation Between Classes of Units:**

If a Unitholder ceases to be eligible to hold Class F Units, Class G Units, Class I Units or Class J Units, the Manager may, in its sole discretion, redesignate such Unitholder’s Class F Units or Class I Units for Class A Units and such Unitholder’s Class B Units or Class G Units for Class B Units on five (5) days notice, unless such Unitholder notifies the Manager during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class F Units, Class G Units, Class I Units or Class J Units, as the case may be.

Subject to the consent of the Manager, Unitholders may cause the redesignation of all or part of their investment in the Trust from one class of Units to another class of Units if the Unitholder is eligible to purchase that class of Units and that class of Units is denominated in the same currency as the original class of Units. The timing and processing rules applicable to purchases and redemptions of Units also applies to redesignations between classes of Units. Upon a redesignation from one class of Units to another class, the number of Units held by the Unitholders will change since each class of Units has a different Net Asset Value per Unit.

**Management Fees:**

As compensation for providing management and administrative services to the Trust, the Manager receives:

**For Class A Units and Class B Units:** a monthly management fee from the Trust equal to 1/12 of 2.0% of the Net Asset Value of the Trust attributable to the Class A Units or the Class B Units, as the case may be, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last Business Day of each month based on the Net Asset Value of the Trust attributable to the Class A Units or the Class B Units, as the case may be, as at the last Business Day of each month;

**For Class F Units and Class G Units:** a monthly management fee from the Trust equal to 1/12 of 1.5% of the Net Asset Value of the Trust attributable to the Class F Units or the Class G Units, as the case may be, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last Business Day of each month based on the Net Asset Value of the Trust attributable to the Class F Units or the Class G Units, as the case may be, as at the last Business Day of each month;

**For Class E Units:** no management fees; and

**For Class I Units and Class J Units:** a monthly management fee from the Trust equal to 1/12 of 1.25% of the Net Asset Value of the Trust attributable to the Class I Units or the Class J Units, as the case may be, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last Business Day of each month based on the Net Asset Value of the Trust attributable to the Class I Units or the Class J Units, as the case may be, as at the last Business Day of each month.

**Performance Fees:** The Manager does not charge any performance fees in respect of the Units.

**Sales Commission:** No sales commission is payable to the Manager in respect of Units purchased directly by a subscriber. However, registered dealers may, at their discretion, charge purchasers a front-end sales commission based on the Net Asset Value of the Units purchased by the subscriber. Any such sales commission will be negotiated between the registered dealer and the purchaser and will be payable directly by the purchaser to their dealer

**Service Commission:** **For Class A Units and Class B Units:** The Manager pays a quarterly service commission to participating registered dealers equal to one quarter (1/4) of 0.50% of the Net Asset Value of the Units sold by such dealers then outstanding. Notwithstanding the foregoing, the Manager, in its sole discretion, reserves the right to change the frequency of payment to registered dealers of the service commission to a monthly or annual basis. The Trust does not pay any service commissions.

No service commission is payable by the Manager or the Trust in respect of the Class E Units, the Class F Units the Class G Units, the Class I Units or the Class J Units.

**Operating Expenses:** The Trust is responsible for its own operating expenses. Operating expenses including, among others: fees payable to the Trustee, legal and audit fees; distribution expenses; taxes; interest; operating and administrative costs; investor servicing costs; and the costs of reports to the holders of Units.

In respect of the Class B Units, the Class G Units and the Class J Units, each denominated in Canadian dollars, the Trust may enter into hedge agreements to fix the exchange rate between the U.S. dollar (in which the LP Units are denominated) and the Canadian dollar. The expenses associated with such hedge agreements shall be attributed to the Class B Units, the Class G Units and the Class J Units as the case may be.

**Fees of the Underlying Fund:**

The Underlying Fund does not charge any management, performance or sales fees related to the LP Units.

**Incentive Allocation of the Underlying Fund:**

Pursuant to the terms of the Limited Partnership Agreement, the General Partner will be entitled to receive an incentive allocation (the “**Incentive Allocation**”) to be calculated and allocated to the General Partner as of each Valuation Date on the basis described below and paid to the General Partner on an annual basis at the end of each Fiscal Year of the Underlying Fund.

If, on a Valuation Date, the Net Profits of the Underlying Fund that would otherwise have been allocated to the holders of the LP Units (the “**Limited Partners**”) on such Valuation Date exceed the sum of all prior Net Losses so allocated to the Limited Partners by an amount which is greater than the Hurdle Rate on an annualized basis that have not already been offset by Net Profits, then 15% of such Net Profits in excess of the Hurdle Rate during the fiscal period shall instead be allocated to the General Partner as the Incentive Allocation on such Valuation Date. For greater clarity, the Incentive Allocation for any period shall be calculated as the product of: (i) the Net Profits of the Underlying Fund that would otherwise have been allocated to the Limited Partners on such Valuation Date; (ii) the difference between the percentage change in Net Asset Value per LP Unit since the prior Valuation Date and the Hurdle Rate as at the prior Valuation Date; and (iii) 15%.

**Hurdle Rate:** The Hurdle Rate for the determination of the Incentive Allocation will be the Canadian Prime Interest Rate as at the first Business Day immediately following each Valuation Date, as published or otherwise described on the website of the Bank of Canada.

“**Net Profits**” and “**Net Losses**” for any period means (i) the sum of income earned by the Underlying Fund, dividends received by the Underlying Fund, and all realized and unrealized capital gains of the Underlying Fund accrued during such period, less (ii) realized and unrealized capital losses of the Underlying Fund together with all fees and expenses of the Underlying Fund for such period; if the foregoing results in a positive amount, such amount shall be referred to herein as “**Net Profits**” and if the foregoing results in a negative amount, such amount shall be referred to herein as “**Net Losses**”.

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### **Operating Expenses of the Underlying Fund:**

The Underlying Fund is responsible for its own operating expenses. Operating expenses including, among others, legal, audit, custodial and safekeeping fees; consulting and other professional fees relating to particular investments of the Underlying Fund; third-party investment due diligence and monitoring expenses; reasonable due diligence-related travel expenses; third-party valuation and audit expenses; third-party research-related expenses (e.g., news, research, quotation and analytical-related equipment, software and services such as Bloomberg, Capital IQ and Moodys Analytics); all expenses associated with the underwriting, servicing, collection and liquidation of investments of the Underlying Fund; distribution expenses; taxes; brokerage commissions; interest; operating and administrative costs; investor servicing costs; and the costs of reports to the Limited Partners. The LP Units are responsible for the operating expenses that relate specifically to Class E units of the Underlying Fund and for the proportionate share of the common expenses of the Underlying Fund that relate to all classes of limited partnership units.

### **Resale Restrictions:**

There is no formal market for the Units and none is expected to develop. Furthermore, this offering of Units is not qualified by way of prospectus and consequently, the resale of Units will be subject to restrictions under applicable securities legislation. Unitholders may not be able to resell their Units other than by way of redemption.

### **Redemption:**

An investment in Units is intended to be a long-term investment. However, holders of Units may request that such Units be redeemed at their Series Net Asset Value per Unit for the applicable class on any Valuation Date, provided the request for redemption is submitted at least 30 days prior to such Valuation Date.

If on any Valuation Date the Manager has received from one or more Unitholders requests to redeem outstanding Units representing ten (10%) percent of the Net Asset Value of the Trust, payment of the redemption amount to such Unitholders may be made in kind (Unitholders will receive LP Units) if in the sole judgement of the Manager, redemption in kind is warranted to facilitate the orderly liquidation of portfolio security positions to meet such redemption requests.

The Manager may require redemption in kind for any period when redemptions of the LP Units are suspended or postponed for any reasons.

### **Early Redemption Fees:**

Unitholders who redeem their Units within 12 months of purchasing such Units may be charged, at the sole discretion of the Manager, an early redemption fee of 5% of the Series Net Asset Value per Unit of the Units being redeemed. The amount of the early redemption fees charged will be deducted from the proceeds of any redemption of Units otherwise payable or paid by the Manager. The Manager may

in its discretion reduce the amount of or waive payment of the early redemption fee.

**Risk Factors and Conflicts of Interest:**

The Trust is subject to various risk factors and conflicts of interest, including by virtue of its exposure to the Underlying Fund. An investment in the Trust may be deemed 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 Trust.

Investors should review closely the investment objective, strategies and restrictions to be utilized by the Trust and the Underlying Fund as outlined herein to familiarize themselves with the risks associated with an investment in the Trust. Investment in the Trust is also subject to certain other risks.

The Trust and the Underlying Fund have the same portfolio manager (the Manager) and the General Partner is an affiliate of the Manager. As such, pursuant to applicable securities laws, the Trust has been provided with written disclosure of this matter and consent has been obtained from the Trust for an investment in the Underlying Fund. Each investor will also be asked to give consent for an investment by the Trust in the Underlying Fund.

**Custody of Assets:**

The Trust's property will consist solely of the LP Units, cash and the hedge agreements relating to the Class B Units, the Class G Units and the Class J Units. The LP Units issued to the Trust by the Underlying Fund will be recorded on the Underlying Fund's books in the name of the Trust, the hedge agreements will be recorded in the Trust's name by the counterparties to the hedge agreements and the cash will be held with a Canadian financial institution. Consistent with applicable securities laws, the Manager will act as custodian of the Trust's assets.

**Canadian Federal Income Tax Considerations:**

There are important tax consequences associated with the ownership of Units. Please see *"Certain Canadian Federal Income Tax Considerations"*.

**Eligibility for Investment by Registered Plans:**

Provided the Trust is a "mutual fund trust" for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") at all times, Units of the Trust will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**"), or a tax-free savings account ("**TFSA**"), each as defined in the Tax Act (each, a "**Registered Plan**").

However, even if the Units constitute qualified investments under the Tax Act for certain trusts, the holder of a TFSA or RDSP, an annuitant

of an RRSP or a RRIF, or a subscriber of an RESP (each, a “**Plan Holder**”), will be subject to a penalty tax in respect of the Units held in the TFSA, RDSP, RRSP, RRIF or RESP, if such Units are a “prohibited investment” for the purposes of the Tax Act. Units will generally be a “prohibited investment” if, among other things, the Plan Holder does not deal at arm’s length with the Trust for purposes of the Tax Act, or the Plan Holder has a “significant interest” (as defined in the Tax Act) in the Trust. Plan Holders are advised to consult their own tax advisors in this regard.

**Prospective investors that intend to hold Units in a Registered Plan are advised to consult their own tax advisors prior to acquiring Units.**

**Trust Reporting:**

The Manager will deliver financial statements of the Trust to Unitholders in accordance with the provisions of National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“**NI 81-106**”). The Trust is relying on the exemption in section 2.11 of NI 81-106 to not file its financial statements with the Ontario Securities Commission.

Pursuant to NI 81-106, Unitholders will be sent audited annual financial statements within 90 days of the Trust’s year-end and unaudited semi-annual financial statements within 60 days after June 30th in accordance with the instructions of the Unitholder provided in the subscription agreement. Pursuant to NI 81-106, Unitholders are given the option to receive or not receive annual and interim financial statements and have the ability to change their selection at any time by contacting the Manager.

<b>Fiscal Year-End:</b>	December 31
<b>Auditors</b>	KPMG LLP
<b>Legal Counsel</b>	McMillan LLP
<b>Administrator</b>	SGGG Fund Services Inc.

## The Trust

KiWi Private Credit Trust (the “**Trust**”) is a trust formed under the laws of the Province of Alberta by a trust agreement between Odyssey Trust Company (the “**Trustee**”) and Kilgour Williams Capital Incorporated (the “**Manager**”) dated February 12, 2019 (the “**Trust Agreement**”), a copy of which is attached hereto as Appendix 1. The offices of the Trust are located at Suite 400, 49 Front Street East, Toronto Ontario M5E 1B3.

The capital of the Trust is divided into an unlimited number of units (the “**Units**”) issuable in one or more classes and/or series of Units. The Trust currently offers seven classes of Units: Class A Units, Class B Units, Class E Units, Class F Units, Class G Units, Class I Units and Class J Units. Additional classes of Units may be offered in the future.

An investment in the Units of the Trust will provide exposure to the returns of the KiWi Private Credit Fund L.P. (the “**Underlying Fund**”).

Investors whose subscriptions have been accepted by the Manager will become holders of Units (“**Unitholders**”) of the Trust.

No transfer of Units may be made other than by operation of law or with the consent of the Manager.

The ownership of all of the property of the Trust and the rights to conduct the affairs of the Trust are vested exclusively in the Trustee. The Manager and the Unitholders have no interest in the property of the Trust other than their beneficial interest in the Trust.

The Trust Agreement sets out the rights, duties and obligations of the Manager relating to the administration and investment management of the Trust. Under the terms of the Trust Agreement, the Manager has agreed to provide various services, including the determination of the investment policies for the Trust from time to time, the provision of investment analysis, advice and recommendations and the implementation of investment decisions. The day-to-day management, supervision, administration and control of the Trust is also the responsibility of the Manager.

## The Trustee

Odyssey Trust Company will act as trustee of the Trust pursuant to the Trust Agreement. The Trustee is a corporation formed under the laws of the Province of Alberta and has met all the regulatory requirements to act as a corporate trustee in the provinces of Alberta and British Columbia. The Trustee is located at Stock Exchange Tower, 350 - 300 5th Avenue SW Calgary AB T2P 3C4 and has offices in Vancouver as well.

The Trustee, subject to the specific limitations contained in the Trust Agreement, has full, absolute, and exclusive power, control and authority over the assets of the Trust and over the business and affairs of the Trust to the same extent as if the Trustee was the sole owner thereof in its own right.

The Trustee, and any successor trustee of the Trust, must be a resident of Canada for tax purposes. If the Trustee becomes a non-resident of Canada, it shall be automatically removed and replaced by the Manager. The Trustee may resign upon not less than sixty (60) days written notice to the Manager. The resignation takes effect on the date specified in the notice or, if the Manager appoints a successor trustee in the interim, the resignation is immediately effective upon appointment of the successor trustee. If the Manager fails to appoint a successor trustee within sixty (60) days of the notice of resignation, the Trust Agreement and the Trust shall terminate. In addition, the Manager may remove the Trustee upon not less

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than sixty (60) days written notice to the Trustee and the Unitholders and the appointment of a successor trustee.

The Trust Agreement provides that the Trustee shall not be liable to the Manager, the Trust or to any Unitholder for any loss or damage relating to any matter regarding the Trust except in cases of willful misconduct, bad faith, and gross negligence, reckless disregard of its duties or breach of its standard of care. In performing its obligations and duties, the Trustee must act honestly and in good faith and must exercise the degree of care, diligence and skill that a reasonably prudent Canadian trust company would exercise in comparable circumstances. Furthermore, the Trustee shall not be liable for any acts or omissions based on reliance upon the instructions of the Manager. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by any of them in carrying out the Trustee's duties.

The Trustee shall receive an annual fee in respect of its services under the Trust Agreement. The amount of the fee shall be agreed upon between the Trustee and the Manager, and such fee shall be paid for by the Trust.

## The Manager

### *General*

Kilgour Williams Capital Incorporated is the Manager of the Trust. The Manager is a corporation formed and organized under the laws of the Province of Ontario pursuant to the *Business Corporations Act* (Ontario) by articles of incorporation dated September 7, 2012.

The Manager is registered in the provinces of Ontario and Quebec as a portfolio manager, an investment fund manager and an exempt market dealer. The Manager is registered as a portfolio manager in the Province of Alberta.

The Manager may establish and manage other investment funds from time to time.

The Manager's principal office is located at 49 Front Street East, Suite 400, Toronto, ON, Canada M5E 1B3. The Manager may also be contacted by telephone at 647 977-5803 or by e-mail to [info@kilgourwilliams.com](mailto:info@kilgourwilliams.com).

The Trust Agreement grants the Manager exclusive power to manage the business and affairs of the Fund and to direct the investment of the assets of the Trust and the powers necessary to perform its duties. The Trustee has no responsibility for investment management of the securities or other property of the Trust or for any investment decisions.

The Manager will exercise the powers granted and discharge its duties pursuant to the Trust Agreement honestly, in good faith and in the best interests of the Trust and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent professional manager would exercise in comparable circumstances. However, the Manager does not in any way guarantee the performance of the assets of the Trust and will not be responsible for any loss in respect of the assets of the Trust, except where such loss arises out of acts or omissions of the Manager done or suffered in breach of its standard of care or through the Manager's own negligence, misfeasance or wilful default or a material failure in complying with applicable laws or the provisions set forth in the Trust Agreement.

The Trust Agreement provides that the Manager and its directors, officers, employees, consultants and agents have a right of indemnification from the Trust for any claims arising out of the execution of its

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duties as manager and investment advisor, except where such loss arises out of acts or omissions of the Manager done or suffered in breach of its standard of care or through the Manager's own negligence, wilful misconduct, wilful neglect, default, bad faith or dishonesty or a material failure in complying with applicable laws or the provisions set forth in the Trust Agreement.

The Manager may resign upon not less than sixty (60) days written notice to the Trustee. The resignation takes effect on the date specified in the notice or, if the Trustee appoints a successor manager in the interim, the resignation is immediately effective upon appointment of the successor manager. If the Trustee fails to appoint a successor manager within sixty (60) days of the notice of resignation, the Trust Agreement and the Trust shall terminate.

### *Directors and Officers of the Manager*

The name, and position with the Manager and the principal occupation of the directors and senior officers of the Manager are as follows:

<b>Name</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
Colin Kilgour	Director and President	President, Kilgour Williams Capital Incorporated
Daniel Williams	Director and Chief Investment Officer	Chief Investment Officer, Kilgour Williams Capital Incorporated

Set out below are the particulars of the professional experience of the directors and senior officers of the Manager:

**Colin Kilgour** has been a leader in the Canadian credit market on a full-time and continuous basis for over 15 years.

Colin co-founded Efficient Capital Corporation ("**ECC**") in 2001. ECC provided securitization-based accounts receivable financing to corporations and funded that credit through a commercial paper conduit which ECC administered. As co-founder and CEO, Colin led ECC's origination efforts: pitching clients; conducting due diligence; structuring deals; and closing transactions. ECC was sold in 2006 and the ECC conduit was one of the very few non-bank ABCP issuers that was not affected by the market disruption in 2007.

After selling ECC, Colin partnered with Connor, Clark & Lunn to establish a structured credit based ABCP conduit. This conduit was ready to launch in the summer of 2007 – with an S&P rating and 'global style liquidity' – but was not initiated due to the market disruption in August 2007. The result was that Colin was perhaps the only truly independent and untarnished expert available to provide advice to the affected investors during the Montreal Accord Restructuring process. At the end of 2007 and subsequent to the ABCP disruption, Colin founded Kilgour Williams Group ("**KWG**") and has been engaged in education, risk assessment, litigation support, valuation, and asset management of this asset class since.

Colin is a nationally recognized expert in structured credit. He speaks regularly on the securitization and ABCP markets and is frequently sought out by the financial print and broadcast media. Prior to 2001, Colin worked for 10 years as a management consultant principally serving global financial institutions in Canada, the United States and the United Kingdom. He has a Computer Science degree from the University of Manitoba and an MBA from Ivey Business School.

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**Daniel Williams** has over 15 years of leadership experience in Canadian corporate credit.

Dan joined KWG as a partner in May 2009, providing structured credit advisory and management to the firm's clients.

Prior to joining KWG, Dan was the Chief Investment Officer of Dundee Bank of Canada. There, he constructed and managed a portfolio of structured credit investments, specifically slices of portfolios of middle market loans. Dan served on the bank's Investment Committee, Asset/Liability Committee, and as an active member of the senior executive team. Dundee Bank was newly formed and began operation in 2006 and grew in one year to \$2.5 billion of assets prior to being sold to The Bank of Nova Scotia.

From 2001 to 2006, he was the Head of Credit Portfolio Management for National Bank of Canada. He managed the bank's \$4 billion portfolio of corporate loans and was responsible for maximizing the risk-adjusted return on the portfolio. Dan established the bank's centralized Credit Portfolio Management function and sat on the Deals Committee, which reviewed and adjudicated every corporate loan. New measurements of bank-wide loan value were introduced that enabled efficient capital allocation decisions. Advanced portfolio-level risk models were implemented to identify industry and geographic risks, which were then hedged using an overlay of credit default swaps. During this time, National Bank went from a laggard to an industry leader in terms of the quality of information and analytics applied to managing its corporate loan portfolio.

Prior to 2001, Dan worked for 8 years as a management consultant principally serving global financial institutions in Canada, the United States, and the United Kingdom. He has a Bachelor of Commerce from Queen's University.

### The Administrator

The record keeping and reporting requirements of the Trust will be the responsibility of the Manager. The Manager has the discretion, should it deem necessary, to retain a record-keeper for the Trust to maintain a record of Unitholders. Any fees required to be paid to a record-keeper for services rendered, other than in respect of a transfer of Units, shall be the borne by the Trust.

Pursuant to a services agreement (the "**Administration Agreement**"), SGGG Fund Services Inc. (the "**Administrator**") provides, among other things, valuation and financial reporting services to the Trust and calculates the Net Asset Value of the Trust, the Net Asset Value for each class of Units and the Series Net Asset Value per Unit for each class of Units on the last "**Business Day**" (each day on which the Toronto Stock Exchange is open for trading) of each month (each, a "**Valuation Date**") which are determined in accordance with the Trust Agreement.

The fee payable to the Administrator will be based on its standard schedule of fees charged by the Administrator for similar services. The Administrator will, subject to the overall supervision of the Manager, be responsible for the day-to-day administration of the Trust, including the issue and redemption of Units and the calculation of the Trust's Net Asset Value. The Administrator is responsible for, among other things:

- (a) establishing and maintaining the register of Unitholders and generally performing all actions related to the issuance and transfer of Interests;
- (b) performing all acts related to the redemption and/or subscription for Units; and

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- (c) performing all other incidental services necessary to its duties under the Administration Agreement.

The Administrator and each of its affiliates, directors, officers, employees, agents or shareholders or any of them is entitled to indemnification from the Trust in respect of the execution of the Administrator's duties under the Administration Agreement except in the case of willful misconduct or gross negligence by the Administrator of its obligations under the Administration Agreement.

The Administrator does not provide any investment advisory or management services to the Trust and will not be in any way responsible for the Trust's performance. The Administrator makes no representations or warranties and is not responsible for the accuracy of this Offering Memorandum.

## Investment Objective and Strategy

### Investment Objective

The investment objective of the Trust is to gain exposure to the returns of the Underlying Fund.

### Investment Strategy

To achieve its investment objective, the Trust will invest substantially all of its assets directly in Class E limited partnership units in the Underlying Fund (the "LP Units").

No sales fees or redemption fees shall be payable by the Trust in relation to its purchases or redemptions of the LP Units.

The Trust will not vote the LP Units at any meeting of holders of such securities except that the Trust may, should the Manager so choose, arrange for the LP Units it holds to be voted by the Unitholders in accordance with their level of beneficial ownership in the LP Units.

The officers and directors of the Manager have a significant interest in the Underlying Fund through ownership of the general partner of the Underlying Fund. In addition, the Manager acts as the portfolio manager of the Trust and also acts as the manager and portfolio manager of the Underlying Fund.

The investment strategy of the Manager will result in a situation where one or more officers and/or directors of the Trustee (each, a "responsible person") is also an officer or director of the partner of the Underlying Fund including, for greater certainty, by being an officer and/or director of the general partner of the Underlying Fund. By purchasing Units, each Unitholder will consent in his or her Subscription Agreement to the purchase by the Trust of the LP Units in which the Manager or an associate of the Manager is a partner.

### Investment Restrictions

The Trust will not engage in any undertaking other than the investment of the Trust's assets in accordance with the Trust's investment objective and strategy and subject to the investment restrictions set forth below.

The investment restrictions of the Trust are as follows:

- **No Direct Investments in Real Property.** The Trust shall not invest directly in land or buildings (or any options, rights or interests in respect thereof).

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- **No Guarantees.** The Trust shall not assume, guarantee, endorse or otherwise become directly or indirectly liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money.

In addition, the Manager may, from time to time, establish restrictions or guidelines with respect to the investments of the Manager. All such restrictions may be changed from time to time by Manager to adapt to changing circumstances. Unitholders will be given 60 days prior written notice of any material changes to these restrictions.

### The Underlying Fund

The Underlying Fund is a limited partnership formed and organized under the laws of the Province of Ontario pursuant to the *Limited Partnerships Act* (Ontario) by the filing and recording of a declaration on 16 March 2015. The day-to-day business and affairs of the Underlying Fund is managed by KiWi Genpar Incorporated (the “**General Partner**”), the general partner of the Underlying Fund pursuant to the provisions of the Limited Partnership Agreement, a copy of which is attached hereto as Appendix 2. The offices of the General Partner are located at Suite 400, 49 Front Street East, Toronto Ontario M5E 1B3. The capital of the Underlying Fund is divided into an unlimited number of limited partnership units issuable in one or more classes and/or series of limited partnership units. In addition to the LP Units, the Underlying Fund currently offers Class A limited partnership units, Class F limited partnership units and Class I limited partnership units. Additional classes and/or series of limited partnership units may be offered in the future.

### The General Partner

KiWi Genpar Incorporated, a corporation incorporated under the laws of the Province of Ontario on March 2, 2015, was formed for the purpose of acting as the General Partner of the Underlying Fund. The General Partner is indirectly controlled by the principals of Kilgour Williams Group, who also control the Manager and the LP Manager. The General Partner may act as a general partner of other limited partnerships.

The General Partner is responsible for the management and control of the business and affairs of the Underlying Fund on a day-to-day basis in accordance with the terms of the Limited Partnership Agreement, but has engaged the LP Manager to carry out certain management and administrative functions for the Underlying Fund.

### Directors and Officers of the General Partner

The name, position with the General Partner, and the principal occupation of the directors and officers of the General Partner are as follows:

Name	Position with the General Partner	Principal Occupation
Colin Kilgour	Director and President	President, Kilgour Williams Capital Incorporated (“KWC”)
Daniel Williams	Director and Secretary/Treasurer	Chief Investment Officer, KWC

The Underlying Fund is responsible for its own operating expenses. Operating expenses include, among others, legal, audit, custodial and safekeeping fees; consulting and other professional fees relating to

particular investments of the Underlying Fund; third-party investment due diligence and monitoring expenses; reasonable due diligence-related travel expenses; third-party valuation and audit expenses; third-party research related expenses (e.g., news, research, quotation and analytical-related equipment, software and services such as Bloomberg, Capital IQ and Moodys Analytics); all expenses associated with the underwriting, servicing, collection and liquidation of investments of the Underlying Fund; distribution expenses; taxes; brokerage commissions; interest; operating and administrative costs; investor servicing costs; and the costs of reports to the limited partners. Each class of limited partnership units is responsible for the operating expenses that relate specifically to that class and for its proportionate share of the common expenses of the Underlying Fund that relate to all classes of limited partnership units.

### The LP Manager

Pursuant to a management agreement dated as of June 1, 2017 (the “**Management Agreement**”), as may be amended from time to time, the General Partner retained Kilgour Williams Capital Incorporated (the “**LP Manager**”) to carry out certain management and administrative functions for the Underlying Fund. The LP Manager may from time to time employ or retain any other person or entity to manage on behalf of the LP Manager or to assist the LP Manager in managing or providing administrative and investment advisory services to all or any portion of the assets of the Underlying Fund and in performing other duties of the LP Manager as set out in the Management Agreement. The LP Manager may delegate certain of its duties and powers to the Custodian in its capacity as the custodian of the Underlying Fund.

### Investment Objective and Strategy of the Underlying Fund

#### Investment Objective of the Underlying Fund

The investment objective of the Underlying Fund is to achieve superior risk-adjusted returns and regular income with minimal volatility and low correlation to any other asset class, primarily by investing in private credit investments or other opportunistic credit investments.

THERE CAN BE NO ASSURANCE THAT THE UNDERLYING FUND’S INVESTMENT OBJECTIVE WILL BE ACHIEVED. INVESTMENT RESULTS MAY VARY SUBSTANTIALLY OVER TIME.

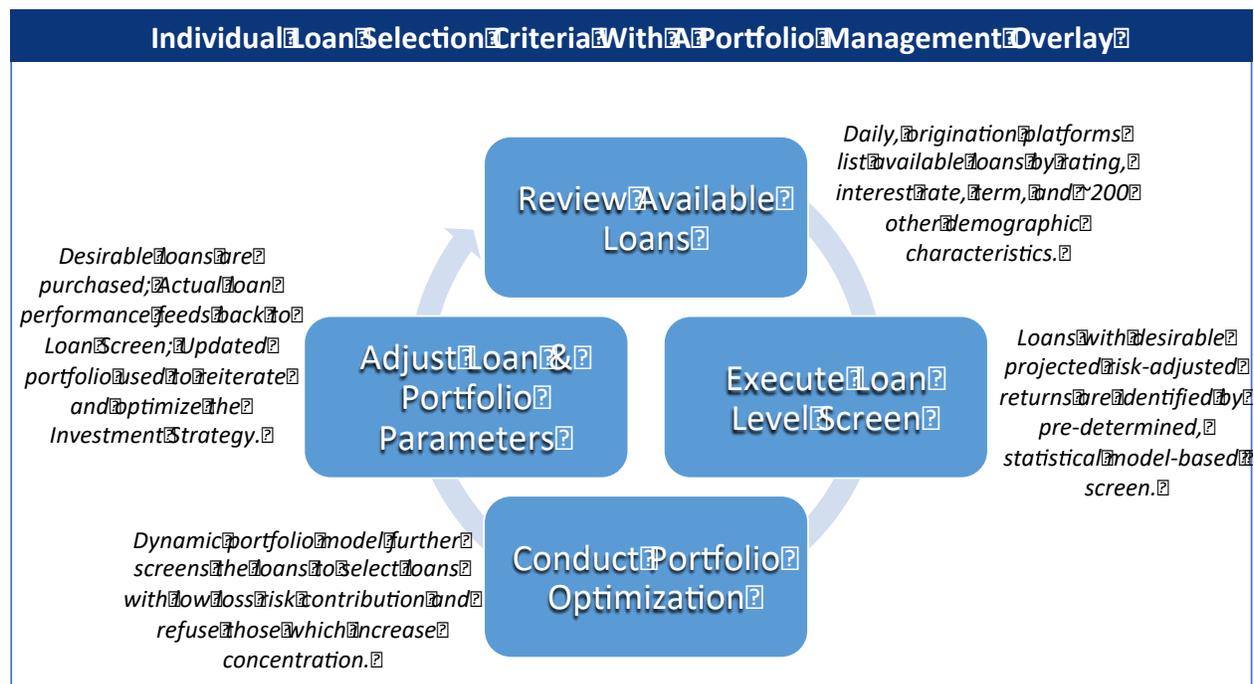
#### Investment Strategy of the Underlying Fund

In general, the investment strategy of the Underlying Fund will be to provide exposure to private credit investments that are otherwise difficult for Canadian investors to access. **At all times, the investment strategy will conform to the Investment Policies Statement that will be agreed and periodically revised subject to a vote of the limited partners of the Underlying Fund.**

The Underlying Fund may invest in opportunities in the private lending market through financial technology (fintech) businesses that market, underwrite, originate and service loans that are typically sold on a fully serviced basis to investors (“**Lending Platforms**”). The Underlying Fund may invest directly, or indirectly through special purpose vehicles (“**SPVs**”), in consumer loans, small and medium enterprise (“**SME**”) loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by Lending Platforms. Such investments may include unsecured loans. Sub-prime loans will be excluded from the portfolio of the Underlying Fund; all consumer borrowers will be ‘prime’ rated based on a minimum FICO score of 640.

The portfolio manager of the Underlying Fund, which is the Manager (the “**LP Manager**”) utilizes a dynamic loan selection process that identifies the best available loans on a stand-alone risk-adjusted basis and also the best available loans from a portfolio optimization perspective given the existing portfolio of the Underlying Fund. The LP Manager will develop an Investment Strategy, that will define the

characteristics of desirable loans to be purchased at any given time. The Investment Strategy will be an amalgam of stand-alone loan screening and portfolio risk management.



**Loan Level Screen.** The LP Manager, alone and in cooperation with third-party analytics providers, has developed a loan level screen based on predictive modeling designed to estimate the likelihood of the borrower defaulting. The models use statistical regression to predict borrower default from a set of multiple predictors, such as permuted combinations of loan and borrower characteristics. These data points may include borrower demographics (e.g. age, income, employment, geography, home ownership, etc.), external risk scores (e.g. FICO), credit bureau data (e.g. past inquiries, delinquencies, defaults, available credit, credit payment obligations, etc.), and loan-specific data (e.g. size, interest rate, intended use of funds, etc.).

The output of this model is a loan selection screen whereby the loans made available by a Lending Platform can be immediately adjudged as desirable or not on a stand-alone basis.

**Portfolio Level Screen.** The LP Manager also uses a credit portfolio model to understand the risk characteristics of the holdings at a portfolio level. This model estimates the correlation of the value of each individual loan to a centralized risk factor and, thereby, the correlation of each loan to every other loan in the portfolio of the Underlying Fund. The portfolio model then uses a copula-based Monte Carlo simulation engine to build a probability distribution of outcomes for the portfolio of the Underlying Fund. This loss distribution will measure the *expected loss rate* of the loans in the portfolio of the Underlying Fund (viz. the most-likely outcome) but also will determine the volatility or *unexpected loss* (viz. the probability that loss will exceed some threshold). The expected loss is a cost to the Underlying Fund and will be more than compensated by the interest earned on the loans. Unexpected loss is a risk and one that must be managed through portfolio optimization.

By measuring the risk contribution (viz. the marginal addition to portfolio volatility) of each loan and then grouping loans by their characteristics, it is possible to find the areas in the portfolio of the Underlying

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Fund that are over or under contributing risk. The characteristics may include geography and occupation for consumer loans and geography and industry for small business loans. Portfolio optimization is achieved by maximizing diversification across borrower characteristics and eliminating any 'tall tree' exposures that disproportionately contribute risk.

For a simple example, contrast two portfolios of equal size with loans with identical interest rates, risk ratings, and all other loan characteristics but where one is concentrated within California and the other has borrowers across the states. As the loans in the diversified portfolio will be less correlated and therefore less susceptible to a single shock, the probability of realizing a very large loss is less than in the concentrated one.

The output of the portfolio modeling is the portfolio level screen, which identifies loan characteristics that have the best risk-adjusted return based on their contribution to overall portfolio diversification.

The portfolio model also enables stress testing and scenario analysis to understand and mitigate the impact of specific risk factors, such as changes in economic conditions or experience of exogenous shocks, on Fund performance.

*Dynamic Model Adjustment.* The LP Manager uses a dynamic, active portfolio management approach. The Acquisition Strategy is revised based on feedback from analysis of actual loan performance, including loans owned by the Partnership and loan portfolio data made available by the Lending Platforms. The portfolio optimization is run on an ongoing basis and therefore adjusts as the composition of the portfolio evolves and as correlation factors change.

Thus, in formulating the acquisition strategy for the Underlying Fund, the LP Manager first identifies attractive loans on a stand-alone basis and then selects only those that have attractive characteristics in the context of the portfolio optimization. These screens are dynamically adjusted based on actual performance and changes to the portfolio composition.

The Underlying Fund may also make opportunistic credit Investments. These may include circumstances where market dislocations have created opportunity for high risk-adjusted returns, such as market over-corrections, complex securities or restructurings, illiquid securities or markets, junior pieces of structured transactions, and/or portfolio liquidations. The Underlying Fund will be an advantaged buyer in these situations due to its access to deal flow, the technical expertise of the LP Manager to analyse the risks, and by having access to liquidity to capitalize on the opportunity.

The Underlying Fund will execute the investment strategy through the insight and experience of the LP Manager. The Underlying Fund may, but is not obliged to, make some or all of its investments through one or more intermediary vehicles.

The Underlying Fund will seek to achieve superior long-term performance through a strict and disciplined credit selection strategy. The credit selection process is designed with the objective of reducing risks to capital while attempting to maximize opportunities for income and capital appreciation. The foundation of this strategy is rigorous, bottom-up fundamental analysis that emphasizes asset-level overcollateralization based on liquidation value, identifying good companies that are overlooked or out of favour, and diversification based on asset-type, investment size, as well as company and industry exposures.

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The Underlying Fund will seek, through portfolio construction, to minimize the specific risk of any single investment and to reduce the overall volatility of returns. The Underlying Fund may have certain limitations with respect to size, industry, and geography concentration of its investments, as determined by the LP Manager; however, there can be no assurance that these limitations will not be exceeded from time to time.

Any un-allocated cash will be held by the Underlying Fund until such time as the Underlying Fund identifies attractive investment opportunities or requires additional funding for portfolio management purposes. Any reserve cash held by the Underlying Fund will be used to manage cash flows, pay expenses, and facilitate redemption payments. Such reserve will be held in an interest-bearing account or invested in money market funds or other short-term instruments.

The Underlying Fund will execute the investment strategy through the unique insight and experience of the LP Manager and its affiliates. The Underlying Fund may, but is not obliged to, make some or all of its investments through one or more intermediary vehicles.

### Investment Restrictions of the Underlying Fund

#### *General*

The Underlying Fund shall not invest more than 30% of the Net Asset Value of the Underlying Fund in any one investment; provided, however, this restriction shall not apply to investments in liquid assets or securities issued or guaranteed by a member state of the Organization for Economic Cooperation and Development (“OECD”) or by its local authority or by supranational institutions and organizations with regional or worldwide scope.

For the purposes of the foregoing paragraph, “liquid assets” means cash or cash equivalents including, inter alia and without limitation, investments in units of money market funds, time deposits and regularly negotiated money market instruments the remaining maturity of which is less than 12 months, treasury bills and bonds issued by OECD countries or their local authorities or by supranational institutions and organizations with worldwide scope as well as bonds admitted to official listing on a stock exchange or dealt on a regulated market, issued by first-class issuers and highly liquid.

#### *Use of Leverage*

The Underlying Fund may borrow permanently (either directly or at the level of any intermediary vehicle) for investment purposes, to meet funding commitments in underlying investments, for working capital purposes, and to meet redemption requests of limited partners of the Underlying Fund, and secure these borrowings with liens or other security interests in its assets (or the assets of any of its intermediary vehicles) provided that the Underlying Fund may not, at any point in time, incur a level of borrowing (including any short-term borrowings) in excess of 50% of the Net Asset Value of the Underlying Fund. Subject to the foregoing restriction on the use of leverage, the Underlying Fund may obtain letters of credit/financial guarantees instead of cash borrowings.

#### *Hedging, Derivatives, Short Sales, Securities Lending and Repurchase Transactions*

The Underlying Fund is not obligated to hedge against fluctuations in the value of its investments as a result of changes in market interest rates, currency changes, or other events. The LP Manager shall have sole discretion in determining when or whether to engage in hedging strategies. The Underlying Fund may utilize a variety of financial instruments including, without limitation, derivatives, options, interest rate swap, caps and floors, futures, and forward contracts, to seek to hedge against declines in the values of the investments of the Underlying Fund.

### *Investment Through Intermediary Vehicles*

Investments may be made by the Partnership through intermediary vehicles, including, without limitation, special purposes or joint ventures, general or limited partnerships, and limited liability companies. The Underlying Fund will seek to fully control any such intermediary vehicles, but may also hold investments through joint ventures where the Underlying Fund will seek to retain control over management, sale, and financing of the venture's assets or alternatively will have a viable mechanism for exiting the venture, within a reasonable period of time. Unless otherwise provided for in this Offering Memorandum, an investment into an intermediary vehicle should be ignored for the purposes of "Investment Restrictions of the Underlying Fund – General" above, and the underlying investments of the intermediary vehicle should be treated as if they were direct investments made by the Underlying Fund.

### *Security Interests and Guarantees*

In furtherance of the Underlying Fund's investment objective, the Underlying Fund may give guarantees and grant security in favour of third parties to secure the Underlying Fund's obligations and the obligations of intermediary vehicles and it may grant any assistance to intermediary vehicles, including, without limitation, assistance in the management and the development of such companies and their portfolio, financial assistance, loans, advances, or guarantees. The Underlying Fund may pledge, transfer, encumber, or otherwise create security over some or all of the Underlying Fund's assets.

## **Fees and Expenses**

### **Management Fees**

Pursuant to the Trust Agreement, as compensation for providing services to the Trust, the Manager receives:

**For Class A Units and Class B Units:** a monthly management fee from the Trust equal to 1/12 of 2.0% of the Net Asset Value of the Trust attributable to the Class A Units or the Class B Units, as the case may be, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last Business Day of each month based on the Net Asset Value of the Trust attributable to the Class A Units or the Class B Units, as the case may be, as at the last Business Day of each month;

**For Class F Units and Class G Units:** a monthly management fee from the Trust equal to 1/12 of 1.5% of the Net Asset Value of the Trust attributable to the Class F Units or the Class G Units, as the case may be, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last Business Day of each month based on the Net Asset Value of the Trust attributable to the Class F Units or the Class G Units, as the case may be, as at the last Business Day of each month;

**For Class E Units:** no management fees; and

**For Class I Units and Class J Units:** a monthly management fee from the Trust equal to 1/12 of 1.25% of the Net Asset Value of the Trust attributable to the Class I Units or the Class J Units, as the case may be, plus any applicable federal and provincial taxes, calculated and accrued on each Valuation Date and payable on the last Business Day of each month based on the Net Asset Value of the Trust attributable to the Class I Units or the Class J Units, as the case may be, as at the last Business Day of each month.

## Performance Fees

The Manager does not charge any performance fees in respect of the Units. The Underlying Fund does have an Incentive Allocation which has a similar effect to performance fees.

## Operating Expenses of the Fund

The Trust is responsible for its own operating expenses. Operating expenses including, among others, the fees of the Trustee, legal and audit fees; distribution expenses; taxes; interest; operating and administrative costs; investor servicing costs; and the costs of reports to Unitholders.

In respect of the Class B Units, Class G Units and Class J Units denominated in Canadian dollars, the Trust may enter into hedge agreements to fix the exchange rate between the U.S. dollar (in which the LP Units are denominated) and the Canadian dollar. The expenses associated with such hedge agreements shall be attributed to the Class B Units, Class G Units and Class J Units, as the case may be.

## Fees on the LP Units

The Underlying Fund does not charge any management, performance or sales fees related to the LP Units purchased and owned by the Trust.

## Incentive Allocation of the Underlying Fund

Pursuant to the terms of the Limited Partnership Agreement, the General Partner will be entitled to receive an incentive allocation (the “**Incentive Allocation**”) to be calculated and allocated to the General Partner as of each Valuation Date on the basis described below and paid to the General Partner on an annual basis at the end of each Fiscal Year of the Underlying Fund.

If, on a Valuation Date, the Net Profits of the Underlying Fund that would otherwise have been allocated to the holders of the LP Units (the “**Limited Partners**”) on such Valuation Date exceed the sum of all prior Net Losses so allocated to the Limited Partners by an amount which is greater than the Hurdle Rate on an annualized basis that have not already been offset by Net Profits, then 15% of such Net Profits in excess of the Hurdle Rate during the fiscal period shall instead be allocated to the General Partner as the Incentive Allocation on such Valuation Date. For greater clarity, the Incentive Allocation for any period shall be calculated as the product of: (i) the Net Profits of the Underlying Fund that would otherwise have been allocated to the Limited Partners on such Valuation Date; (ii) the difference between the percentage change in Net Asset Value per LP Unit since the prior Valuation Date and the Hurdle Rate as at the prior Valuation Date; and (iii) 15%.

**Hurdle Rate:** The Hurdle Rate for the determination of the Incentive Allocation will be the Canadian Prime Interest Rate as at the first Business Day immediately following each Valuation Date, as published or otherwise described on the website of the Bank of Canada.

“**Net Profits**” and “**Net Losses**” for any period means (i) the sum of income earned by the Underlying Fund, dividends received by the Underlying Fund, and all realized and unrealized capital gains of the Underlying Fund accrued during such period, less (ii) realized and unrealized capital losses of the Underlying Fund together with all fees and expenses of the Underlying Fund for such period; if the foregoing results in a positive amount, such amount shall be referred to herein as “**Net Profits**” and if the foregoing results in a negative amount, such amount shall be referred to herein as “**Net Losses**”.

## Operating Expenses of the Underlying Fund

The Underlying Fund is responsible for its own operating expenses. Operating expenses including, among others, legal, audit, custodial and safekeeping fees; consulting and other professional fees

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relating to particular investments of the Underlying Fund; third-party investment due diligence and monitoring expenses; reasonable due diligence-related travel expenses; third-party valuation and audit expenses; third-party research-related expenses (e.g., news, research, quotation and analytical-related equipment, software and services such as Bloomberg, Capital IQ and Moodys Analytics); all expenses associated with the underwriting, servicing, collection and liquidation of investments of the Underlying Fund; distribution expenses; taxes; brokerage commissions; interest; operating and administrative costs; investor servicing costs; and the costs of reports to the Limited Partners. The LP Units are responsible for the operating expenses that relate specifically to the LP Units and for their proportionate share of the common expenses of the Underlying Fund that relate to all classes of limited partnership units.

### Sales Commissions

#### Sales Commission

No sales commission is payable to the Manager in respect of Units purchased directly by a subscriber. However, registered dealers may, at their discretion, charge purchasers a front end sales commission based upon of the Net Asset Value of the Units purchased by the subscriber. Any such sales commission will be negotiated between the registered dealer and the purchaser and will be payable directly by the purchaser to their dealer.

#### Service Commission

In respect of the **Class A Units** and the **Class B Units**, the Manager pays a quarterly service commission to participating registered dealers equal to one quarter (1/4) of 0.50% of the Net Asset Value of the Units sold by such dealers then outstanding. Payments are calculated and paid quarterly to registered dealers. Notwithstanding the foregoing, the Manager, in its sole discretion, reserves the right to change the frequency of payment to registered dealers of the service commission to a monthly or annual basis. Subject to the requirements under applicable securities laws, the Manager may pay a negotiated referral fee to registered dealers or other persons in connection with the sale of Units. The Trust does not pay any service commission.

No service commission is payable by the Manager or the Trust in respect of the **Class E Units**, the **Class F Units**, the **Class G Units**, the **Class I Units** or the **Class J Units**.

### The Trust Agreement

The following is a summary of the Trust Agreement. This summary is not intended to be complete and each subscriber should carefully review the Trust Agreement which is attached to this Offering Memorandum as Appendix 1.

The rights and obligations of the Trustee, the Manager and Unitholders under the Trust Agreement are governed by the laws of the Province of Alberta.

A subscriber for Units will become a Unitholder upon the acceptance by the Manager of the subscription and the recording of the subscriber as a holders of Units in the register of Unitholders maintained by the Manager. Certificates for Units will not be issued.

### Units

Each Unit represents an undivided interest in the Trust. The Trust is authorized to issue an unlimited number of classes and/or series of Units and an unlimited number of Units in each such class or series. The Trust may issue fractional Units up to four decimal places so that subscription funds may be fully invested. Each Unit of a particular class shall be equal to each other Unit of the same class with respect to

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all matters, including the right to vote, receive allocations and distributions from the Trust, liquidation and other events in connection with the Trust. No Unit shall have any preference, conversion, exchange, pre-emptive or redemption rights in any circumstances over any other Unit (except as specifically provided in the Trust Agreement). Units are issuable in one or more classes which may be subject to different administrative fees, management fees and performance fees, if any, than those chargeable against Units of another class, and may designate one or more series of Units within such class. Each Unitholder shall be entitled to one vote for each whole Unit held by him or her in respect of all matters to be decided upon by the Unitholders.

The ownership of all of the property of the Trust and the rights to conduct the affairs of the Trust are vested exclusively in the Trustee and the Manager and the Unitholders have no interest other than their beneficial interest in the Trust.

### Meetings

The Manager or Trustee may at any time convene a special meeting of the Unitholders and will be required to convene a special meeting on receipt of a request in writing to the Manager and the Trustee of Unitholders holding not less than 33⅓% of the Units then outstanding. Each Unitholder is entitled to one vote for each whole Unit held. Only Unitholders of record on the date of the meeting shall be entitled to vote at such meeting. The approval of Unitholders shall be given by an Ordinary Resolution (as defined below), except for those matters which require approval by Special Resolution (as defined below). A quorum for the transaction of business at a meeting of Unitholders shall consist of Unitholders present in person or represented by proxy holding in total Units equal to at least 5% of the total Units then outstanding and entitled to vote at such meeting, except for purposes of: (i) passing a Special Resolution in which case such persons must hold at least 33⅓% of the Units then outstanding and entitled to vote thereon; and (ii) passing a Special Resolution to remove the Manager, in which case such persons must hold at least 66 2/3% of the Units then outstanding and entitled to vote thereon. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting shall be adjourned and held on a date fixed by the chairman of the meeting, which date shall be not later than 14 days thereafter. At any adjourned meeting, two or more Unitholders entitled to vote at the meeting and present in person or represented by proxy shall constitute a quorum.

An "Ordinary Resolution" means a resolution approved by more than 50% of the votes cast by those Unitholders holding Units who vote on the resolution, in person or by proxy, at a duly constituted meeting of Unitholders, or at any adjournment thereof, called and held in accordance with the Trust Agreement, or a written resolution signed by Unitholders holding total Units equal to at least 50% of the Units then outstanding, as provided in the Trust Agreement.

A "Special Resolution" means a resolution approved by not less than 66⅔% of the votes cast by those Unitholders holding Units who vote on the resolution, in person or by proxy, at a duly constituted meeting of Unitholders, or at any adjournment thereof, called and held in accordance with the Trust Agreement, or a written resolution signed by Unitholders holding total Units equal to at least 66⅔% of the Units then outstanding, as provided in the Trust Agreement.

### Term

The Trust has no fixed term. Dissolution of the Trust may only occur at any time on sixty (60) calendar days written notice by the Manager and Trustee to each Unitholder.

### Fiscal Year

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

## Amendments

Except as described herein, the Trust Agreement may only be amended with the consent of the Manager and the Trustee and with the approval of the Unitholders given by Special Resolution. However, no amendment can be made to the Trust Agreement which would have the effect of reducing the interest in the Trust of the Unitholders, changing the liability of any Unitholders, allowing any Unitholder to participate in the operation, management or control of the business of the Trust, or changing the right of Unitholders to vote at any meeting. Unitholders may by Special Resolution remove the Manager provided such Special Resolution also appoints a new manager, who, upon acceptance, will assume all managerial duties, powers and obligations imposed upon or granted to the Manager under the Trust Agreement. No amendment which would adversely affect the interests of the Manager or Trustee may be made without the Manager's or the Trustee's consent, as the case may be.

The Manager and the Trustee, collectively, are entitled to make certain amendments from time to time to the Trust Agreement without prior notice to, or the consent from, the Unitholders for the purpose of amending or adding any provisions which are for the protection or benefit of the Unitholders or the Trust, for the purpose of curing any ambiguity or clerical error, for the purpose of reflecting any changes to any applicable legislation, or for the purpose of correcting or supplementing any provision which may be defective or inconsistent with any other provision. Such amendments may only be made if they will not in any manner materially adversely affect the interests of any Unitholder

## Liability of Unitholders

The Trust Agreement states that it is intended that no Unitholder shall be subject to any personal liability for the satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust, or the Trustee, but rather only the Trust property shall be subject to levy or execution for such satisfaction.

There is a risk that is considered by the Trust to be remote in the circumstances that a Unitholder could be held personally liable for obligations of the Trust (to the extent that claims are not satisfied by the Trust), notwithstanding the foregoing statement in the Trust Agreement. It is intended that the Trust's operations be conducted in such a way as to minimize any such risk. It is considered that the risk of any personal liability of Unitholders is minimal in view of the anticipated equity of the Trust. In the event that a Unitholder should be required to satisfy any obligation of the Trust, such Unitholder will be entitled to reimbursement from any available assets of the Trust.

## Details of the Offering

Units are being offered by the Trust on a continuous basis to an unlimited number of eligible subscribers who are prepared to invest a sufficient amount to meet the minimum initial subscription requirements and who are qualified investors.

As at the date of this Offering Memorandum, the minimum initial subscription amount for persons purchasing as principal is USD25,000 (or CAD25,000 for Class B Units, Class G Units and Class J Units). This minimum amount is net of any sales commissions paid by a subscriber to their registered dealer. At the sole discretion of the Manager, subscriptions may be accepted for lesser amounts from persons.

The Trust utilizes a "series accounting methodology" whereby a separate notional series of the applicable class of Units (each, a "Series") will be issued as of each Valuation Date with the initial Series being designated as the base series (the "Base Series") and subsequent Series bearing a designation which corresponds to the time at which the particular Series of Units were issued.

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Each Series shall correspond to a series of LP Units issued by the Underlying Fund. As LP Units are rolled up into the base series for LP Units, so too Units shall be rolled up into their Base Series. LP Units shall be rolled up into their base series following the payment of the Incentive Allocation to the General Partner unless the units of such series of LP Units have not exceeded their previous highest series net asset value per unit, in which case such series shall remain outstanding until the first Incentive Allocation date at which such series of LP Units have exceeded their previous highest series net asset value per unit.

Each class of Units will initially be offered at a subscription price of USD10.00 (or CAD10.00 for Class B Units, Class G Units and Class J Units) per Unit. Subsequent to the date on which Units of the applicable class are issued, each class will be offered at a subscription price equal to the Series Net Asset Value per Unit of the applicable class as of each Valuation Date

Units are being offered to investors resident in Ontario and such other provinces and territories in Canada as the Manager may determine from time to time (the “**Offering Jurisdictions**”) pursuant to exemptions from the prospectus requirements under section 2.3 under National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”) and section 73.3(2) of the *Securities Act* (Ontario) (collectively, the “**Accredited Investor Exemption**”). Investors who reside in the Offering Jurisdictions and are eligible for the Accredited Investor Exemption are termed “**Qualified Purchasers**”.

**Class A Units and Class B Units** are being offered to Qualified Purchasers.

**Class E Units** are being offered to Qualified Purchasers who are directors, officers and employees of the Manager and its affiliates and associates.

**Class F Units and Class G Units** are being offered to: (i) Qualified Purchasers who participate in fee-based programs through eligible registered dealers; (ii) Qualified Purchasers in respect of whom the Trust does not incur distribution costs; and (iii) other Qualified Purchaser’s in the Manager’s sole discretion.

**Class I Units and Class J Units** are being offered, at the discretion of the Manager, to Qualified Parties who are institutional investors.

Class A Units, Class E Units, Class F Units and Class I Units are denominated in U.S. dollars. Class B Units, Class G Units and Class J Units are denominated in Canadian dollars.

### Subscription Procedure

Subscriptions for Units must be made by completing the subscription agreement which accompany this Offering Memorandum, and by forwarding such documents together with cheque(s) for payment of the subscription amount to the Manager (cheques for Class A Units, Class E Units, Class F Units and Class I Units must be in U.S. dollars and cheques for Class B Units, Class G Units and Class J Units must be in Canadian dollars). Subscription funds provided prior to a Valuation Date will be kept in a segregated account. Subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. No subscription for Units will be accepted from a purchaser unless the Manager is satisfied that the subscription is in compliance with the requirements of applicable securities legislation. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction. The Manager shall have two (2) Business Days to decide whether to accept or reject a subscription for Units. Subscribers whose subscriptions for Units have been accepted by the Manager will become Unitholders.

Purchasers will be required to make certain representations in the subscription agreement, and the Manager, the Trustee and the Trust are entitled to rely on such representations, to establish the

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availability of the Accredited Investor Exemption. In addition, each subscriber is also acknowledging in the subscription form that the investment portfolio and trading procedures of the Trust and the Underlying Fund are proprietary in nature and agrees that all information relating to such investment portfolio and trading procedures will be kept confidential by such subscriber and will not be disclosed to third parties (excluding the subscriber's professional advisors) without the prior written consent of the Manager.

The Trust or the Manager will not accept a subscription agreement from or register as the owner of any Unit an entity that is or would be:

- (i) a "non-resident" (unless such acceptance would not cause the Trust to cease to qualify as a "mutual fund trust" under the *Income Tax Act* (Canada) (the "**Tax Act**")), a partnership other than a "Canadian partnership", a "tax shelter" or a "tax shelter investment", or a person an interest in which is a "tax shelter investment" or in which a "tax shelter investment" has an interest, within the meaning of the Tax Act;
- (ii) a "financial institution" for the purposes of the "mark-to-market" rules in Section 142.5 of the Tax Act if, as a consequence thereof, the Trust may be considered to be a "financial institution" for the purposes of the Tax Act;
- (iii) a "designated beneficiary" of the Fund within the meaning of Part XII.2 of the Tax Act if, as a consequence thereof, the Fund may become liable for tax under Part XII.2 of the Tax Act; or
- (iv) a partnership which does not have a prohibition against investment by the foregoing persons.

### Additional Subscriptions

Following the required initial minimum investment in the Trust, Unitholders may make additional investments of not less than USD5,000 (or its Canadian dollar equivalent for Class B Units, Class G Units and Class J Units) provided that, at the time of the subscription for additional Units, the Unitholder is a Qualified Purchaser. The Manager may, in its sole discretion, from time to time permit additional investments of lesser amounts.

### Resale Restrictions

As the Units offered pursuant to this Offering Memorandum are being distributed pursuant to the Accredited Investor Exemption, resale of these Units by subscribers is subject to restrictions unless a further exemption may be relied upon by the subscriber pursuant to applicable securities legislation. Investors should consult with their professional advisors prior to subscribing for Units. Furthermore, no transfers of Units may be affected unless the Manager, in its sole discretion, approves the transfer and the proposed transferee. There is no market for these Units and no market is expected to develop, therefore it may be difficult or even impossible for a purchaser to sell their Units other than by way of a redemption of their Units on a Valuation Date. Subscribers are advised to consult with their professional advisors concerning restrictions on resale and are further advised against reselling their Units until they have determined that any such resale is in compliance with the requirements of applicable securities legislation and the Trust Agreement.

### Redesignation between Classes of Units

If a Unitholder ceases to be eligible to hold Class F Units, Class G Units, Class I Units or Class J Units, the Manager may, in its sole discretion, redesignate such Unitholder's Class F Units or Class I Units for Class A Units and such Unitholder's Class B Units or Class G Units for Class B Units on five (5) days notice, unless

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such Unitholder notifies the Manager during the notice period and the Manager agrees that the Unitholder is once again eligible to hold Class F Units, Class G Units, Class I Units or Class J Units, as the case may be.

Subject to the consent of the Manager, Unitholders may cause the redesignation of all or part of their investment in the Trust from one class of Units to another class of Units if the Unitholder is eligible to purchase that class of Units and that class of Units is denominated in the same currency as the original class of Units. The timing and processing rules applicable to purchases and redemptions of Units also applies to redesignations between classes of Units. Upon a redesignation from one class of Units to another class, the number of Units held by the Unitholders will change since each class of Units has a different Net Asset Value per Unit.

### Determination of Net Asset Value

The Net Asset Value of the Trust, the Net Asset Value for each class of Units and the Series Net Asset Value per Unit for each class of Units will be determined in the manner set forth below as of each Valuation Date by the Administrator under the supervision of the Manager.

### Net Asset Value of the Trust

The Net Asset Value of the Trust as of 4:00 p.m. Toronto time on each Valuation Date is the amount by which the fair market value of the assets of the Trust as of such date exceeds the total liabilities of the Trust as of such date.

The property of the Trust will consist solely of the LP Units, cash and the hedge agreements. The value of the LP Units will be provided to the Trust by the General Partner based on the principles set out below under the heading “Determination of the Net Asset Value of the Underlying Fund and the LP Units” and the value of cash shall be the face value thereof.

In respect of the Class B Units, the Class G Units and the Class J Units the Administrator will determine the value of each hedge agreement based on the valuation provided by the counterparty to such hedge agreement and the Manager shall confirm such value in consultation with the Administrator and the counterparty to such hedge agreement.

The liabilities of the Trust shall be deemed to include:

1. all loans and other indebtedness for borrowed money (including convertible debt), bills, and accounts payable, and all accrued interest and fees thereon;
2. all accrued or payable expenses (including, without limitation, administrative expenses including the fees of the Administrator, management fees and performances fees, if any, trustee fees, agency, registrar and transfer agency fees, domiciliary and corporate agency fees, legal fees, and any other fees and reasonable disbursements of the service providers to the Trust);
3. all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid distributions declared by the Trust;
4. an appropriate provision for income and deferred taxes, as applicable, based on the capital and income to the Valuation Date, as determined from time to time by the Manager, and other

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reserves, if any, authorized and approved by the General Partner, as well as such amount, if any, as the Manager may consider to be an appropriate allowance in respect of any contingent liabilities of the Trust; and

5. all other liabilities of the Trust of whatever kind or nature reflected in accordance with applicable law, except liabilities represented by outstanding Units.

In determining the amount of the liabilities of the Trust, the Manager shall take into account all expenses payable by the Trust and may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for annual or other periods.

The Manager may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset or liability of the Trust in accordance with applicable law, provided that upon adoption of such other method, it is applied consistently

### Net Asset Value of a Class of Units

The Net Asset Value of a class of Units, as of any date, shall equal the fair market value of the assets of the Trust as of such date attributable to the class, less an amount equal to the total liabilities attributable to the class as of such date (in each case as adjusted for subscriptions, redemptions and redesignations on the next following Valuation Date). The Net Asset Value of the Class B Units, the Class G Units and the Class J Units shall be calculated in Canadian dollars. If there are no hedge agreements in place, the Administrator shall use the then prevailing U.S. dollar / Canadian dollar exchange rate as provided by the Manager.

### Series Net Asset Value

The "Series Net Asset Value" of a Series of Units, as of any date, shall equal the fair market value of the assets of the Trust as of such date attributable to the Series, less an amount equal to the total liabilities attributable to the Series as of such date. The "Series Net Asset Value per Unit" shall be computed by the Administrator as at each Valuation Date by dividing the applicable Series Net Asset Value by the total number of Units of such Series then outstanding on such Valuation Date, prior to any issuance or redemption (including a redesignation) of Units of such Series to be processed by the Trust immediately following such calculation.

### Suspension of Calculation of Net Asset Value

The Manager may suspend the calculation of Net Asset Value on a Valuation Date if the Manager does not obtain the net asset value of the LP Units from the Underlying Fund on such Valuation Date or the Underlying Fund has suspended redemptions of LP Units on such Valuation Date. The Manager shall also suspend the calculation of Net Asset Value on a Valuation Date where required to do so under applicable law.

### Determination of Net Asset Value of the Underlying Fund and the LP Units

As at 4:00 p.m. (Toronto time) on each Valuation Date, the net asset value of the Underlying Fund shall be determined by the General Partner.

The net asset value of the Underlying Fund on any Valuation Date shall be the value of the Underlying Fund's assets less an amount equal to its liabilities on such Valuation Date (without regard to subscriptions or redemptions on such Valuation Date).

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The net asset value for the LP Units shall be calculated by subtracting from the Class E units of the Underlying Fund's proportionate share of the assets of the Underlying Fund its proportionate share of common expenses of the Underlying Fund and the liabilities attributable to the Class E units of the Underlying Fund.

The assets of the Underlying Fund shall be deemed to include:

1. all investments registered in the name of the Underlying Fund or any intermediary vehicles;
2. all cash in hand or on deposit, including any interest accrued thereon, owned by the Underlying Fund;
3. all bills and demand notes payable and accounts receivable (including interest, fees, and other income from investments of the Partnership, and proceeds from such investments, securities, or any other assets sold but not delivered) owned by the Underlying Fund;
4. all bonds, time notes, certificates of deposit, shares, stocks, units, debentures, debenture stocks, subscription rights, warrants, options, royalty interests, and other securities, financial instruments, and similar assets owned or contracted for by the Underlying Fund;
5. all stock dividends, cash dividends, cash payments receivable by the Underlying Fund to the extent information thereon is reasonably available to the Underlying Fund;
6. all interest accrued on any investments owned by the Underlying Fund except to the extent that the same is already included or reflected in the value of such investments;
7. the primary expenses of the Underlying Fund, including the cost of issuing and distributing the Units, insofar as the same have not been amortized or written off; and
8. all other assets of any kind and nature including expenses paid in advance.

The value of the assets of the Underlying Fund and the LP Units will be determined at fair value through the application of the following principles:

1. loans will be valued at cost, plus accrued interest and fees, less repayments and any amounts written off due to impairment. Certain fees earned and collected by the Underlying Fund in the course of making investments may be recognized over the anticipated holding period of the investment, as determined in the sole discretion of the General Partner. If interest payments on any investment are in arrears for a period of 90 days or more, interest income will no longer be accrued to the value of such investment, and if foreclosure and liquidation proceedings are commenced following an uncured default, the investment is measured at the lesser of cost and the net liquidation value of the collateral underlying the loan, determined by one or more independent valuations of said collateral selected by the LP Manager or any investment manager appointed by the LP Manager. Special investments shall be valued at cost until realized;
2. securities (including, without limitation, stocks, bonds, futures, options and derivative contracts) that are listed on a national securities exchange (including securities traded on NASDAQ and securities when traded in the after-hours market) shall be valued at their last sales price on the date of determination on the largest securities exchange (by trading volume in such securities) on

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which such securities shall have traded on such date. If the last sales price on the date of determination on the largest securities exchange is outside of the quoted “bid” and “asked” price at the time of such last sale, then such securities shall be valued at the midpoint between such “bid” and “asked” prices. If no such sales of such securities occurred on the date of determination, such securities shall be valued at the midpoint between the “bid” and the “asked” prices on the largest securities exchange (by trading volume in such securities) on which such securities are traded on the date of determination;

3. securities (including, without limitation, stocks, bonds, futures, options and derivative contracts) that are not listed on an exchange or traded over-the-counter but for which external pricing or valuation sources are available shall be valued in accordance with any external pricing or valuation source selected by the LP Manager; provided, however, that such valuations may be adjusted by the General Partner to account for recent trading activity or other information that may not have been reflected in pricing obtained from external sources. Warrants, options and other securities that are exercisable for shares, and acquired by the Underlying Fund in connection with making an investment, shall be valued at zero until exercised into listed securities;
4. cash on hand or on deposit, bills, demand notes, overnight financing transactions, receivables, and payables will be valued at the full amount thereof; provided, however, that if such cash, bills, demand notes, overnight financing transactions, receivables, and payables are unlikely, in the opinion of the General Partner, to be paid or received in full, then the value will be equal to the full amount thereof adjusted as is considered appropriate to reflect the true value thereof; and
5. all others assets are valued at fair value as determined in good faith pursuant to procedures established by the General Partner.

The liabilities of the Underlying Fund shall be deemed to include:

1. all loans and other indebtedness for borrowed money (including convertible debt), bills, and accounts payable, and all accrued interest and fees thereon;
2. all accrued or payable expenses (including, without limitation, administrative expenses, management fees and performances fees, if any, custody fees, agency, registrar and transfer agency fees, domiciliary and corporate agency fees, legal fees, and any other fees and reasonable disbursements of the service providers to the Underlying Fund);
3. all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid distributions declared by the Underlying Fund;
4. all unearned fees from investments of the Underlying Fund insofar as the same have not been fully amortized;
5. an appropriate provision for income and deferred taxes, as applicable, based on the capital and income to the Valuation Date, as determined from time to time by the General Partner, and other reserves, if any, authorized and approved by the General Partner, as well as such amount, if any, as the General Partner may consider to be an appropriate allowance in respect of any contingent liabilities of the Underlying Fund; and

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6. all other liabilities of the Underlying Fund of whatever kind or nature reflected in accordance with applicable law, except liabilities represented by outstanding units of the Underlying Fund.

In determining the amount of the liabilities of the Underlying Fund and the LP Units, the General Partner shall take into account all expenses payable by the Underlying Fund or the LP Units and may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for annual or other periods.

The General Partner may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset or liability of the Underlying Fund or the LP Units in accordance with applicable law, provided that upon adoption of such other method, it is applied consistently. The determination of Net Asset Value shall not be required to comply with accounting standards.

### Redemption of Units

An investment in Units is intended to be a long-term investment. However, Units may be redeemed at their Series Net Asset Value per Unit for the applicable class on any Valuation Date, provided the request for redemption is submitted at least thirty (30) days prior to such Valuation Date. Payment of the redemption amount will be paid to the redeeming Unitholders not later than the 30th day following the applicable Valuation Date upon which such redemption is effective.

If a redeeming Unitholder owns Units of more than one Series within a class, Units will be redeemed on a “first in, first out” basis. Accordingly, Units of the earliest Series within a class owned by the Unitholder will be redeemed first, at the redemption price for Units of such Series, until such Unitholder no longer owns Units of such Series.

Any written request by a Unitholder for the redemption of Units shall be deemed to constitute the entire notice to the Trust and shall, unless the Manager determines otherwise in its sole discretion, supersede all previous requests, communications, representations, understandings and agreements, written or verbal, between the Unitholder and the Trust with respect to the redemption of Units including, but not limited to, any prior notices of redemption.

If on any Valuation Date the Manager has received from one or more Unitholders requests to redeem outstanding Units representing in the aggregate ten (10%) percent of the Net Asset Value of the Trust, payment of the redemption amount to such Unitholders may be made in kind (Unitholders will receive LP Units) if in the sole judgement of the Manager, redemption in kind is warranted to facilitate the orderly liquidation of portfolio security positions to meet such redemption requests.

The Manager may require redemption in kind for any period when redemptions of the LP Units are suspended or postponed for any reasons.

Despite the fact that Class B Units, Class G Units and Class J Units are denominated in Canadian dollars, upon a redemption in kind holders of such Units will receive LP Units which are denominated in U.S. dollars.

The Manager shall have the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Valuation Date at the Series Net Asset Value per Unit thereof, by notice in writing to

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the Unitholder given at least thirty (30) days before the date of redemption, which right may be exercised by the Manager in its absolute discretion.

### **Early Redemption Fees**

Unitholders who redeem their Units within twelve (12) months of purchasing such Units may be charged, at the sole discretion of the Manager, an early redemption fee of 5% of the Series Net Asset Value per Unit of the Units being redeemed. The amount of the early redemption fees charged will be deducted from the proceeds of any redemption of Units otherwise payable or paid by the Manager. The Manager may in its discretion reduce the amount of or waive payment of the early redemption fee.

### **Distributions**

Distributions will be made to holders of Units only at such times and in such amounts as may be determined in the discretion of the Manager.

### **Trust Reporting**

Annual audited financial statements of the Trust, including a calculation of the Net Asset Value per Unit for each class of Units, will be sent to Unitholders by March 31 of each fiscal year. The Manager will forward to each Unitholder interim unaudited financial statements of the Trust as at and for the six months then ended within sixty (60) calendar days after the end of each such interim period. Within sixty (60) days of the end of each fiscal quarter, the Manager will provide a short written commentary outlining highlights of the Trust's activities. The most recent audited annual and/or unaudited interim financial statements of the Trust are hereby incorporated by reference.

### **Canadian Federal Income Tax Considerations**

The following is, as of the date hereof, a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units pursuant to this Offering Memorandum. This summary is applicable to a holder of Units who, for the purposes of the Tax Act and at all material times, is an individual (other than a trust), is resident in Canada, deals at arm's length and is not affiliated with the Trust, is the original owner of the Units, holds the Units as capital property, and has invested in the Units for his or her own benefit and not as a trustee of a trust. Generally, Units will be considered to be capital property to a holder provided the holder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Holders that satisfy all of the foregoing requirements are referred to as "Unitholders" in this summary and this summary only addresses such Unitholders.

This summary assumes that no holder of Units has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act.

This summary is also based on the following assumptions with respect to each of the Trust and the Underlying Fund:

- The Trust: This summary assumes that the Trust will not be a "financial institution" as defined for the purposes of the Tax Act and that no interest in the Trust will be a "tax shelter investment" as defined for the purposes of the Tax Act. This summary further assumes that the Trust will invest

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solely in the LP Units, and that, at no time, will the Trust be a “SIFT trust” for the purposes of the Tax Act.

- Underlying Fund: This summary assumes that the Underlying Fund will be a “limited partnership”, and will not be a “financial institution” as defined for the purposes of the Tax Act and that no interest in the Underlying Fund will be a “tax shelter investment” as defined for the purposes of the Tax Act. This summary also assumes that the Underlying Fund will, at all times, be a “Canadian partnership” for the purposes of the Tax Act. Finally, this summary is based on the assumption that, at no time, will the Underlying Fund be a “SIFT partnership” for the purposes of the Tax Act.

References to “income” or “loss” in this summary mean income or loss as determined for the purposes of the Tax Act (unless otherwise indicated).

This summary is based on the current provisions of the Tax Act as at February 12, 2019 and an understanding of the published administrative statements and assessing practices of the Canada Revenue Agency (“CRA”) as at February 12, 2019. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to February 12, 2019 (the “Proposals”). No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account other federal tax considerations or any provincial, territorial, local or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible federal tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. The income and other tax consequences of acquiring, holding, or disposing of Units will vary, depending on the status of an investor, the province or territory in which the investor resides or carries on business and, generally, the investor’s own particular circumstances. If any of the assumptions on which this summary is based are not correct, the tax consequences described herein may be materially different. **The following summary is, therefore, of a general nature only and is not intended to constitute, and should not be construed as, legal or tax advice to any particular investor. Each investor should obtain independent advice regarding the tax consequences of investing in Units, based on the investor’s own particular circumstances.**

### Status of the Trust

This summary is based on the assumptions that (i) the Trust has and will, at all times, comply with the terms of the Trust Agreement; (ii) the Trust is, and has continuously been, a “unit trust” for the purposes of the Tax Act from the time of its establishment; and (iii) the Trust is and will continue to qualify as a “unit trust” and a “mutual fund trust” for the purposes of the Tax Act at all times while the Units remain outstanding.

**If the Trust were not to qualify as a “unit trust” and a “mutual fund trust” for the purpose of the Tax Act at all times, the income tax considerations described below would, in some respects, be materially and adversely different.**

### Taxation of the Trust

The Trust will generally be subject to tax in each taxation year under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, taxable dividends, interest and its allocated share of the income of the Underlying Fund for the fiscal period of the Underlying Fund ending on or before the

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taxation year-end of the Trust, less the portion thereof that it is permitted to deduct and it deducts in respect of the amounts paid or payable to Unitholders in the year. An amount will generally be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Trust or if the Unitholder is entitled in that year to enforce payment of the amount.

The Trust intends to deduct, in computing its income in respect of each taxation year, the full amount available for deduction in each year and, therefore, provided the Trust makes distributions to Unitholders in each year equal to its income and net realized capital gains, the Trust intends to take the position that it should generally not be liable in such year for income tax under Part I of the Tax Act. Any losses incurred by the Trust (including losses allocated to the Trust by the Underlying Fund and capable of being deducted by the Trust) may not be allocated to Unitholders, but may generally be carried forward and deducted in computing the taxable income of the Trust in future years in accordance with the provisions of the Tax Act.

An *in specie* redemption of any LP Units and the transfer by the Trust of LP Units to redeeming Unitholders will each be treated as a disposition by the Trust of such LP Units for proceeds of disposition equal to the fair market value thereof. The Trust will generally realize a capital gain (or a capital loss) to the extent that the proceeds from these dispositions exceed (or are less than) the adjusted cost base of the respective property and any reasonable costs of disposition, subject to the detailed provisions of the Tax Act.

In accordance with the detailed provisions of the Tax Act, the Trust will generally be required to include in the computation of its income in respect of each taxation year, the amount of any income of the Underlying Fund allocated to the Trust in respect of any fiscal period of the Underlying Fund that ends during the relevant taxation year of the Trust. Generally, distributions made by the Underlying Fund to the Trust in excess of the share of the income of the Underlying Fund in respect of a particular fiscal period allocated to the Trust will result in a reduction of the adjusted cost base of the Trust's LP Units by the amount of such excess. If, as a result of such required reductions, the Trust's adjusted cost base of its LP Units would be a negative amount at the end of a fiscal period of the Underlying Fund, the Trust will be deemed to realize a capital gain in the amount by which the Trust's adjusted cost base of the LP Units is less than zero and the Trust's adjusted cost base in its LP Units will thereafter be increased to nil.

In computing its income for purposes of the Tax Act, the Trust may generally deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. The Trust may generally deduct any costs and expenses of the offering under this Offering Memorandum paid by the Trust and not reimbursed at a rate of 20% per year, pro-rated for any taxation year which is less than 365 days, to the extent that the expenses were not otherwise deductible in a preceding year.

The Trust Agreement provides that all or a portion of any capital gain or income realized by the Trust in connection with the redemption of Units may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Unitholder. Such income or the taxable portion of any capital gain so designated must be included in the income of a redeeming Unitholder (as income or taxable capital gains) and will be deductible by the Trust in computing its income.

The Underlying Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. The Trust will be considered to have derived its share of such income and gains from these sources and to have paid its share of such taxes. Subject to the detailed rules in the Tax Act, the Trust may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Trust on such income that has not been deducted by the Trust may be regarded as foreign source income of,

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and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act. However, for the purposes of these rules, foreign taxes paid in respect of income from a property that exceed 15% of such income may not be designated to a Unitholder and may generally be deducted by the Trust in computing its income for the purposes of the Tax Act.

Alternative minimum tax may be payable by the Trust on its “adjusted taxable income” if it does not constitute a “mutual fund trust” for the purposes of the Tax Act at all material times. In general, “adjusted taxable income” is computed by revising the ordinary income determination by adding back certain deductions otherwise permitted under the Tax Act. If the Trust is subject to alternative minimum tax, the amounts available for distribution to Unitholders may be reduced.

To the extent that the Trust, at any time, has one or more “designated beneficiaries” (as defined for the purposes of Part XII.2 of the Tax Act), including non-resident persons, at a time that it does not constitute a “mutual fund trust” for the purposes of the Tax Act, the Trust may be liable to tax under Part XII.2 of the Tax Act. If the Trust is subject to tax under Part XII.2 of the Tax Act, the amounts available for distribution to Unitholders may be reduced.

### Taxation of the Trust as a Limited Partner of the Underlying Fund

The Trust will be required to include, in computing its income for a particular taxation year, its share of Underlying Fund’s income for the fiscal period of the partnership that ends in the taxation year, whether or not any such income is distributed to the Trust in the taxation year. Subject to the “at-risk” rules described below, the Trust will generally be permitted to deduct, in computing its income for a particular taxation year, its share of the Underlying Fund’s losses for the fiscal period of the partnership that ends in the taxation year. In general, the Trust’s share of the Underlying Fund’s income or loss from any source or from sources in a particular place will be treated as if it were the income or loss of the Trust from that source or from sources in that particular place, and any provisions of the Tax Act applicable to that type of income (or loss) will generally apply to the Trust in respect of such income or loss, subject to the detailed provisions of the Tax Act.

### The “At-Risk” Rules

The Tax Act contains rules that restrict the ability of a taxpayer that is a “limited partner” of a partnership, as defined in the Tax Act, to deduct certain losses incurred by the partnership and allocated to the respective limited partner. Accordingly, notwithstanding the income or loss allocation provisions of the Limited Partnership Agreement, any losses of the Underlying Fund from a business or property allocated to the Trust will not be deductible by the Trust in computing its income in respect of a particular taxation year to the extent that the Trust’s share of the loss exceeds the Trust’s “at-risk amount” in respect of the Underlying Fund at the end of the relevant fiscal period of the Underlying Fund. In general terms, the “at-risk amount” of the Trust in respect of the Underlying Fund at the end of a fiscal period of the partnership will be: (i) the adjusted cost base of the Trust’s LP Units at that time, plus (ii) the Trust’s share of the income of the Underlying Fund in respect of the fiscal period, less the aggregate of (iii) all amounts owing by the Trust (or a person or partnership not dealing at arm’s length with the Trust) to the Underlying Fund or to a person or partnership with whom the Underlying Fund does not deal at arm’s length, and (iv) subject to certain exceptions, any amount or benefit to which the Trust is entitled to receive where the amount or benefit is intended to protect the Trust from any loss it may sustain by virtue of being a member of the Underlying Fund or holding or disposing of LP Units.

The Trust’s share of any loss incurred by the Underlying Fund that is not deductible by the Trust in the year because of the “at-risk” rules is generally considered to be its “limited partnership loss” in respect of

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the Underlying Fund for that year. Subject to the detailed provisions of the Tax Act, a “limited partnership loss” may generally be deducted by the Trust in any subsequent taxation year against any income allocated to the Trust from the Underlying Fund in respect of that year to the extent that the Trust’s “at-risk amount” at the end of the Underlying Fund’s fiscal period ending in that year exceeds its share of any loss of the Underlying Fund for that fiscal period.

### Disposition and Redemption of LP Units

On the actual or deemed disposition of an LP Unit (including upon a redemption), the Trust will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the LP Unit, net of any costs of disposition, exceed (or are exceeded by) the Trust’s adjusted cost base of the LP Unit.

In general, in accordance with standing CRA administrative policy, the adjusted cost base of the LP Units to the Trust at a particular time will equal the amount paid to acquire the LP Units, plus the aggregate of the Trust’s share of any income and the non-taxable portion of capital gains of the Underlying Fund for fiscal periods of the Underlying Fund ending before that time, less the aggregate of the Trust’s share of the losses of the Underlying Fund (other than any portion of such losses not deducted by reason of the application of the “at-risk” rules) and the non-allowable portion of capital losses of the Underlying Fund for fiscal periods of the Underlying Fund ending before that time, and any distributions made to the Trust by the Underlying Fund before that time. The adjusted cost base of the Trust’s LP Units will be reduced by the unpaid principal amount of any indebtedness of the Trust for which recourse is limited to the extent that such indebtedness can reasonably be considered to have been used to acquire the LP Units.

For the purpose of determining the adjusted cost base of LP Units, the cost of newly acquired LP Units will generally be averaged with the adjusted cost base of all LP Units owned by the Trust as capital property immediately before the acquisition.

### Taxation of the Underlying Fund

The Underlying Fund is not subject to income tax under the Tax Act. However, the Underlying Fund will be required to calculate its income or loss, in accordance with the detailed computational rules contained in the Tax Act, in respect of each fiscal year of the partnership, as if it were a separate person resident in Canada. In computing the income or loss of the Underlying Fund, deductions may be claimed in respect of expenses incurred by the partnership in accordance with, and to the extent permitted under, the Tax Act. The income or loss so computed in respect of each fiscal period of the Underlying Fund will be allocated at the end of each such fiscal period among the persons who hold units of the Underlying Fund as at that date in the manner set forth in the Limited Partnership Agreement.

The fiscal period of the Underlying Fund will end on December 31st of each calendar year or upon the dissolution of the Underlying Fund, whichever is earlier.

### Taxation of Unitholders

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Trust’s income for his/her taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year (whether in cash or LP Units). Any other amount in excess of the Trust’s income for a taxation year paid or payable to a Unitholder in the year will not generally be included in the Unitholder’s income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder’s Units, except to the extent such amount is the non-taxable portion of a capital gain of the Trust, the taxable portion of which was designated to the Unitholder.

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Provided that appropriate designations are made by the Trust, such portion of the net realized taxable capital gains of the Trust and the taxable dividends received or deemed to be received by the Trust on shares of taxable Canadian corporations as is paid or becomes payable to a Unitholder should generally effectively retain its character and be treated as such in the hands of the Unitholder.

Under the Tax Act, the Trust is permitted to deduct in computing its income for a taxation year an amount which is less than the amount of its distributions for the year. This will enable the Trust to utilize, in a taxation year, losses from prior years without affecting the ability of the Trust to distribute its income annually. The amount distributed to a Unitholder, but not deducted by the Trust, will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount. To the extent that the adjusted cost base of a Unit is reduced to less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

The fair market value per Unit will reflect any Canadian income and gains of the Trust that have accrued at the time Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable in respect of income and gains of the Trust that are subsequently paid, or declared payable, to the Unitholder by the Trust, but which accrued before the Units were acquired by the Unitholder.

### Disposition and Redemption of Units

On the disposition or deemed disposition of a Unit (including a redemption), a Unitholder will realize a capital gain (or a capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Trust that represents an amount that is otherwise required to be included in the Unitholder's income as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units, the cost of newly acquired Units will generally be averaged with the adjusted cost base of all other identical Units owned by the Unitholder as capital property immediately before the acquisition.

A redemption of Units in consideration for cash or other assets of the Trust will constitute a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such other assets received as consideration from the Trust, as the case may be, less any income or capital gain realized by the Trust in connection with the redemption of those Units. Unitholders exercising the right of redemption will consequently realize a capital gain, or may sustain a capital loss, depending upon whether the proceeds of disposition received exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or a capital gain realized by the Trust in connection with the distribution of property *in specie* on the redemption of Units has been designated by the Trust to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the Trust to a Unitholder upon redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

One-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the Trust in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by the Unitholder on a disposition or deemed disposition of Units may generally only be deducted from taxable capital gains of the Unitholder in the year of disposition, in the three preceding years or in any subsequent taxation year, subject to and in accordance with the provisions of the Tax Act.

## Alternative Minimum Tax

Alternative minimum tax is payable by individuals and certain designated trusts on their “adjusted taxable income” (as defined for the purposes of the Tax Act). In general, “adjusted taxable income” is computed by revising the ordinary income determination by adding back certain deductions otherwise permitted under the Tax Act. Unitholders are advised to consult their tax advisors to determine the alternative minimum tax implications of investing in Units.

## Eligibility for Investment

Provided the Trust is a “mutual fund trust” for the purposes of the Tax Act, Units of the Trust will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan, a registered education savings plan (“RESP”), a registered disability savings plan (“RDSP”), or a Tax-Free Savings Account (“TFSA”), each as defined in the Tax Act (each, a “Registered Plan”). Whether the Trust qualifies as a “mutual fund trust” for the purposes of the Tax Act at any particular time is dependent on a number of factors, including the number of holders of Units of each class of Units of the Trust. Prospective investors that wish to hold Units in a Registered Plan should consult with the Manager in advance to determine whether the Trust qualifies as a “mutual fund trust” for the purposes of the Tax Act at a particular time.

However, even if the Units constitute qualified investments under the Tax Act for certain trusts, the holder of a TFSA or RDSP, the annuitant of an RRSP or a RRIF, or the subscriber of an RESP, as applicable, (each, a “Plan Holder”) will be subject to a penalty tax in respect of Units held in a TFSA, RDSP, RRSP, RRIF or RESP, if such Units are a “prohibited investment” for the purposes of the Tax Act. Units will generally be a “prohibited investment” if, among other things, the Plan Holder does not deal at arm’s length with the Trust for the purposes of the Tax Act or the Plan Holder has a “significant interest” (as defined in the Tax Act) in the Trust. Holders of TFSAs or RDSPs, annuitants of RRSPs and RRIFs, and subscribers of RESPs are advised to consult their own tax advisors in this regard.

**Prospective purchasers that intend to hold Units in a Registered Plan are advised to consult their own tax advisors prior to acquiring Units.**

## International Tax Information Reporting

In March 2010, the U.S. enacted the Foreign Account Tax Compliance Act (“FATCA”), which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (“IGA”) which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the “FATCA Tax”) for Canadian entities, such as the Trust, provided that (i) the Trust complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Trust will endeavour to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, Unitholders are required to provide identity and residency and other information to the Trust (and may be subject to penalties for failing to do so), which, in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by “Specified U.S. Persons”, will be provided, along with certain financial information (for example, account balances), by the Trust to the CRA and from the CRA to the U.S. Internal Revenue Service. The Trust may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian

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government is not in compliance with the IGA and if the Trust is otherwise unable to comply with any relevant and applicable U.S. legislation. Any such FATCA Tax in respect of the Trust would reduce the Trust's distributable cash flow and net asset value.

On December 15, 2016, Part XIX of the Tax Act was enacted, which came into force on July 1, 2017, and which implements the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development. Pursuant to Part XIX of the Tax Act, "Canadian financial institutions" that are not "non-reporting financial institutions" (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are resident in a foreign country, and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, Unitholders are required to provide certain information regarding their investment in the Trust for the purpose of such information exchange (which information exchange we understand commenced in May 2018), unless the investment is held within certain Registered Plans.

## Risk Factors

### Risk Associated with an Investment in the Trust

An investment in Units involves certain risks, including risks associated with the Trust's investment in the Underlying Fund. The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Prospective investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining whether to invest in Units.

#### *Investment Risk and No Guaranteed Return*

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 Trust and the Underlying Fund.

The Net Asset Value Per Unit will vary directly with the market value and return of the Underlying Fund's investment portfolio. There can be no assurance that the Trust will achieve its investment objectives or that an investment in Units will earn any positive return in the short or long term. The value of Units of the Trust may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Underlying Fund's portfolio of investments.

#### *Illiquidity*

There can be no assurance that the Trust will be able to dispose of its investments in order to honour requests to redeem Units. Investors may receive LP Units where the Manager is required to pay in kind for redemptions.

#### *Limited Ability to Liquidate Investment*

There is no formal market for the Units and none is expected to develop. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units. There are circumstances in which payment for Units may take place in kind (redeeming investors would receive LP Units rather than cash). Accordingly, Units of the Trust may not be appropriate for investors seeking greater liquidity. This offering of Units is not qualified by way of prospectus and consequently the resale of Units is subject to restrictions under applicable securities legislation.

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### *Tax Liability*

Income may be paid or declared payable to a Unitholder by the Trust in respect of a particular taxation year, the amount of which must be included in the Unitholder's income for tax purposes without a corresponding cash payment being made to the Unitholder. The Net Asset Value of the Trust may be marked to market and therefore calculated on the basis of both realized investment gains and losses and accrued and unrealized gains and losses. However, in computing the Trust's income or loss for tax purposes, only realized gains and other recognized gains will generally be taken into account. Therefore the change in Net Asset Value of Units of the Trust may differ from its income and loss for tax purposes.

### *Possible Effect of Redemptions*

Substantial redemptions of Units could require the Trust and the Underlying 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 Units redeemed and of the Units remaining outstanding. Alternatively, the Trust could be forced to pay for redemptions in kind.

### *Charges to the Trust*

The Trust is obligated to pay certain fees (Trustee fees and management fees), brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Trust realizes profits. There are also expenses payable by the Underlying Fund which will have an effect on the Net Asset Value of the Trust and Units.

### *Potential Indemnification Obligations*

Under certain circumstances, the Trust may be subject to significant indemnification obligations in respect of the Trustee, the Manager or certain parties related to the Trustee or the Manager. The Trust will not carry any insurance to cover such potential obligations and none of the foregoing parties will be insured for losses for which the Trust has agreed to indemnify them. Any indemnification paid by the Fund will reduce the Trust's Net Asset Value and by, extension, the value of the Units.

### *Potential Liability of Unitholders*

The Trust Agreement states that it is intended that no Unitholder shall be subject to any personal liability for the satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust, or the Trustee, but rather only the Trust property shall be subject to levy or execution for such satisfaction.

There is a risk that is considered by the Trust to be remote in the circumstances that a Unitholder could be held personally liable for obligations of the Trust (to the extent that claims are not satisfied by the Trust), notwithstanding the foregoing statement in the Trust Agreement. It is intended that the Trust's operations be conducted in such a way as to minimize any such risk. It is considered that the risk of any personal liability of Unitholders is minimal in view of the anticipated equity of the Trust. In the event that a Unitholder should be required to satisfy any obligation of the Trust, such Unitholder will be entitled to reimbursement from any available assets of the Trust.

### *Changes in Applicable Law*

Legal, tax and other regulatory changes may occur that may adversely affect the Trust and investors.

### *Not a Public Mutual Fund*

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

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### *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 Trust or the background of the Manager.

### *Hedging*

The Trust does not intend to actively hedge currency risk. Units denominated in U.S. dollars (Class A Units, Class E Units, Class F Units and Class I Units) are expected to have minimal currency risk as the LP Units will also be denominated in U.S. dollars. Class B Units, Class G Units and Class J Units will be exposed to exchange rate fluctuations and returns may either increase or decrease as a result of these fluctuations. The Trust may enter into hedge agreements with counterparties to fix the U.S. dollar / Canadian dollar exchange rate with respect to the Class B Units, Class G Units and Class J Units. Such hedge agreements will increase the expenses for Unitholders of Class B Units, Class G Units and Class J Units and may result in lower returns than had the Trust not engaged in such hedging.

## **Risks Associated with the Trust's Investment in the Underlying Fund**

### *Dependence of LP Manager on Key Personnel*

The LP Manager depends, to a great extent, on the services of a limited number of individuals in the management and administration of the Underlying Fund. The loss of such services for any reason could impair the ability of the Manager to perform its management and administrative activities on behalf of the Underlying Fund.

### *Reliance on LP Manager*

The Underlying Fund relies on the ability of the LP Manager to manage and administer the Underlying Fund. There can be no assurance that satisfactory replacements for the LP Manager will be available, if needed.

### *Changes in Investment Strategies*

The LP Manager may alter its investment strategies without the prior approval of the Unitholders of the Fund.

### *Valuation of the Underlying Fund's Investments*

Valuation of the Underlying Fund's portfolio securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Underlying Fund could be adversely affected. Independent pricing information may not at times be available regarding certain of the Underlying Fund's portfolio securities and other investments. Valuation determinations will be made in good faith in accordance with the Limited Partnership Agreement. The Underlying Fund may 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 designated by the Underlying Fund to any such investment differs from its 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 when the Trust redeems all or part of its Units while the Underlying Fund holds such investments will be paid an amount less than the Trust would otherwise be paid if the actual value of such investments is higher than the value designated by the Underlying Fund. Similarly, there is a risk that the Trust might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Underlying Fund.

### *General Economic and Market Conditions*

The success of the Underlying Fund'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

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volatility of securities prices and the liquidity of the Underlying Fund's investments. Unexpected volatility or illiquidity could impair the Underlying Fund's profitability or result in losses.

Although the Underlying Fund's investment strategy is generally countercyclical, economic slowdowns or downturns could lead to financial losses in the Underlying Fund's portfolio. The risk inherent in the investments made by the Underlying Fund include those associated with investments in debt securities, including the risk that the financial condition of the issuer may become impaired or that the general condition of the market may deteriorate causing a decrease in the value of collateral assets underlying the Underlying Fund's investments.

### *Unspecified Investments*

No assurance can be given that the Underlying Fund will continue to be successful in obtaining suitable investments or, if such investments are made, that the objectives of the Underlying Fund will be achieved. Prospective investors will be unable to evaluate the economic merit of any future investment that may be acquired. Investors must rely entirely on the judgement of the LP Manager and its affiliates with respect to the selection and acquisition of investments for the Underlying Fund.

### *Competitive Environment*

The Underlying Fund will operate in a competitive environment in which there will be a significant degree of uncertainty in identifying and completing investment transactions in investments. There may be other investment vehicles that have similar or identical objectives that will target similar investments as the Underlying Fund. The Underlying Fund will compete for the acquisition of investments with many other investors, some of which will have better market information, better access to deal flow, and greater resources than those of the Underlying Fund. There may be intense competition for investments of the type in which the Underlying Fund intends to invest, and such competition may result in less favourable investment terms than would otherwise be the case. There can therefore be no assurance that the investments ultimately acquired by the Underlying Fund will meet all of its investment objective or that the Underlying Fund will invest all of its available capital.

### *Illiquidity of Underlying Investments*

Due to the nature of the Underlying Fund's investment strategy and portfolio, certain investments may have to be held for a substantial period of time before they can be liquidated to the Underlying Fund's greatest advantage or, in some cases, at all. The Underlying Fund will generally hold investments that are illiquid and for which no ready market exists. Illiquid investments carry the risk that a buyer may not be found for such investments. Also, certain of the investments owned by the Underlying Fund may be subject to legal or contractual restrictions which may impede the Underlying Fund's ability to dispose of its investments which it might otherwise desire to do. To the extent that there is no liquid trading market for these investments, the Underlying Fund may be unable to liquidate these investments or may be unable to do so at a profit.

### *Non-Controlling Investments*

The Underlying Fund will generally hold non-controlling and non-equity interests in borrowers and, therefore, will have no voting rights and limited ability to control the investment policies of such borrowers. However, as a condition of investment in a borrower, the Underlying Fund expects to seek appropriate supervisory and reporting rights, affirmative and restrictive covenants, and control over certain cash flows and bank accounts.

### *Joint Ventures*

The Underlying Fund may enter into joint venture or co-investment arrangements with other entities when making investments, which may include other vehicles or accounts organised or sponsored by the LP Manager or its affiliates. These may involve incentive-based management agreements.

### *Litigation*

Litigation can and does occur in the ordinary course of the management of an investment portfolio. The Underlying Fund may be engaged in litigation both as plaintiff and as a defendant. In certain cases, borrowers may bring claims and/or counterclaims against the Underlying Fund, the LP Manager, and/or its respective principals and affiliates. The expense of defending against claims made against the Underlying Fund by third parties and paying any amounts pursuant to settlements or judgments would, to the extent that the Underlying Fund has not been able to protect itself by indemnification or other rights against the portfolio companies, be borne by the Underlying Fund and reduce the Net Asset Value of the Underlying Fund. In recent years, certain judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a fiduciary duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creating a fiduciary duty owed to the borrower or its other creditors or shareholders. Due to the nature of the Underlying Fund’s investments, the Underlying Fund could be subject to allegations of lender liability.

### *Fixed Income Securities*

To the extent that the Underlying Fund holds fixed income investments in its portfolio, it will be influenced by financial market conditions and the general level of interest rates in Canada. In particular, if fixed income investments are not held to maturity, the Underlying Fund may suffer a loss at the time of sale of such securities.

### *Equity Securities*

To the extent that the Underlying Fund holds equity investments in its portfolio, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Underlying Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Underlying Fund. Additionally, to the extent that the Underlying Fund holds any foreign investments in its portfolio, 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 Underlying Fund.

### *Possible Correlation With Traditional Investments*

Although the Underlying Fund’s portfolio will not typically be comprised of a material amount of equity securities, there can be no assurance that the performance of the Underlying Fund will not, in fact, be positively correlated to the performance of traditional stock and bond investments, especially if multiple markets move in tandem, thereby reducing the overall portfolio benefits of an investment in the Underlying Fund.

### *Idle Cash*

While the LP Manager will typically endeavour to keep the assets of the Underlying Fund invested, there may be periods of time when the Underlying Fund has a significant portion of its assets in cash or cash equivalents. The investment return on such “idle cash” may not meet the overall return objective the Manager seeks for the Underlying Fund.

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### *Currency Risk*

Investments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Thus, the value of securities within the Underlying Fund's portfolio may be worth more or less depending on their susceptibility to foreign exchange rates.

To the extent that the Underlying Fund directly or indirectly holds assets in local currencies, the Underlying Fund will be exposed to a degree of currency risk which may adversely affect performance. Changes in foreign currency exchange rates may affect the value of investments in the Underlying Fund. In addition, the Underlying Fund will incur costs in connection with conversions between various currencies. The Underlying Fund may seek to hedge the foreign currency exposure, but such hedging strategies may not necessarily be available or effective and may not always be employed, since the Underlying Fund may choose to enhance returns through direct currency exposure.

### *Foreign Investment Risk*

To the extent that the Underlying Fund invests in securities of foreign issuers, it will be affected by world economic factors and, in many cases, by the value of the Canadian dollar as measured against foreign currencies. Obtaining complete information about potential investments from foreign markets may also be of greater difficulty. Foreign issuers may not follow certain standards that are applicable in North America, such as accounting, auditing, financial reporting and other disclosure requirements. Political climates may differ, affecting stability and volatility in foreign markets. As a result, the Net Asset Value of the Underlying Fund may fluctuate to a greater degree by investing in foreign equities than if the Underlying Fund limited its investments to Canadian securities.

If the Underlying Fund is subject to foreign taxes and a full tax credit cannot be claimed by holders of Units of the Trust in respect of such foreign taxes, the after-tax returns to Unitholders in respect of their investment in Units will be reduced.

### *Leverage*

While the use of leverage is not necessary for the Underlying Fund to achieve its investment objective, the Underlying Fund may pledge its assets in order to borrow funds for investment and other purposes. The use of leverage may increase the return on invested capital, but it may also create a greater potential for loss. There can be no assurance that the Underlying Fund, in incurring debt, will be able to meet its loan obligations. Leverage is a speculative technique which may expose the Underlying Fund to greater risk and increase its costs. Increases and decreases in the value of the Underlying Fund's portfolio will be magnified when the Underlying Fund uses leverage. If leverage is employed, the Net Asset Value per Unit for each class of Units will be more volatile, and the return to Limited Partners will tend to fluctuate with changes in the short term interest rates on the leverage. The Underlying Fund will pay any costs and expenses associated with any leverage.

### *Concentration*

Although the Underlying Fund is subject to certain investment restrictions, the LP Manager may take more concentrated securities positions than a typical investment fund or concentrate investment holdings in specialized industries, market sectors, countries or in a limited number of issuers. Investment in this Underlying Fund involves greater risk and volatility since the performance of one particular industry, market sector, country or issuer could significantly and adversely affect the overall performance of the entire Underlying Fund.

### *Indebtedness*

The Underlying Fund is entitled to, and intends to, incur indebtedness secured by the assets of the Underlying Fund. There can be no assurance that such a strategy will enhance returns, and such strategy may in fact reduce returns. The ability of the Underlying Fund to incur indebtedness may increase losses in the event that securities purchased with the borrowed funds decline in value, or in the event that securities in respect of which uncovered short sales are made to increase in value.

### **Conflicts of Interest**

The Trust and the Underlying Fund have the same portfolio manager (the Manager) and the General Partner is an affiliate of the Manager. As such, pursuant to applicable securities laws, the Trust has been provided with written disclosure of this matter and consent has been obtained from the Trust for an investment in the Underlying Fund. Each investor will also be asked to give consent for an investment by the Trust in the Underlying Fund.

In executing its duties on behalf of the Trust, the Manager will be subject to the provisions of the Trust Agreement and its Code of Ethics (current dated January, 2014 and as may be amended, supplemented or modified from time to time) a copy of which is available for review by Unitholders upon request, which provide that the Manager will exercise its duties in good faith and with a view to the best interests of the Trust and its Unitholders.

### **Statement of Related Registrants**

The securities laws of the Province of Ontario 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, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers 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 Fund is a related and connected issuer of the Manager by virtue of their relationship. The Fund is a unit trust to which the Manager provides administrative and portfolio management services. The Manager charges fees (management fees) in connection with the management services provided to the Trust. The Manager, in its capacity as the LP Manager, is not entitled to any fees from the Underlying Fund in respect of the LP Units. The General Partner is an affiliate of the Manager and receives the Incentive Allocation from the Underlying Fund in respect of the LP Units.

### **Interest of Management and Others in Material Transactions**

The Manager may receive compensation and/or reimbursement of expenses from the Fund.

### **Custody of the Trust's Property**

The Trust's property will consist solely of the LP Units, cash and the hedge agreements. The LP Units issued to the Trust by the Underlying Fund will be recorded on the Underlying Fund's books in the name of the Trust, the hedge agreements will be recorded by the counterparties in the Trust's name and the cash will be held with a Canadian financial institution. Consistent with applicable securities laws, the

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Manager will act as custodian of the Trust's property. The Manager will not receive any additional compensation for acting as custodian.

### Material Contracts

The only material contracts of the Trust are as follows:

- (i) the Trust Agreement;
- (ii) the Administration Agreement; and
- (iii) from time to time, with respect to the Class B Units, the Class G Units and the Class J Units U.S. dollar / Canadian dollar currency hedge agreements with foreign exchange counterparties.

### Proceeds of Crime (Money Laundering) Legislation

In order to comply with federal legislation aimed at the prevention of money laundering, the Trust may require additional information concerning each Unitholder. If, as a result of any information or other matter which comes to the Manager's attention, any director, partner, officer or employee of the Manager, or their respective professional advisors, 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 confidential information imposed by law or otherwise.

### Privacy Policy

In connection with the offering and sale of Units, personal information (such as address, telephone number, social insurance number, birth date, assets and/or income information, employment history and credit history, if applicable) about each Unitholder is collected and maintained. Such personal information is collected to enable the Manager to provide Unitholders with services in connection with their investment in the Trust, to meet legal and regulatory requirements and for any other purpose to which Unitholders may consent in the future. The Manager will comply and act in accordance with the terms and conditions of the Trust's privacy policy and the Manager's privacy policy. A copy of the Trust's privacy policy will be made available to Unitholders upon request, and the Manager's privacy policy may be found on its website at •. Investors are encouraged to review these privacy policies.

### Purchasers' Rights of Action for Damages or Rescission

Securities legislation in certain provinces and territories of Canada provides purchasers of Units under this Offering Memorandum with, in addition to any other right they may have at law, rights of action for damages or rescission, or both, where this Offering Memorandum, any amendments thereto, and, in certain cases, advertising and sales literature used in connection with the offering of the Units, contains a misrepresentation.

For the purposes of this section, "**misrepresentation**" means (a) an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of the securities (a "**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 light of the circumstances in which it was made.

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In some provinces and territories of Canada, a purchaser may have a statutory right of action or rescission which are described below. In certain provinces, no statutory rights exist but a contractual right of action is offered where the Partnership is required to do so by securities legislation or where the Partnership has determined to do so on a voluntary basis. Any statutory rights of action for damages or rescission described below are in addition to, and without derogation from, any other right or remedy available at law to the purchaser and are subject to the defences contained in those laws. These rights must be exercised by the purchaser within the time limits set out below. The following is a general summary and Purchasers should refer to the applicable provisions of the securities legislation of their province or territory for the particulars of these rights and/or consult with a legal advisor.

### Two Day Cancellation Right

An investor may cancel its agreement to purchase Units by sending a written notice to the Manager by midnight on the second Business Day after the date on which the investor's subscription agreement was signed.

### Statutory Rights of Action in the Event of a Misrepresentation

#### Rights for purchasers in Ontario

If this Offering Memorandum contains a Misrepresentation, which was a Misrepresentation during the period of distribution, each purchaser in Ontario will be deemed to have relied upon the Misrepresentation and will have a right of action for damages or alternatively, while still the owner of any of the Units purchased by the purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that:

- a) no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- b) in the case of an action for damages, the person or company will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation; and
- c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under this Offering Memorandum.

No action may be commenced more than:

- a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or
- b) in the case of any action other than an action for rescission, the earlier of:
  - a. 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - b. 3 years from the date of the transaction that gave rise to the cause of action.

#### Rights for purchasers in Manitoba

If this Offering Memorandum contains a Misrepresentation, each purchaser in Manitoba to whom this Offering Memorandum has been sent or delivered and who purchases Units, will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser

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has a right of action for damages against the Trust, and, subject to certain additional defences, against directors of the Manager and persons who have signed this Offering Memorandum, but may elect instead to exercise a right of rescission against the Trust, in which case the purchaser will have no right of action for damages against the Trust, directors of the Manager or persons who have signed this Offering Memorandum, provided that, among other limitations:

- a) in an action for rescission or damages, no person or company will be liable if it proves that the purchaser purchased Units with knowledge of the Misrepresentation;
- b) in an action for damages, the Trust will not be held liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and
- c) in no case will the amount recoverable under the right of action described above exceed the price at which the Units were offered.

In addition no person or company other than the Partnership is liable if the person or company proves that:

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

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

In addition, no action shall be commenced to enforce these rights more than:

- a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

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- b) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days after the date on which the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) 2 years after the date of the transaction that gave rise to the cause of action.

### Rights for purchasers in Saskatchewan

If the Offering Memorandum or advertising or sales literature used in connection therewith delivered to an purchaser resident in Saskatchewan contains a Misrepresentation, an purchaser will be deemed to have relied upon that Misrepresentation and will have a right of action for damages against the Partnership, the promoters and “directors” (as defined in *The Securities Act, 1988* (Saskatchewan)) of the Partnership, every person or company whose consent has been filed with this Offering Memorandum, but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the Units on behalf of the Partnership under this Offering Memorandum. Alternatively, a purchaser may elect to exercise a right of rescission against the Trust.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the Units and the verbal statement is made either before or contemporaneously with the purchase of the Units, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

No action shall be commenced to enforce these rights more than:

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

The Trust shall amend the Offering Memorandum if the distribution of Units has not been completed and (i) there is a material change in the affairs of the Trust (ii) it is proposed that the terms or conditions of the offering described in the Offering Memorandum be altered, or (iii) Units are to be distributed in addition to the Units previously described in the Offering Memorandum. A purchaser that receives an amended Offering Memorandum has the right to withdraw from the agreement to purchase the Units by delivering a notice to the person who or company that is selling the Units, indicating the purchaser’s intention not to be bound by the purchase agreement. A purchaser must deliver the notice of withdrawal within two Business Days after receiving the amended Offering Memorandum.

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

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### Rights for purchasers in Alberta and British Columbia

If this Offering Memorandum contains a Misrepresentation, which was a Misrepresentation during the period of distribution, an purchaser in Alberta or British Columbia will be deemed to have relied upon the Misrepresentation and will have a right of action for damages or alternatively, while still the owner of any of the Units purchased by the purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that:

- a) no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- b) in the case of an action for damages, the person or company will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation; and
- c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under this Offering Memorandum.

No action may be commenced more than:

- a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or
- b) in the case of any action other than an action for rescission, the earlier of:
  - a. 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - b. 3 years from the date of the transaction that gave rise to the cause of action.

### General

The rights of action for rescission or damages described herein are in addition to and without derogation from any right the purchaser may have at law.

The foregoing summaries are subject to the express provisions of the securities legislation in effect in the applicable provinces and territories and the rules and regulations thereunder, and reference is made thereto for the complete text of such provisions.

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**Date and Certificate Page**

This Offering Memorandum does not contain a misrepresentation.

Dated this .

**BY**

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## **Appendix 1- Trust Agreement**

## Appendix 2 – Underlying Fund Offering Memorandum