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*No person has been authorized to give any information or to make any representations about the Fund not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon by any investor.*



## CONFIDENTIAL OFFERING MEMORANDUM

**Continuous Offering**

**Dated July 31, 2018**

### **Offering Class A, Class F and Class I Units of GREENCHIP GLOBAL EQUITY FUND**

Greenchip Global Equity Fund (the “**Fund**”) is an open-end investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated as of January 2, 2008, with Greenchip Financial Corp. as trustee and manager (the “**Manager**”).

The investment objective of the Fund is to provide long-term capital appreciation by investing primarily in listed equity securities of issuers located anywhere in the world that operate in the environmental economy. The Manager seeks to achieve the Fund’s investment objective by identifying mispriced securities that will benefit from the long-term trends of changing demographics, resource scarcity, and environmental degradation. See “Detailed Description of the Fund” and “Investment Restrictions of the Fund”.

The Fund will offer three classes of units (“**Units**”): Class A Units, available to all investors, Class F Units, available to investors who participate in an eligible fee-based or wrap program with their registered dealer, and Class I Units, intended for investors who make large investments in the Fund. Units of the Fund are offered for sale to residents of Canada under this Offering Memorandum at their Class Net Asset Value per Unit determined at the time they are issued pursuant to exemptions from the prospectus requirements of applicable securities legislation. Purchasers of Units will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of their Province or Territory of residence. See “Investing in the Fund”.

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Although the Fund is a “mutual fund” as defined in the securities legislation applicable in certain provinces, it does not operate in accordance with the requirements of National Instrument 81-102 and other policies and regulations of the securities regulatory authorities that are applicable to mutual funds that have offered securities under a prospectus and are reporting issuers. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

**There are risks associated with an investment in the Fund as a result of the Fund’s proposed nature and activities and, in particular, the limitation of the Fund’s investments to environmental sectors. An investment**

**in Units should only be made after consultation with independent qualified sources of investment and tax advice. See “Risk Factors”.**

An investment in Units of the Fund involves risks. Changes in the Net Asset Value may be both volatile and rapid with potentially large variations over a short period of time. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund.

There is no market through which the Units may be sold and none is expected to develop. Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. Transfers of the Units are also subject to resale restrictions under applicable securities legislation. Investors who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation. Redemptions will be suspended if there is insufficient liquidity in the Fund. There are certain additional risk factors associated with investing in the Units. See “Risk Factors”.

The Manager, in its capacity as an exempt market dealer, is also offering the Units on a private placement basis. The Fund may be considered to be a connected issuer and related issuer of the Manager under applicable securities laws. See “Conflicts of Interest”.

Investors in the Fund should carefully review the risk factors outlined in this Offering Memorandum. Investors are urged to consult with their independent legal and tax advisors prior to signing the subscription agreement for the Units and to carefully review the amended and restated declaration of trust dated January 2, 2008.

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## SUMMARY

**Prospective investors are encouraged to consult their own professional advisors as to the investment, tax and legal consequences of investing in the Fund.** Terms not defined in this summary are defined in the Glossary of Terms. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum.

### Greenchip Financial Corp.

Greenchip Financial Corp. (the “**Manager**”) was founded in 2007 based on an investment thesis that changing demographics, resource scarcity, and environmental degradation would create historic opportunities and new investment risk. It is increasingly clear these drivers are accelerating a global transition from fossil to renewable sources of energy and increasing industrial demand for efficiency technologies. As a result, companies able to produce more with less should, in the future, outperform business models that rely on a continuing supply of cheap energy, materials, and the ability to pollute for free. The Manager believes a fundamental value discipline combined with an environmental sector focus creates a logical path to superior risk-adjusted equity returns.

Since inception, the Manager has remained exclusively focused on environmental sectors. Its market position, experience and disciplined investment strategy can be leveraged to attract and direct significantly larger pools of capital to a more sustainable economy and superior investment results.

### Environmental Sectors

The Manager will focus primarily on the following sectors in selecting investments for the Fund:

**Alternative Energy** – This sector includes companies involved in power development, including the manufacturing, installation, generation, and distribution of wind, solar photovoltaic, solar thermal, geothermal, biomass, hydro power, and other non-fossil based energy sources.

**Energy Efficiency** – The energy efficiency sector consists of companies that offer products and/or services to improve the efficiency of energy use in buildings and industrial applications. The sector includes advanced lighting, heating and cooling, power management technologies, and automation and drives.

**Clean Technology** – The clean technology sector consists of knowledge-based companies whose products and services reduce resource consumption and pollution. The sector includes waste management services and pollution control, software and logistics, advanced materials, advanced meters and other forms of industrial efficiency.

**Water** – The water sector is comprised primarily of filtration and purification technologies, utilities, infrastructure businesses and technologies, and processes that reduce water waste and/or consumption.

**Sustainable Agriculture** – This sector focuses on sustainable agriculture and food and beverage companies that use less water, energy, fertilizer, hormones, antibiotics and pesticides to grow, harvest, distribute and/or retail such food.

**Transportation** – Companies related to mass transportation and transportation efficiency technologies.

## **GREENCHIP GLOBAL EQUITY FUND**

**The Fund** Greenchip Global Equity Fund (the “**Fund**”) is an open-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated as of January 2, 2008, as amended from time to time.

**Investment Objective** The investment objective of the Fund is to provide long-term capital appreciation by investing primarily in listed equity securities of issuers located anywhere in the world operating in environmental sectors. The Manager seeks to achieve the Fund’s investment objective by identifying mispriced securities that will benefit from the long-term trends of

changing demographics, resource scarcity, and environmental degradation.

**Investment Strategy** The investment strategy is based on a fundamental value philosophy: invest in securities which are trading below their estimated intrinsic value, determined by reviewing corporate balance sheets, earnings statements, dividend records, business prospects, management strengths and potential catalysts to realize security holder value.

**Management Fee**

Fund and Class of Unit	Management Fee <sup>1</sup>
Equity Fund Class A	1.5%, which includes up to 0.50% Servicing Commission payable to registered dealers.
Equity Fund Class F	1.0%
Equity Fund Class I	Negotiable

<sup>1</sup>The Fund Management Fee is calculated and accrued monthly based on the net assets attributed to the relevant Class of Units, and is payable as of the last Valuation Date of each month. The Fund Management Fee that is payable in respect of the Fund's Class I Units is negotiated by the investor and the Manager and will be paid directly by the investor to the Manager. See "Fees and Expenses - Management Fees".

**Performance Fee** On a redemption of Units of the Fund by an investor, the Manager is also entitled to receive, from the investor, a Performance Fee equal to 10% of the increase in the Class Net Asset Value per Unit of the investor's Units being redeemed (prior to accruals with respect to the Performance Fee) from the date of purchase in excess of a 6% compounded annual rate of return on the redeemed Units. The Performance Fee (plus applicable taxes, including HST) will be deducted from the redemption proceeds and paid to the Manager. **The Performance Fee will be payable only at the time an investor redeems Units or on termination of the Fund.** Units are redeemed on a first bought, first sold basis.

**Dealer Compensation**

No sales charges are payable on subscriptions directly through the Manager or subscriptions for Class F Units or Class I Units of the Fund.

The Manager will pay to Registered Dealers servicing commissions as compensation for ongoing advice and service provided to investors in respect of the Class A Units of the Fund. The servicing commissions are based on a Registered Dealer's monthly total of client assets invested in such Class A Units at an annual rate of 0.50%, payable on a quarterly basis in arrears. A Registered Dealer is entitled to such fees in respect of such Class A Units for so long as its clients hold those Units. Notwithstanding the foregoing, servicing commissions may be modified or discontinued by the Manager at any time. See "Dealer Compensation".

**Distributions**

The Fund will distribute net income and net realized capital gains, if any, to Unitholders no less frequently than annually (by December 31 in each year) on a *pro rata* basis and, in the discretion of the Manager, on the redemption of Units. All distributions (other than distributions made upon the redemption of Units, if any) of net income and net realized capital gains will be made on a *pro rata* basis to each registered Unitholder determined as of the close of business on the date of the distribution.

Subject to the receipt of any necessary approvals from the securities regulatory authorities, all distributions (other than distributions made upon the redemption of Units) of net income and net realized capital gains to Unitholders (less any amounts required by law to be deducted therefrom) will automatically be reinvested by the Manager for the account of each Unitholder in additional Units of the same Class at the Class Net Asset Value per Unit calculated as of the next Valuation Date. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. The costs of distributions, if any, will be paid by the Fund. See "Distributions".

## FUND TERMS

<b>Administration Fees and Expenses</b>	The Fund is responsible for the payment of all fees and expenses relating to its operation, including but not limited to audit, accounting, administration, record keeping, legal fees and expenses, custody and safekeeping charges, providing financial and other reports to its Unitholders and convening and conducting meetings of its Unitholders, all taxes (including HST, if any), assessments or other governmental charges levied against the Fund, interest, and all trading, brokerage and other fees relating to the purchase and sale of the assets of the Fund. The Manager will be entitled to reimbursement for all its out of pocket expenses incurred with respect to all the fees and expenses related to the operation of the Fund, whether the fees and expenses are initially incurred internally by the Manager or incurred externally through third-parties. The Fund is generally required to pay HST at the rate of 13% on its Management Fee and most expenses which it pays. The Manager retains the right to pay certain administration fees and expenses of the Fund from time to time. See “Fees and Expenses - Administration Fees and Expenses”.
<b>Units of the Fund</b>	An investment in the Fund is represented by Units. The Fund is permitted to have an unlimited number of classes of Units, having such terms and conditions as its Manager may determine. Each Unit represents an undivided ownership interest in the assets of a Class of the Fund. To date, three classes of Units of the Fund have been created: Class A Units, Class F Units and Class I Units. Units are non-transferable.
<b>Subscribing for Units</b>	Purchases of Units can be made on any Valuation Date. Purchases may be made through a Registered Dealer through the mutual fund order system, FundSERV. Purchase orders to be processed through FundSERV must be received prior to 4:00 p.m. (Toronto time) on a Valuation Date. Purchase orders may also be made directly through the Manager or through Registered Dealers (without processing the order through FundSERV). Such purchases must be received by the Manager prior to 4:00 p.m. (Toronto time) at least two (2) Business Days before a Valuation Date to be effective on that Valuation Date. Orders received after these times will be effective on the next Valuation Date. See “Investing in the Fund – Subscribing for Units”.
<b>Minimum Initial Investment and Additional Investments</b>	Class A and Class F Units are offered to qualified investors in minimum initial investment amounts of \$50,000 and Class I Units are offered in minimum initial investment amounts of \$1,000,000. Additional investments are generally permitted in minimum amounts of \$5,000, subject to applicable securities laws. Subject to compliance with applicable laws, <b>the Manager has the discretion to accept initial or subsequent investments of lesser amounts.</b> See “Investing in the Fund”.
<b>Redeeming Units</b>	Units may be redeemed by Unitholders on each Valuation Date (each, a “Redemption Date”) either directly through the Manager or through a Registered Dealer, in either case by providing the Manager with at least five (5) Business Days’ prior written notice. Redemption orders received by the Manager after the 5 <sup>th</sup> Business Day prior to the Redemption Date will be processed on the next Redemption Date. Once submitted, a redemption order is irrevocable by the Unitholder. Subject to the provisions below, payment of redemption proceeds (less any Performance Fee payable by the investor to the Manager) will be paid on or about the 10 <sup>th</sup> Business Day following the Redemption Date on which Units were redeemed. Other than a short-term trading fee, no redemption fees are charged on a redemption of Units. Units are redeemed on a first bought, first sold basis. See “Redeeming Units – How to Redeem Units”. A redemption charge of 2% may be charged on Units tendered for redemption within the first six months following their purchase. See “Redeeming Units - Short Term Trading Fee”.

<b>Investment Restrictions</b>	The Fund is subject to certain investment restrictions, including limits on concentration in any one issuer, investments in illiquid securities, leverage and short selling. The Fund is also currently a Registered Investment as a “Quasi-Mutual Fund Trust” under s. 204.2(d) of the Tax Act. As such, the Fund is generally restricted from holding investments that would not otherwise be qualified investments for a registered account such as an RRSP. See “Detailed Description of the Fund - Investment Restrictions of the Fund”.
<b>The Manager</b>	Greenchip Financial Corp. is the Manager of the Fund pursuant to the Declaration of Trust. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund’s investment portfolio. The Manager was created in 2007 to provide Canadian investors with investment exposure to publicly traded companies operating in the emerging global environmental economy. See “Management of the Fund - The Manager”.
<b>The Trustee</b>	Greenchip Financial Corp. is the Trustee of the Fund pursuant to the Declaration of Trust. The Trustee of the Fund holds beneficial title to the property of such Fund. See “Management of the Fund - The Trustee”.
<b>Suspension of Redemptions</b>	The Manager may suspend the redemption of Units, or payments in respect thereof, for any period during which normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities representing more than 50% of the underlying market exposure of the total assets of a Fund, without allowance for liabilities, are listed and traded, or during any other period in which the Manager determines that conditions exist which render impractical the sale of assets or impair the ability to determine the value of any of a Fund’s assets. The redemption price will be adjusted by changes in the Class Net Asset Value per Unit during this suspension period and calculated on the Valuation Date on which the redemption occurs.
<b>Valuation</b>	The Net Asset Value of the Fund, the Class Net Asset Value and the Class Net Asset Value per Unit are determined as at the close of business on every Valuation Date in accordance with the Declaration of Trust. See “Valuation – Determination of Net Asset Value”.
<b>Eligibility for Investment</b>	<p>It is intended that the Units offered hereby will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit-sharing plans and registered education savings plans (collectively, “<b>deferred plans</b>”), provided that the Fund qualifies and continues at all times to qualify as a mutual fund trust or Registered Investment within the meaning of the Tax Act at all relevant times. The Fund expects to qualify as a mutual fund trust or Registered Investment within the meaning of the Tax Act at all relevant times.</p> <p>Notwithstanding that Units may be qualified investments for Plans under the Tax Act, a holder of a TFSA or an annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units held in the TFSA, RRSP or RRIF are a “prohibited investment” as defined in the Tax Act for the TFSA, RRSP or RRIF. The Units will generally be a “prohibited investment” for trusts governed by a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Fund for purposes of the Tax Act, (ii) has a “significant interest”, as defined in the Tax Act, in the Fund, or (iii) has a “significant interest”, as defined in the Tax Act, in a corporation, partnership or trust with which the Fund does not deal at arm’s length for purposes of the Tax Act. Tax Proposals released on December 21, 2012 propose to delete the condition in (iii) above. In addition, pursuant to such Tax Proposals, the Units will generally not be a “prohibited investment” if the Units are excluded property (as defined in the Tax Proposals). Holders of a TFSA and annuitants under a RRSP or RRIF should consult their own tax advisors as to whether the Units of the Fund will be a “prohibited investment” in their particular circumstances.</p>

**Risk Factors** There are risks associated with an investment in the Fund as a result of the Fund’s proposed nature and activities and, in particular, the limitation of the Fund’s investments to environmental sectors. An investment in Units of the Fund should only be made after consultation with independent qualified sources of investment and tax advice. See “Risk Factors”.

**Other Restrictions** The securities offered under this Offering Memorandum have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

This Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of securities. No securities commission or similar authority in Canada, the United States or in any other jurisdiction has reviewed this material or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This Offering Memorandum is submitted on a confidential basis for use by investors solely in connection with the consideration of the purchase of these securities pursuant to exemptions from the prospectus requirements. This Offering Memorandum may not be reproduced in whole or in part and its use for any purpose other than to evaluate an investment in the securities described herein is prohibited. No one is authorized to make any representation or give any warranty on behalf of a Fund other than those representations and warranties made or referred to in this Offering Memorandum.

**Statutory and Contractual Rights** Investors are entitled to the benefit of certain statutory or contractual rights of action which are described in Schedule “A” - Purchasers’ Rights of Action.



## GLOSSARY OF TERMS

“**Business Day**” means a day other than Saturday, Sunday or a statutory holiday in Ontario or any other day on which businesses are generally closed in the Province of Ontario;

“**Class**” means a class of Units of the Fund , currently being Class A, Class F or Class I;

“**Class Net Asset Value per Unit**” means the net asset value of each Unit of a Class, calculated as described under “Valuation”;

“**Declaration of Trust**” means the Fund’s Declaration of Trust made as of January 2, 2008;

“**Derivative Instruments**” means a financial instrument under which either or both parties agree to make payments or deliveries to the other based on the performance or change in the value of a reference rate or asset including, but not limited to, interest rates, currency exchange rates and debt and equity securities;

“**Fund**” means Greenchip Global Equity Fund, an open-end investment trust established under the laws of the Province of Ontario pursuant to the Fund’s Declaration of Trust;

“**Management Fee**” means an annual management fee payable by the Fund to the Manager in respect of the Class A Units and Class F Units which fee is a percentage of the Class Net Asset Value equal to 1.50% per annum for Class A Units and 1.00% per annum for Class F Units, and a fee paid directly from the investor to the Manager in respect of Class I Units of the Bond Fund the amount of which is negotiated between the investor and the Manager, as more particularly described under “Fees and Expenses”;

“**Net Asset Value**” means the net asset value of the Fund, calculated as described under “Valuation”;

“**Manager**” means Greenchip Financial Corp., a corporation incorporated under the laws of Ontario, in its capacity as manager of the Fund, or any successor thereto appointed pursuant to the terms of the Declaration of Trust;

“**Minimum Investment Amount**” means \$50,000 or such other amount as determined by the Manager in its sole discretion;

“**Performance Fee**” means a performance fee paid to the Manager by an investor upon the redemption of Units of the Fund that is equal to 10% of any increase in the Class Net Asset Value of Units held by the investor from the time of purchase to the time of redemption that exceeds a 6% compounded annual rate of return, as more particularly described under “Fees and Expenses –Performance Fee”;

“**Registered Dealer**” means dealers or brokers registered under applicable securities law in a Selling Jurisdiction to sell securities or mutual funds and that are not restricted from selling Units, and includes the Manager;

“**Selling Jurisdiction**” means each Province or Territory of Canada, being the Provinces in which Units are offered for sale pursuant to this Offering Memorandum;

“**Short Term Trading Fee**” means a redemption charge as described under “Redeeming Units – Short Term Trading Fee”;

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time;

“**Trustee**” means Greenchip Financial Corp. in its capacity as trustee of the Fund and not in its personal capacity, or any successor trustee of the Fund in accordance with the provisions of the Declaration of Trust;

“**Unitholder**” means the holder of one or more Units;

“**Units**” means the units of any Class of the Fund, as applicable; and

“**Valuation Date**” means the last day of each month on which the Toronto Stock Exchange is open or such other date or dates on which the Manager determines it is appropriate, and at least December 31 of each year.

*All dollar amounts in this Offering Memorandum are expressed in Canadian dollars, except where indicated to the contrary. References to "\$" or dollars are to Canadian dollars.*

## **DETAILED DESCRIPTION OF THE FUND**

Greenchip Global Equity Fund (the “**Fund**”) is an open-end investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated as of January 2, 2008, with Greenchip Financial Corp. as Trustee and Manager.

An investment in the Fund is represented by Units. The Fund is permitted to have an unlimited number of classes of Units each divisible into an unlimited number of series, having such terms and conditions as the Manager may determine. Three classes of Units of the Fund are currently being offered: Class A, Class F and Class I. Each Unit represents an undivided ownership interest in the assets of the Fund. The only undertaking of the Fund will be the investment of its assets as described herein.

### **Investment Objective**

The investment objective of the Fund is to provide long-term capital appreciation by investing primarily in listed equity securities of issuers located anywhere in the world operating in environmental sectors. The Manager seeks to achieve the Fund’s investment objective by identifying mispriced securities that will benefit from the long-term trends of changing demographics, resource scarcity, and environmental degradation.

### **Investment Strategy**

The investment strategy is based on a fundamental value philosophy: invest in securities which are trading below their estimated intrinsic value, determined by reviewing corporate balance sheets, earnings statements, dividend records, business prospects, management strengths and potential catalysts to realize securityholder value.

Generally, the Fund will invest from 80% to 100% of its assets in listed equity securities, including common shares, preferred shares and warrants.

The Fund may also invest in other types of securities, such as fixed-income securities, including convertible and high-yield bonds.

The Fund may also invest in American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) of companies where the primary exchange listing of such companies is outside North America.

The Fund may hold cash or short-term debt securities to manage the liquidity of its investment portfolio or to manage risk associated with adverse market conditions.

### **Equity Fund Investment Process**

The process begins with a positive screen looking only for companies engaged in environmental businesses. The manager has built an investment universe of over 700 environmental businesses. While there is an element of subjectivity in determining the degree to which a business is environmental, the manager uses a combination of external research, and its experience and judgement, to build and maintain this universe.

Regular computer screening is performed on the global universe of environmental companies with an emphasis on margin expansion, revenue growth, balance sheet quality, and cash flow multiples.

More intensive diligence is performed on companies that pass screening, consisting of a review of financial reports and presentations, management interviews, and building a discounted cash flow model.

Following this process, the Manger maintains a concentrated portfolio of about 30-35 securities, careful to ensure diversification by geography, company size, and sector.

### **Equity Fund Currency Hedging**

The Manager generally does not hedge currencies in the Fund but may from time to time use derivatives to reduce the impact of fluctuations in the value of foreign currencies compared to the Canadian dollar.

### **INVESTMENT RESTRICTIONS OF THE FUND**

The Fund has certain investment restrictions as set out in its Declaration of Trust. In addition to such restrictions, the Fund also may not:

- (a) so long as the Fund does not qualify as a mutual fund trust, purchase any security that is not a qualified investment for a being held in a Registered Investment;
- (b) purchase any security issued by any issuer (other than short-term debt securities issued or guaranteed by the Government of Canada or any Canadian province or municipality) or enter into a derivatives transaction if, as a result, more than 10% of the Fund's net assets would be invested in securities issued by such issuer;
- (c) hold greater than 10% of the issued and outstanding voting or equity securities of any issuer in which it invests, or purchase securities of an issuer for the purpose of exercising control or management over such issuer;
- (d) invest more than 10% of the net assets of the Fund in securities that cannot be readily disposed of through market facilities or for which public quotations in common use are not widely available or are subject to resale restrictions other than resale restrictions under applicable securities laws;
- (e) purchase securities other than through normal market facilities unless the purchase price approximates the prevailing market price or is negotiated or established on an arm's length basis from the Manager and its affiliates;
- (f) purchase or sell commodities or commodity contracts;
- (g) make loans or guarantee obligations, except that the Fund may purchase and hold debt obligations (including bank loans, bonds, debentures or other obligations and certificates of deposit, bankers' acceptances and fixed time deposits), and may enter into securities lending arrangements; or
- (h) enter into a derivatives transaction if the aggregate value of the underlying interests of the derivatives is greater than 10% of the Fund's net assets, with the exception of currency hedging.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or of the assets of the Fund will not be considered a violation of the restriction, however the Manager will endeavour to adjust the positions in the Fund's portfolio in order to comply with the investment restrictions above on an ongoing basis as soon as practicable and, in any event, within 90 days.

Although the Manager will generally attempt to reasonably diversify the Fund's investments within the environmental sectors, there are no other limitations on the concentration of the Fund's assets in any particular environmental sector or in any issue, issuer, country, currency or securities of any particular maturity or credit quality. The Fund may make investments in any country, including emerging markets, and in emerging industries of any market.

### **MANAGEMENT OF THE FUND**

#### **The Manager**

Greenchip Financial Corp. is the Manager of the Fund pursuant to the Declaration of Trust.

The Manager was created in 2007 to provide Canadian investors with investment exposure to publicly traded companies operating in the emerging global environmental economy. The Manager's investment philosophy emphasizes a sector focus with a fundamental bottom-up strategy to identify companies that are trading at a discount to the value of their future cash generation potential. The address of the head office of the Manager is 70 The Esplanade, Suite 400, Toronto, Ontario, M5E 1R2.

Pursuant to the Declaration of Trust, the Manager of the Fund (which is also the Trustee of the Fund) holds beneficial title to the property of the Fund, acts as manager of the Fund, and is responsible for the day-to-day undertaking of the Fund, has the authority to manage the business and affairs of the Fund and has authority to bind the Fund. The Manager may delegate some or all of its powers and obligations in respect of the Fund to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund and to exercise the care, diligence and skill of a prudent person in comparable circumstances.

The Declaration of Trust provides that the Manager and certain affiliated parties have rights of indemnification from the Fund in carrying out its duties under the Declarations of Trust except in cases of negligence, wilful default, bad faith or in cases where the Manager has failed to meet its standard of care. In addition, the Declaration of Trust contains provisions limiting the liability of the Manager.

Pursuant to the Declaration of Trust, the Trustee of the Fund may require the resignation of the Manager of the Fund if the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding up, whether compulsory or voluntary or the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency. In addition, the Manager may resign upon at least 90 days' written notice to the applicable Trustee. The appointment of a successor Manager must be approved by a majority of the Unitholders of the Fund at a meeting of Unitholders called by the Manager or the Unitholders of the Fund. If no successor Manager is appointed or if the Unitholders fail to approve a successor, the Fund shall be terminated.

The names, municipalities of residence, position with the Manager and principal occupation of the directors and officers of the Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
John A. Cook Toronto, Ontario	President and Director	President of the Manager
Gregory Payne Toronto, Ontario	Vice-President of Portfolio Management and Director	Vice-President of the Manager
Charles Holt Toronto, Ontario	Director of Operations	Vice-President, Investeco Capital Corp.
Guy Burry Toronto, Ontario	Director	CEO, Craigellachie Corporation
Thomas Heintzman Toronto, Ontario	Director	Managing Director, JCM Capital

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
Rosamond Ivey Toronto, Ontario	Director	Founder and Managing Partner, JRS Group.
Catherin Jackson Toronto, Ontario	Director	President of Jackson PG.

The following is a brief biography of each of these individuals:

*John A. Cook, President and Director*

John Cook is an investment management executive and registered portfolio manager advising representative. He has a proven track record of building corporate culture, brand awareness, and business scale at both large and small companies. John has been President of Greenchip Financial Corp. since it was founded in 2007. Prior to Greenchip, John was President of MaRS Discovery District where he led corporate development and strategy from 2001-2005. John has also held executive positions at AIM Funds Management Inc. and BPI Financial Corporation.

John has taken and passed a number of securities industry courses, including the Canadian Securities Course (1992), The Partners, Directors and Senior Officers Course (1993), and the Chartered Investment Manager Designation (2012).

*Gregory Payne, Vice-President of Portfolio Management and Director*

Greg Payne has more than 17 years of experience in the financial industry and more than eight years' experience focusing on investing in the environmental economy. His experience includes acting as a financial analyst and a member of the portfolio management team for KBSH Capital Management Inc. where he was involved in the management of over \$200 million of retail and institutional client assets.

Greg has taken and passed a number of securities industry courses, including the Canadian Securities Course (1996), the Chartered Financial Analyst Program (2000) and the Canadian Securities Derivatives Fundamentals Course (2002). He has been a CFA charterholder since 2000.

Greg graduated from the University of Western Ontario in 1992 with a Bachelor of Science (Honours Statistics). He also obtained a Master of Economics (1997) and Ph.D. in Economics (2010) from the University of Toronto.

*Charles Holt, Director of Operations*

Chuck Holt is a lawyer and Chartered Business Valuator. He works part time for Greenchip in compliance and fund administration. Chuck practiced corporate/commercial law at a Toronto-based law firm, before which he earned an LL.M. from the London School of Economics and an LL.B. from the University of Ottawa. For several years, Chuck has also assisted in the management of the Annual Meeting of the World Economic Forum in Davos, Switzerland.

Chuck has been an Ontario-qualified lawyer since 2006, a Chartered Alternative Investment Analyst since 2010, Chartered Business Valuator since 2016, and an ICD.D. charterholder since 2018. He has also taken and passed a number of securities industry courses, including the Canadian Securities Course (2008), the Conduct and Handbook Practice Course (2009) and the Chief Compliance Officer Qualifying Exam (2009).

*Guy Burry, Director*

Guy Burry is currently Chief Executive Officer of Craigellachie Corporation, a boutique asset consulting company. He brings significant board level experience within the financial services, software development, manufacturing, and environmentally compatible technology sectors.

Guy's professional experience includes several executive positions in financial services and information technology. In the 1980s, Guy worked at Royal Trust in Toronto. He was also Chief Information Officer with SEI Financial. Guy was in the first graduating class of the Institute of Corporate Directors Governance College at the Rotman School. Guy has served on several boards, including Knightsbridge Human Capital Solutions; York University Board of Governors (Executive Committee member, Chair of the Investment Committee, member of the Finance and Audit Committee, the Trustee of the Pension Fund and Chair of the Pension Fund Investment Committee); Toronto Atmospheric Fund; and St. George's College Foundation.

*Thomas Heintzman, Director*

Tom Heintzman is Managing Director at JCM Capital, a Toronto-based developer of international solar projects. Tom is responsible for overall management of the JCM Capital Clean Power Infrastructure Fund, including investment origination, structuring and execution and fundraising.

Tom has over 20 years of operational, legal, and consulting experience with an emphasis on energy. Prior to joining JCM in 2013, Tom founded Bullfrog Power and led it from 2004-2013. Bullfrog is Canada's leading renewable energy retailer, with national operations and over 1,500 corporate customers and almost 10,000 residential customers. Tom remains on the Board of Bullfrog Power. Before Bullfrog, Tom established and led the Mergers & Acquisitions function at Zenon Environmental where he led M&A activities in, among other locations, India and Australia. Earlier in his career, as Engagement Manager with McKinsey & Company, Tom provided consulting services to many of the world's largest corporations, including one of Canada's largest utilities and the oilsands operations of an oil major. From 1996 to 1998, Tom was instrumental in establishing the Ecojustice Canada's (formerly Sierra Legal Defence Fund) Ontario office, where he led several precedent-setting litigation, public advocacy, and lobbying campaigns including oil refinery emissions, discharges from a nuclear generation facility, and the constitutionality of fuel additive legislation. Tom began his career practicing law with Goodmans, a leading Canadian law firm where, among other clients, he acted as counsel for the reinsurer of Ontario's electricity utilities in over 20 cases.

Tom has received numerous awards as a result of his renewable energy work, including "Leader of the Year" from the Ontario Energy Association and being named a member of Canada's Clean 16 by Corporate Knights in 2011. Tom received his B.A. from Harvard College and his LL.B/B.C.L from McGill University. Tom has been called to the Bar in both Ontario and New York State.

*Rosamond Ivey, Director*

Rosamond Ivey is Managing Partner of JRS Group, a family office she founded in 1992. Prior to JRS Group, Roz spent six years in investment banking and two years in venture capital. She is Chair of the Ivey Foundation and its investment committee. Roz leads the Ivey Foundation's initiatives in impact and environmental investing and corporate shareholder engagements. She is currently a Director of the International Institute for Sustainable Development, as well as a member of the Investment Committee of Western University and a past member of its Board of Governors. She is a Vice-President and Trustee of the Art Gallery of Ontario, a past member of the Advisory Board of Flag Capital Management (a fund-of-funds manager of venture capital and private equity in Stamford, Connecticut), a past member of the Advisory Faculty of the Institute for Private Investors, New York (a networking and educational forum for families), Director of World Wildlife Fund Canada and Henry Birks and Sons. Roz lives in Toronto and New York.

*Catherine Jackson, Director*

Catherine Jackson is currently President of Jackson PG. She has worked with institutional investors since 2001 to identify the ESG risks and opportunities in their portfolios and investment mandates. Catherine serves clients in Europe, Asia and North America, focussing on the intersection of capital and her clients' sustainability objectives, particularly in regards to risks and opportunities presented by climate change. Catherine developed this expertise through two decades of leading global sustainable ownership activities at large long term pension fund investors. She was Senior Advisor, Responsible Investment with sustainability leader PGGM, a Dutch pension fund manager and before that she was responsible for corporate governance at the Ontario Teachers' Pension Plan.

Catherine is a CPA, CA with membership in both British Columbia and Ontario. She also writes and speaks regularly, and has been quoted in the global financial press including the Financial Times, the Wall Street Journal, the New York Times and the Globe and Mail.

### **The Trustee**

The Trustee holds beneficial title to the property of the Fund as trustee under the Declaration of Trust. The Trustee (which is also the Manager of the Fund) or any successor appointed pursuant to the terms of Declaration of Trust may resign upon 90 days' written notice to the Manager during which period the Manager shall use its best efforts to arrange for a successor trustee. If the Manager is unable to arrange for a successor Trustee, the Trustee or Manager may apply to a court of competent jurisdictions for the appointment of a successor trustee of the Fund and the Trustee shall remain in office until such successor trustee is appointed or until the court otherwise determines.

The Fund Declaration of Trust provides that the Trustee and certain affiliated parties have a right of indemnification from the Fund in carrying out its duties under the Declaration of Trust except in cases of negligence, wilful default, bad faith or in cases where the Trustee fails to act honestly, in good faith and in the best interests of the Fund or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Declaration of Trust contains provisions limiting the liability of the Trustee.

### **Conflicts of Interest**

Various potential conflicts of interest exist or may exist between the Fund, the Manager and other funds managed by the Manager. The potential conflicts of interests may arise as a result of common ownership and certain common directors, officers and personnel and, accordingly, will not be resolved through arm's length negotiations but through the exercise of judgment consistent with fiduciary responsibilities to Unitholders generally.

The Manager currently serves as the investment fund manager and trustee of the Fund, as a sub-advisor to the Mackenzie Global Environmental Sector Fund (which has a substantially similar investment mandate to the Fund), and may, in the future, also manage the trading for other trusts, limited partnerships or other investment funds (collectively, "pools") or accounts. The Manager and its principals therefore may be subject to conflicting demands in respect of allocating management time, services and other functions. The Manager and its principals and affiliates will endeavour to treat each investment pool and managed account fairly and not to favour one account or pool over another. In executing its duties on behalf of the Fund, the Manager will be subject to the provisions of the Declaration of Trust, which provides that the Manager will execute its duties in good faith and with a view to the best interests of the Fund and the Unitholders.

The securities laws of the Province of Ontario require securities dealers and advisors, 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 advisors, 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 advisor.

The Manager, in its capacity as an exempt market dealer, is also offering the Units on a private placement basis. The Fund may be considered to be a connected issuer and related issuer of the Manager under applicable securities laws.



## UNITS OF THE FUND

An investment in the Greenchip Global Equity Fund is represented by Units. The Fund is permitted to have an unlimited number of Classes of Units, having such terms and conditions as its Trustee may determine. Each Unit of a Class of a Fund represents an undivided ownership interest in the assets attributable to that Class of such Fund. To date, three Classes of units have been created for the Fund: Class A Units, Class F Units and Class I Units. Units are non-transferable.

**Class A Units** – Class A Units are available to all investors who invest at least the minimum amount in a Fund.

**Class F Units** – Class F Units are available to investors who invest at least the minimum amount in a Fund and who participate in fee-based or wrap programs through their Registered Dealers. Participants in these programs are subject to periodic asset-based fees rather than commissions on each transaction. The Manager may also make Class F Units available, generally through Registered Dealers, to any other investor for whom the Manager does not incur distribution costs.

**Class I Units** – Class I Units are intended for investors who make large investments in a Fund. No Management Fee is charged to the Fund with respect to Class I Units, instead, each investor in Class I Units will negotiate a separate Management Fee and Performance Fee that is payable by the investor directly to the Manager. Class I Units are also available to employees of the Manager, its affiliates and their families.

The Manager, in its discretion, determines the number and attributes of the Units, including the initial closing date and initial offering price for the first issuance of Units, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses, sales or redemption charges payable and redemption rights.

All Units of a Fund are entitled to participate *pro rata*: (i) with respect to any and all payments made to the Unitholders of such Fund, including all distributions (other than payments made on the redemption of a Unit); and (ii) upon liquidation of such Fund, in any distributions to Unitholders of net assets of such Fund remaining after satisfaction of outstanding liabilities. All Units are fully paid and non-assessable when issued. There are no preemptive rights attached to Units. Units are not transferable. To dispose of Units, a Unitholder must have them redeemed. Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights) in the proportion which they bear to a whole Unit. Outstanding Units may be subdivided or consolidated in the Manager's discretion on twenty-one (21) days' notice to Unitholders.

### Limitation/Exclusion of Liability

Pursuant to each of the Declaration of Trust, the liability of Unitholders, the Trustee and Manager for obligations and claims arising out of or in connection with the Fund is limited or excluded. The Declaration of Trust provides that:

- (a) Unitholders of the Fund are excluded from personal liability for satisfaction of any obligation or claim in connection with such Declaration of Trust, any contract or other obligation of the Fund, the Manager or the Trustee, and for any act or omission of the Trustee, the Manager or any other person in the performance or exercise of any obligation, power, discretion or authority conferred under the Declaration of Trust;
- (b) No Unitholder of the Fund is liable to indemnify the Trustee or the Manager, and the Trustee and Manager have waived any right to such indemnification under any applicable law;
- (c) the Trustee is excluded from any liability for any loss or damage relating to any matter regarding the Fund; and

- (d) subject to compliance at all times with the terms of such Declaration of Trust, the Manager has no personal liability to satisfy any obligation or claim arising out of or in connection with any contract or other obligation of the Fund.

## **FEES AND EXPENSES**

### **Management Fees**

For its services to the Fund, the Manager is entitled to receive the Management Fee from the Fund. The Fund Management Fee is an annual percentage of the Class Net Asset Value of each Class of Units of the Fund as follows: Class A – 1.50%, Class F – 1.00%, plus applicable taxes, including HST. The Management Fee is calculated and accrued monthly based on the net assets attributed to the relevant Class of Units, and is payable as of the last Valuation Date of each month. The Management Fee that is payable in respect of Class I Units of the Fund is negotiated by the investor and the Manager and will be paid directly by the investor.

### **Performance Fee**

On a redemption of Units of the Fund, the Manager is also entitled to receive from each investor a Performance Fee equal to 10% of the increase in the Class Net Asset Value per Unit of such investor's Units of the Fund being redeemed (prior to accruals with respect to the Performance Fee) from the date of purchase (plus applicable taxes, including HST) in excess of a 6% compounded annual rate of return on the redeemed Units. The Performance Fee will be deducted from the redemption proceeds and paid to the Manager. The Performance Fee will be payable only at the time an investor redeems Units of the Fund or on termination of the Fund. Units are redeemed on a first bought, first sold basis.

### **Administration Fees and Expenses**

The Fund is responsible for the payment of all fees and expenses relating to its operation, including but not limited to audit, accounting, administration, record keeping, legal fees and expenses, custody and safekeeping charges, providing financial and other reports to Unitholders of the Fund and convening and conducting meetings of Unitholders of the Fund, all taxes (including HST, if any), assessments or other governmental charges levied against the Fund, interest, and all trading, brokerage and other fees relating to the purchase and sale of the assets of the Fund. The Manager will be entitled to reimbursement for its out of pocket expenses incurred with respect to all the Fund's fees and expenses with respect to the operation of the Fund, whether the fees and expenses are incurred internally by the Manager or externally through third parties. The Fund is generally required to pay HST on the Management Fee and most expenses which it pays. The Manager retains the right to pay certain administration fees and expenses from time to time.

### **Waiver of Fees**

The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to receive fees and reimbursement of expenses subsequently accruing to it.

## **DEALER COMPENSATION**

### **Sales Charges and Servicing Commission**

No sales charges are payable on subscriptions directly through the Manager or subscriptions for Class F Units or Class I Units.

The Manager will pay to Registered Dealers servicing commissions as compensation for ongoing advice and service provided to investors in respect of the Class A Units of the Fund. The servicing commissions are based on a monthly total of client assets invested in Class A Units of the Fund at an annual rate of 0.50%, payable on a quarterly basis in arrears. A Registered Dealer is entitled to such fees in respect of Class A Units for so long as its clients hold those

Units. Notwithstanding the foregoing, servicing commissions may be modified or discontinued by the Manager at any time.

## INVESTING IN THE FUND

### Subscribing for Units

Units are offered for sale in all of the Provinces of Canada. Units of the Fund are currently, offered at the Class Net Asset Value per Unit on the last day of each month on which the Toronto Stock Exchange is open for business (each, a “**Valuation Date**”). Fractional Units are issued up to four decimal points (rounded down).

To subscribe for Units, investors are required to complete, execute and deliver to the Manager or to a Registered Dealer a subscription form and either wire or send by Electronic Funds Transfer (“EFT”) the amount equal to the purchase price in Canadian dollars.

Purchases may be made through a Registered Dealer through the mutual fund order system, FundSERV, under the following codes:

Class A Units:	ECO 100
Class F Units:	ECO 200
Class I Units:	ECO 300

Purchase orders to be processed through FundSERV must be received prior to 4:00 p.m. (Toronto time) on a Valuation Date. Purchase orders may also be made directly through the Manager or through Registered Dealers (without processing the order through FundSERV). Such purchases must be received by the Manager prior to 4:00 p.m. (Toronto time) at least two (2) Business Days before a Valuation Date. Orders received after these times will be effective on the next Valuation Date.

**Purchasers of Units will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of their Province of residence.** Investors will be required to complete all forms necessary to ensure compliance with applicable Canadian securities laws and anti-money laundering legislation. All subscriptions will be irrevocable.

The Manager reserves the right to accept or reject orders in whole or in part, provided that any decision to reject an order must be made within two (2) Business Days of receipt and any monies received with a rejected order will be refunded immediately after such determination has been made by the Manager. The Manager may close or re-open the subscription books at any time without notice.

A book-based system of registration is maintained for the Fund; Unit certificates will not be issued. The register for the Units of the Fund is kept at the office of the Fund’s record keeper.

The Manager reserves the right to redeem Units purchased if payment by wire or EFT is not received. If the proceeds of any such redemption are greater than the payment owing, the Fund will retain the difference. If the proceeds are less than the payment owing, the Manager will pay the Fund the difference, and the Manager will collect this amount from the Registered Dealer through whom the Units were purchased, and the Registered Dealer may have the right to collect such payment from the investor.

### Minimum Initial Investment

Subject to available exemptions under securities laws in the purchaser’s province of residence, Class A and Class F Units are offered in minimum initial investment amounts of \$50,000 and Class I Units are offered in minimum initial investment amounts of \$1,000,000. In certain circumstances, securities laws may require initial investments of

higher amounts. Subject to compliance with applicable laws, the Manager has the discretion to accept initial or subsequent investments of lesser amounts.

### **Additional Investments**

Unitholders who are accredited investors and Unitholders who are not individuals but are accredited will be permitted to make subsequent “top up” investments. Additional investments are generally permitted in minimum amounts of \$5,000, subject to applicable securities laws. The Manager reserves the right to change the minimum amount for additional investments in the Fund at any time and from time to time. Subject to compliance with applicable securities laws, the Manager has the discretion to accept initial or subsequent investments of lesser amounts.

At the time of making each additional investment in the Fund, each Unitholder will be deemed to have repeated to the Fund the representations contained in the subscription agreement delivered by the investor to the Fund at the time of the initial investment.

Following each purchase of Units, Unitholders will receive a written confirmation indicating details of the purchase transaction including the dollar amount of the purchase order, the Class Net Asset Value per Unit, and the number and Class of Units held by the Unitholder.

### **Securities Law Exemptions**

This offering is being made pursuant to exemptions from the prospectus requirements of applicable laws and regulations in the Provinces and Territories of Canada. Purchasers of Units of any Class will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of their Province or Territory of residence.

### **Switching Units**

Investors may switch units of a class of a Fund for another class of Units of the same Fund. This could result in a gain or a loss for the investor. No Short Term Trading Fee will be applicable to switches.

To effect a switch, an investor should contact their representative of the dealer that they use. The representative of their dealer is required to forward a switch request, a new subscription agreement, and a letter of direction signed by the investor, where applicable, to the Manager on or before 4:00 p.m. (Toronto time) on the day that is five (5) Business Days before a Valuation Date of the applicable Fund if the switch is to occur on that day. If the switch request is received after such time it will, if accepted by the Manager, be processed on the next Valuation Date of that Fund. The Manager reserves the right to accept or reject switch orders within two (2) Business Days of the next Valuation Date of the applicable Fund after receiving the switch request, provided that any decision to reject a switch order is made promptly. A switch request will be cancelled immediately, without interest, deduction, or penalty if the Manager determines that it will not or cannot process the switch request. A dealer may charge a Unitholder a fee when the Unitholder switches from one class of units of a Fund to another class of units of the same Fund or another Fund.

### **Foreign Account Tax Compliance Act (“FATCA”)**

U.S. tax legislation and administrative guidance thereunder (“FATCA”) imposes a 30% withholding tax on certain payments from sources within the U.S. and certain proceeds from the disposition of property made to non-U.S. financial institutions and certain other non-U.S. entities. As part of the process of implementing FATCA, the governments of Canada and the United States have entered into an inter-governmental agreement (the “IGA”) and provisions have been added to the Tax Act, pursuant to which a Canadian financial institution, which likely includes the Fund, is generally required to provide information to the Canada Revenue Agency with respect to its U.S. reportable accounts. The Canada Revenue Agency is required to share such information with the U.S. Treasury Department pursuant to information exchange provisions of the IGA. A Canadian financial institution that complies with the reporting and other requirements under the IGA will not be subject to FATCA withholding. Under the IGA, a U.S. reportable account means a financial account that is identified after application of certain due diligence

procedures in the IGA as a financial account held by a specified U.S. person or by a non-U.S. entity over which one or more specified U.S. persons exercise control. Unitholders will be required to furnish to the Fund such information as the Manager requests in order to allow the Fund to comply with FATCA, the IGA and the Tax Act and to avoid being subject to FATCA withholding.

Recent amendments to the Tax Act also implement the Organization for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information (the “**Common Reporting Standard**”). Pursuant to the Common Reporting Standard, a “Canadian financial institution”, which likely includes the Fund, is required to identify accounts held by residents of foreign countries (other than the United States) or by certain entities the “controlling persons” of which are resident in foreign countries (other than the United States) and to report required information to the Canada Revenue Agency. Such information would be exchanged on a reciprocal basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard. Unitholders will be required to furnish to the Manager such information as the Manager requests in order to allow the Fund to comply with the Common Reporting Standard and the Tax Act.

## **REDEEMING UNITS**

### **How to Redeem Units**

A Unitholder may redeem Units on each Valuation Date at the Class Net Asset Value per Unit as of that Valuation Date. Redemption orders must be in writing with the Unitholder’s signature guaranteed by a Registered Dealer, Canadian chartered bank, trust company, a member of a stock exchange in Canada or otherwise guaranteed to the satisfaction of the Manager. Redemption orders may be made by a Unitholder directly to the Manager or through the Unitholder’s Registered Dealer. If Units are registered in the name of an intermediary, such as a Registered Dealer, clearing agency or its nominee, redemption orders must be made through such intermediary.

Redemption orders must be received by the Manager prior to 4:00 p.m. (Toronto time) at least five (5) Business Days prior to the Valuation Date on which the Unitholder wishes to redeem the Units. The effective day of the redemption order is called the “Redemption Date”. Orders received less than five (5) Business Days prior to a Valuation Date will be effective on the next Valuation Date that is five (5) Business Days or more following receipt of the redemption order. Once submitted, a redemption order is irrevocable by the Unitholder.

Other than a short-term trading fee and any Performance Fee, no redemption fees are charged on a redemption of Units. Units are redeemed on a first bought, first sold basis. The Manager may distribute the net income and net realized capital gains attributable to Units being redeemed, if any, to Unitholders on the redemption of such Units. The amount payable to a Unitholder for each Unit redeemed will be an amount equal to the Class Net Asset Value per Unit on the Redemption Date, less any Performance Fee payable, and withholding or other taxes required to be deducted. By redeeming Units, an investor authorizes the Manager to deduct and pay to the Manager any Performance Fee payable at the time of such redemption.

Payment for Units redeemed on a Redemption Date will be made by the Fund by wire or EFT. Subject to the provisions below, the Manager endeavours to cause redemption proceeds (less any Performance Fee payable by the investor to the Manager) to be paid on or about the fifteenth (15<sup>th</sup>) Business Day following the Redemption Date on which the Units were redeemed. Payment of the redemption proceeds is generally made in cash, except that, in exceptional circumstances, payment may be made in kind on a *pro rata* basis if, in the Manager’s discretion, circumstances do not reasonably permit a payment in cash.

### **Short Term Trading Fee**

A redemption charge of 2% may be charged on Units tendered for redemption within the first six (6) months following their purchase.

## **Suspension of Redemptions**

The Manager may suspend the redemption of Units, or payments in respect thereof, for any period during which normal trading is suspended on any stock exchange, options exchange, or futures exchange within or outside Canada on which securities representing more than 50% of the underlying market exposure of the total assets of the Fund, without allowance for liabilities, are listed and traded, or during any other period in which the Manager determines that conditions exist which render impractical the sale of assets or impair the ability to determine the value of any of the Fund's assets. The redemption price will be adjusted by changes in the Class Net Asset Value per Unit during this suspension period and calculated on the Valuation Date on which the redemption occurs.

The redemption price will be adjusted by changes in the applicable Class Net Asset Value during this suspension period and calculated on the Valuation Date on which the redemption occurs.

Any suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making redemption requests will (unless the suspension lasts for less than 48 hours) be advised by the Manager of the suspension and that redemption requests previously received will be effected on the first Valuation Date following the termination of the suspension. All such Unitholders will (unless the suspension lasts for less than 48 hours) be advised that they have the right to withdraw any requests for redemption previously submitted.

The suspension will terminate on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized to be imposed then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of a suspension of redemptions made by the Manager is conclusive. The Unitholder will receive payment of redemption proceeds based on the Class Net Asset Value per Unit on the Valuation Date that next follows the termination of the suspension.

## **Mandatory Redemptions**

The Manager may, in its sole, absolute, discretion, redeem all or a portion of a Unitholder's Units by giving thirty (30) days' prior written notice to the Unitholder, specifying the number of Units to be redeemed. For example, the Manager may cause the Units of any Unitholder to be redeemed if, at any time as a result of redemptions, the aggregate Net Asset Value of Units held by that Unitholder is less than the minimum balance, if any, set by the Manager, or in order to comply with certain requirements of the Tax Act.

## **VALUATION**

### **Determination of Net Asset Value**

The Fund's Net Asset Value, Class Net Asset Values and Class Net Asset Values per Unit are determined as at the close of business on every Valuation Date in accordance with the Fund's Declaration of Trust. Such Net Asset Value, Class Net Asset Values and Class Net Asset Values per Unit are also calculated as of December 31st in each year if not otherwise a Valuation Date for the purposes of the distribution of net income and net realized capital gains of the Fund to Unitholders.

The Fund's Net Asset Value, Class Net Asset Values and Class Net Asset Values per Unit will be computed at fair value in accordance with the valuation principles described below.

Although the fair value of a Fund asset or liability will be as valued in good faith, the actual value of the security may prove significantly different and such event may materially affect the Class Net Asset Values per Unit calculation. Prospective investors should be aware that situations involving uncertainties as to the valuation of the underlying portfolio positions of the Fund could have an adverse effect on the Net Asset Value. Absent bad faith or manifest error, the Net Asset Value, Class Net Asset Values and Class Net Asset Values per Unit determinations by or under the direction of the Manager shall be conclusive and binding on all Unitholders. The directors and officers

of the Manager shall not incur any individual liability or responsibility for any determination made or other action taken or omitted by them in good faith.

If the Manager determines, in its sole discretion, that the value provided for any of the assets or liabilities is not appropriate and does not fairly represent its market value, or if the value of an asset or liability is unavailable, the Manager, in consultation with such industry professionals and other third parties as Manager may reasonably determine, shall value such asset or liability as it reasonably determines.

The Manager is authorized and permitted, in appropriate circumstances, to utilize independent pricing services or appraisers to value its investments. The Manager may also retain a valuation agent to determine Net Asset Values on its behalf.

All values assigned to securities and other assets and liabilities by the Fund shall be final and conclusive as to all of the Unitholders.

### **Valuation Principles**

The fair market value of the assets and the amount of the liabilities of the Fund shall be calculated in such manner as the Manager, in its sole discretion, shall determine from time to time, subject to the following:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued at the value of the last trade. Short-term investments, including notes and money market instruments, shall be valued at cost plus accrued interest;
- (c) the value of any security, index futures or index options thereon which is listed on any public exchange shall be determined by the closing sale price at the Valuation Date or, if there is no closing sale price, the average between the closing bid and the closing asked price on the Valuation Date, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Manager;
- (e) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that a Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (f) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (g) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by such Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value of such Fund. The

securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;

- (h) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (i) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (j) all fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange from sources available to the Manager in a consistent manner;
- (k) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis;
- (l) the value of any security or property to which, in the opinion of the Manager, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Manager from time to time provides;
- (m) any security sold by such Fund but not yet settled shall be valued as of and following the date of such sale at the net sale price receivable by such Fund; and
- (n) any security purchased by the Fund but not yet settled shall be deemed to be an asset of such Fund as of and following the date of the purchase and the purchase price will be deemed to be a liability of such Fund until paid.

The process of valuing investments for which no public market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

The liabilities of the Fund shall be deemed to comprise all liabilities of whatsoever kind and nature of the Fund, including, for the avoidance of doubt, any accrued Management Fees, except liabilities represented by outstanding Units. In valuing the liabilities, the following are included: bills, amounts owing under any loan facility, accounts payable, fees and administrative expenses payable, contractual obligations for the payment of money or property, allowances for tax or contingencies and all other liabilities of any kind and nature. Without prejudice to the foregoing, the value of the liabilities of the Fund is determined as follows:

- (a) the value of all liabilities and contractual obligations is the value determined by the Manager to most accurately reflect fair value including the amount funded by a counterparty thereunder, and the loss, if any, that would be realized if on the Valuation Date forward agreements or swaps were closed out or terminated; and
- (b) liabilities and contractual obligations payable in a foreign currency are valued at the rate of exchange current on the Valuation Date as determined by the Manager in its reasonable discretion.

The Fund's Net Asset Value, Class Net Asset Values and Class Net Asset Values per Unit will be computed in accordance with valuation principles described above. The computation of the Net Asset Values described above may differ from the recommendations of the CICA Handbook from time to time. Any such differences will be disclosed in the notes to the Fund's financial statements.



## DISTRIBUTIONS

### Distributions

It is the Fund's policy to distribute annually to Unitholders sufficient income and capital gains (net of applicable losses) so that the Fund effectively will not pay any Canadian federal income tax under Part I of the Tax Act. The Fund will distribute any then undistributed annual taxable income and net realized capital gains to Unitholders by the last Business Day of each year and at such other times as determined by the Manager. All such distributions of the Fund will be automatically reinvested, without charge, in additional Units at the Net Asset Value per Unit.

Subject to the receipt of any necessary approvals from the securities regulatory authorities, all distributions (other than distributions made upon the redemption of Units) of net income and net realized capital gains from the Fund to Unitholders of the Fund (less any amounts required by law to be deducted therefrom) will automatically be reinvested by the Manager for the account of each Unitholder in additional Units of the same Class of the Fund at the Class Net Asset Value per Unit calculated as of the next Valuation Date. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment.

The Manager expects that Units of the Fund will be automatically consolidated immediately after each distribution by the Fund to its Unitholders (which distributions will be automatically reinvested in additional Units) such that each Class Net Asset Value per Unit following a consolidation will be equal to the Class Net Asset Value per Unit immediately prior to such distribution. These consolidations will provide a Class Net Asset Value per Unit calculation which is not diluted by distributions, thereby allowing the Manager and Unitholders to better track the performance of the Units. The Manager may, in its discretion, elect to not proceed with a consolidation.

## ELIGIBILITY FOR INVESTMENT

The Units offered hereby will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit-sharing plans, and registered education savings plans (collectively, "deferred plans"), provided that the Fund qualifies, and continues at all times to qualify, as a mutual fund trust or Registered Investment within the meaning of the Tax Act at all relevant times. The Fund expects to qualify as a mutual fund trust or Registered Investment within the meaning of the Tax Act at all relevant times.

Notwithstanding that Units may be qualified investments for Plans under the Tax Act, a holder of a TFSA or an annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units held in the TFSA, RRSP or RRIF are a "prohibited investment" as defined in the Tax Act for the TFSA, RRSP or RRIF. The Units will generally be a "prohibited investment" for trusts governed by a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm's length with the Fund for the purposes of the Tax Act, (ii) has a "significant interest", as defined in the Tax Act, in the Fund, or (iii) has a "significant interest", as defined in the Tax Act, in a corporation, partnership or trust with which the Fund does not deal at arm's length for purposes of the Tax Act. Tax Proposals released on December 21, 2012 propose to delete the condition in (iii) above. In addition, pursuant to such Tax Proposals, the Units will generally not be a "prohibited investment" if the Units are excluded property (as defined in the Tax Proposals). Holders of a TFSA and annuitants under a RRSP or RRIF should consult their own tax advisors as to whether the Units of the Fund will be a "prohibited investment" in their particular circumstances.

## RISK FACTORS

There are risks associated with an investment in the Fund as a result of the Fund's proposed nature and activities and, in particular, the limitation of the Fund's investments to environmental sectors. An investment in Units should only be made after consultation with independent qualified sources of investment and tax advice. An investment in the Fund is speculative and involves a high degree of risk and is not intended as a complete investment program. There is a risk that an investment in the Fund will be lost entirely or in part. Only investors who do not require immediate liquidity of their investment and who can reasonably afford a substantial impairment or loss of their entire investment should consider the purchase of Units. **The following is a summary of some, but not all, of the risks associated with an investment in the Fund.**

### ***No Guaranteed Return***

There is no guarantee that an investment in Units will earn any positive return in the short or long-term. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Fund's portfolio. An investment in Units may be more volatile and risky than some other forms of investments. The Manager suggests all prospective Unitholders consider investment in the Fund within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints, and considering time horizons.

### ***Achievement of Investment Objectives***

There can be no assurance that the Fund's investment strategy will be successful or that its investment objective will be achieved. The Fund could realize substantial losses, rather than gains, from some or all of the investments described herein.

### ***Fixed Income Securities***

The Fund, to the extent that it holds fixed income securities, 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 Fund may suffer a loss at the time of sale of such securities.

### ***Equity Securities***

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

### ***Foreign Investment Risk***

The Fund, to the extent that it invests in securities of foreign issuers, 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 climate may differ, affecting stability and volatility in foreign markets. As a result, the Fund's value may fluctuate to a greater degree by investing in foreign equities, than if the Fund limited its investments to Canadian securities.

### ***Reliance on Manager***

The Fund will be highly dependent upon the expertise and abilities of the Manager. The loss of services of key personnel of the Manager could adversely affect a Fund. Unitholders have no right to take part in the management of any Fund. Substantially all decisions with respect to the management of the Fund's affairs will be made exclusively by the Manager (although it may delegate administrative responsibilities from time to time).the Fund

### ***Illiquidity of Units***

There is currently no public market for Units and none is expected to develop. Units are not transferable. While Unitholders may redeem their Units as described herein, under certain conditions redemptions may be temporarily restricted or suspended. Unitholders requesting redemptions may therefore potentially experience delays in receiving redemption payments. An investment in Units is therefore suitable only for sophisticated investors who do not need immediate liquidity with respect to this investment.

### ***Illiquidity of Underlying Investments***

While the Manager expects to invest primarily in securities of public issuers, certain securities that a Fund may invest in may be unlisted, distressed, or otherwise illiquid and difficult to value. The valuation of these securities is subject to a significant amount of subjectivity and discretion. There is no guarantee that fair value will be realized by

the Fund on the sale of these securities. Options and other derivative securities may themselves be illiquid at times, irrespective of the condition of the market of the underlying security, making it difficult to offset existing positions in order to either realize gains thereon, limit losses, or change positions in the market.

Some companies are not well known, do not trade frequently, or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of the Fund, to the extent that it buys these securities, may rise and fall substantially. For example, smaller companies may not be listed on a stock market or traded through an organized market. They may be hard to value because they are developing new products or services for which there is not yet an established market or revenue stream. They may have few shares outstanding, so a sale or purchase of shares will have a greater impact on the share price.

### ***Substantial Withdrawals and Forced Liquidation***

The Fund may, at any time, incur significant losses which may result in substantial redemptions by Unitholders. Redemptions by Unitholders within a short period of time could require the Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund's capital. The resulting reduction in the Fund's capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. There is a risk that if a Fund's assets become depleted it may be difficult to achieve the Fund's investment objective.

### ***Fees and Expenses***

The Fund is obligated to pay brokerage commissions and other expenses regardless of whether the Fund realizes a profit. Under certain circumstances, the Fund may be subject to significant indemnification obligations in respect of the Manager, the Trustee, or certain affiliated parties.

### ***Tax Consequences***

While the Fund will be advised on tax matters by legal counsel and accountants, there can be no assurance that the positions of the Fund as to the tax consequences of its investment strategies will be accepted by the tax authorities. Legal, tax, or administrative changes which occur during the life of the Fund could have an adverse effect on the Fund, the Unitholders, or both.

### ***Mutual Fund Status***

The Fund does not currently qualify as a "mutual fund trust" for purposes of the Tax Act. The Fund is a "Quasi-Mutual Fund Trust" and Registered Investment pursuant to 204.4(2)(d) of the Tax Act. It is intended that once the Fund has over 150 unitholders per class, it will qualify, or be deemed to qualify, and administered to be a "mutual fund trust" for purposes of the Tax Act. If the Fund is not qualified as either a mutual fund trust or a Registered Investment at any particular time, its Units would not be qualified investments for deferred plans, at such time, and the Fund would not be eligible to claim a capital gains refund for the taxation year.

### ***Current Income***

Since distributions of the Fund, if any, will generally be automatically reinvested on behalf of Unitholders of the Fund in additional Units of the same Class, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

### ***Exchange Rate Fluctuations***

The net assets of the Fund will be calculated in Canadian dollars. Fluctuations in the currency exchange rates are unpredictable and can have a significant impact on the return to Unitholders.

There are special risks associated with international investing, including currency exchange rate fluctuations, conversion risks, and other economic, political and social risks, as well as the lesser degree of public information required to be provided by many non-North American companies. As a result of fluctuation in exchange rates, the Fund may receive lower than anticipated returns. In order to limit the exposure of the Fund and its Unitholders to the

volatility associated with the foreign exchange market, the Fund may enter into derivative transactions to hedge against foreign currency exposure.

### ***Potential Conflicts of Interest***

The Manager is required to exercise its best judgment in the management, operation and portfolio management of the Fund and to use its best efforts to carry out the purposes of the Fund. However, neither the Manager nor its officers, directors, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Fund, but are required to devote only so much of their time to the Fund's affairs as in their judgment is reasonably required. Certain inherent conflicts of interest arise from the fact that the Manager and its affiliates may carry on investment activities for other clients (including investment funds managed by the Manager or its affiliates) or on a proprietary basis in which the Fund will have no interest. Future investment activities by the Manager, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Manager may also engage in the promotion, management, or investment management of any other fund or trust or engage in other activities.

The Manager may determine, from time to time, that some investment opportunities are appropriate for certain investment management clients and not others due to different objectives, time horizons, liquidity, and other considerations. It may be necessary to allocate limited investment opportunities among the Fund or accounts on a basis deemed appropriate by the Manager, which may result in such other accounts achieving profits that the Fund does not, or avoiding losses that the Fund suffers.

The Manager has discretion regarding the selection of the broker-dealers and other intermediaries with, and through which, the Fund executes and clears portfolio transactions, the commissions and fees payable, and the prices at which investments are bought and sold.

### ***Use of a Prime Broker to Hold Assets***

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

### ***Termination***

In the event of termination of a Fund, such Fund will distribute to the Unitholders of each Class on a *pro rata* basis, their interest in the assets of that Class available for distribution, less any applicable Performance Fees. Certain assets held by the Fund at termination may be illiquid and may have little or no marketable value. On termination, it may not be possible to convert all of the Fund's assets to cash. In such a circumstance, these assets may be distributed to Unitholders in kind on a *pro rata* basis.

### ***Changes in Applicable Law***

Legal, tax and regulatory changes may occur that can adversely affect the Fund and Unitholders.

### ***Class Risk***

The Fund is available in different Classes, each with its own set of fees and expenses. If, for any reason, the Fund cannot pay the expenses incurred by a particular Class of the Fund using its proportionate share of the Fund's assets,

the Fund will be required to pay those expenses out of the other Classes' proportionate share of the assets. This can lower the investment return of the other classes of the Fund.

### ***Market Risks***

The Class Net Asset Values per Unit of each Class of the Fund will vary in accordance with the value of the securities acquired by the Fund, and may be affected by such factors as investor demand, commodity prices, interest rates, or currency exchange rates. Fluctuations in the market value of such securities may occur for a number of reasons beyond the control of the Manager.

Companies may issue equities, or stocks, to help finance their operations and future growth. Investors who purchase these equities become part owners in these companies. The value of these equities varies according to how the market reacts to factors relating to the company, market activity, or the economy in general. For example, when the economy is expanding, the market tends to attach positive outlooks to companies and the value of their stocks tends to rise. The opposite is also true.

For small companies, start-ups, resource companies, and companies in emerging sectors, the risks and potential rewards are usually greater. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance. Usually, the greater the potential reward, the greater the risk.

### ***Use of Leverage***

To the extent permitted, the Fund may use a limited amount of leverage, including borrowing to buy securities on margin or make other investments. If the Fund's investments decline in value, the loss will be magnified if the Fund has borrowed money to make its investments. If the Fund does not generate sufficient cash flow from operations, it may not be able to repay borrowings, or it may be forced to sell investments at disadvantageous times in order to repay borrowings.

Although leverage will increase a Fund's return if it earns a greater return on the investments purchased with borrowed funds than it pays for the use of those funds, the use of leverage will decrease investment returns if such Fund fails to earn as much on investments purchased with borrowed funds as it pays for the use of those funds. The use of leverage will magnify the volatility of the value of a Fund's investment portfolio. In the event that the assets of a Fund decline in value, the Fund could be subject to a margin call where the Fund must either deposit additional collateral or liquidate the pledged securities, at times under disadvantageous conditions.

### ***Potential Lack of Diversification***

The Fund does not have any specific limits on holdings in securities of issuers in any one country, region, or industry. The Fund has not adopted any fixed guidelines for diversification other than certain concentration restrictions with respect to individual issuers. As a result, the Fund's portfolio may be subject to more rapid changes in value than would be the case if such Fund had adopted diversification guidelines.

### ***Sector Concentration Risk***

The Fund concentrates its investments in only a few industry sectors. By doing so, it is able to better focus on the potential of these sectors, but it will, as a consequence, also be riskier than investment funds with broader diversification. Sector-specific investment funds, such as the Fund, tend to experience greater fluctuations in unit price because securities in the same industry sector tend to be affected by the same economic factors and market conditions. Also, the Fund must follow its investment objectives and strategies by investing in the environmental sector, even when that sector is performing poorly, relative to other sectors.

### ***Short Selling Risk***

Subject to tax and other regulations, the Manager may engage in the short-selling of securities in certain circumstances. Short-selling is the selling of securities that the seller does not own. If securities are sold short, the Manager will fulfill its obligation to deliver such securities with borrowed securities. If the price of a security that has been sold short increases, there is no limit to the loss that could be incurred in covering a short sale.

There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by a Fund and make a profit for the Fund, and securities sold short may instead increase in value. The Fund may also experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom a Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender.

If and when a Fund engages in short selling it will adhere to controls and limits that are intended to offset these risks by selling short only securities of larger issuers for which a liquid market is expected to be maintained, and by limiting the amount of exposure for short sales. Such Fund will also deposit collateral only with lenders that meet certain criteria for creditworthiness, and only up to certain limits.

### ***Securities Lending Risk***

The Fund may enter into securities lending transactions, repurchase transactions, and reverse repurchase transactions in order to earn additional income. There are risks associated with securities lending, repurchase and reverse repurchase transactions. Over time, the value of the securities loaned under a securities lending transaction, or sold under a repurchase transaction, might exceed the value of the cash or collateral held by the Fund. If the third party defaults on its obligation to repay or resell the securities to the Fund, the cash or collateral may be insufficient to enable the Fund to purchase replacement securities and the Fund may suffer a loss for the difference. Likewise, over time, the value of the securities purchased by a Fund under a reverse repurchase transaction may decline below the amount of cash paid by the Fund to the third party. If the third party defaults on its obligation to repurchase the securities from a Fund, such Fund may need to sell the securities for a lower price and suffer a loss for the difference.

### ***Lack of Certain Registration and Regulatory Protections***

Units of the Fund are not expected to be qualified by a prospectus filed with any Canadian securities regulatory authority or U.S. securities regulatory authorities. Unitholders are given only limited voting rights.

## **REPORTING TO UNITHOLDERS AND MEETINGS OF UNITHOLDERS**

### **Reporting to Unitholders**

Each Unitholder will receive confirmation of such Unitholder's purchases and/or redemptions, and receive quarterly statements showing the Units held by the Unitholder. Each Unitholder is also entitled to request monthly reporting. In addition, Unitholders will receive the applicable required tax form(s) no later than March 31st of each year.

The Manager will keep, or will cause to be kept, adequate books and records reflecting the activities of the Fund. A Unitholder of a Fund, or its duly authorized representative, will have the right to examine the books and records of such Fund during normal business hours at the offices of the Manager, from time to time. Notwithstanding the foregoing, a Unitholder of a Fund shall not have access to any information which, in the opinion of the Manager, should be kept confidential in the interests of such Fund.

The fiscal year end of the Fund is December 31st. Unitholders will be sent audited annual financial statements and unaudited semi-annual financial statements within such periods of time only as required by securities laws.

### **Meetings of Unitholders**

The Fund will not hold regular meetings, however, the Manager may convene a meeting of Unitholders of a Fund, as it considers appropriate or advisable, from time to time. The Manager must also call a meeting of Unitholders on the written request of Unitholders holding not less than 25% of the outstanding Units of a Fund in accordance with the relevant Declaration of Trust.

Not less than twenty-one (21) days' notice will be given of any meeting of Unitholders. The quorum at any meeting is two or more Unitholders present in person or by proxy representing not less than 5% of the Units then outstanding. If no quorum is present at such meeting when called, the meeting will be adjourned by the Manager to a

date and time determined by the Manager, and at the adjourned meeting the Unitholders then present in person, or represented by proxy, will form the necessary quorum.

Any approval of Unitholders of a Fund under the Fund's Declaration of Trust by an Ordinary Resolution must be given by not less than 50% of the Units voting thereon at a meeting duly convened for the consideration of such matter. Any approval of Unitholders under the Declaration of Trust by an Extraordinary Resolution must be given by not less than two-thirds of the Units voting thereon at a meeting duly convened for the consideration of such matter.

#### **AMENDMENTS TO THE DECLARATION OF TRUST AND TERMINATION OF THE FUND**

The Manager may determine to amend the Fund's Declaration of Trust at any time, without notice to Unitholders but with the consent of the Trustee, if such an amendment, in the opinion of the Trustee, will not have a material adverse affect on Unitholders. The Trustee must also approve any amendment that restricts its protection or materially impacts its responsibilities.

Any amendment that cannot be made in accordance with the above, may be made at any time by the Manager and the Trustee with the consent of Unitholders as provided for in the applicable Declaration of Trust. Amendments that require approval of the Unitholders of a Fund include changes to the Fund's fundamental investment objective of such Fund, or if the basis of the calculation of a fee or expense is changed in a way that could result in an increase in charges to the Fund.

The Fund may be terminated on the occurrence of certain events stipulated in its Declaration of Trust, including the removal or resignation of the Trustee if no successor trustee is appointed, and by approval of the Unitholders by Extraordinary Resolution at a meeting of Unitholders called to consider the matter. The Manager may resign as manager of a Fund, and if no successor is appointed, such Fund will be terminated. The Trustee may, in its sole discretion, terminate a Fund if the Trustee believes to do so is in the best interest of the Fund's Unitholders due to a detrimental regulatory or tax change, or if the Net Asset Value of such Fund declines to a level where the Trustee believes that proper diversification or proper management of the Trust cannot be achieved.

On termination of a Fund, the Trustee will distribute the assets of the Fund in cash or in kind in accordance with its Declaration of Trust. Upon the termination of the Fund, the affairs of the Fund will be wound up, and the assets of the Fund remaining, after paying or providing for all liabilities and obligations of the Fund, will be distributed rateably among the Unitholders, subject to the payment of any applicable Performance Fees. In the event that liquidation of certain securities is not possible, or in the opinion of the Trustee is not advisable, prior to the date of termination of the Fund, such securities will be distributed *pro rata* to the Unitholders *in specie*, subject to compliance with any securities or other laws applicable to such distributions.

#### **INTERESTS OF FUND MANAGEMENT IN MATERIAL TRANSACTIONS**

The Manager will receive compensation from the Fund as described under "Fees and Expenses".

#### **MATERIAL CONTRACTS**

The only material contracts of the Fund are as follows: (i) the Fund's Declaration of Trust, (ii) a Valuation and Recordkeeping Services Agreement between the Manager and RBC Investor Services Trust, and (iii) a Custodian Agreement between the Manager and RBC Investor Services Trust. Copies of such contracts may be inspected at the office of the Manager during normal business hours.

#### **EXEMPTIONS AND APPROVALS**

The Manager has obtained the approval of the Ontario Securities Commission to act as trustee of the Fund and any other future mutual fund trusts which may be established and managed by the Manager, from time to time, the securities of which will be offered pursuant to prospectus exemptions.

**PROMOTER**

The Manager may be said to be the promoter of the Fund, having taken the initiative in its creation.

**ADMINISTRATOR AND REGISTRAR**

The record keeper of the Fund is currently RBC Investor Services Trust, 155 Wellington Street West, 7<sup>th</sup> Floor, Toronto, Ontario, M5V 3L3.

**CUSTODIAN**

The custodian of the Fund is currently RBC Investor Services Trust, 155 Wellington Street West, 7<sup>th</sup> Floor, Toronto, Ontario, M5V 3L3.

**AUDITORS**

The auditors of the Fund are currently PricewaterhouseCoopers LLP, P.O. Box 82, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8.

**LEGAL COUNSEL**

Legal counsel to the Fund and the Manager is currently WeirFoulds LLP, 66 Wellington St W #4100, Toronto, ON M5K 1B7.



**CERTIFICATE**

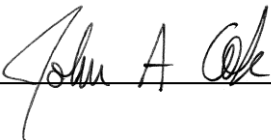
TO: Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, and Saskatchewan residents purchasing Units in reliance on the exemption in Section 2.10 (\$150,000 minimum amount exemption) of National Instrument 45-106.

CERTIFICATE OF  
Greenchip Global Equity Fund  
(the “Fund”)

July 23, 2018

This Offering Memorandum does not contain a misrepresentation.

**Greenchip Financial Corp.**, as Manager of the Fund

By:  \_\_\_\_\_

John A. Cook  
President

**SCHEDULE “A”  
PURCHASERS’ RIGHTS OF ACTION**

Securities legislation in certain of the provinces (and territories) of Canada provides, or requires purchasers to be provided with, a right of action for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and any amendment or supplement to it contains an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (a “**Misrepresentation**”). Such rights must be exercised within prescribed time limits. Purchasers should refer to the express provisions of the applicable securities laws, regulations and rules for particulars of those rights or consult with a lawyer. Such provisions may contain limitations and/or statutory defences on which the Fund and other applicable parties may rely.

The rights of action described below are in addition to and without derogation from any right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein. The rights of action for damages or rescission described below are available against the Fund and/or the General Partner and not against the Manager or any limited partner, dealer, director, officer or other person.

The applicable contractual and statutory rights are summarized below. The contractual rights of action discussed below will be provided to purchasers in the subscription agreements executed in connection with the purchase of the Units offered under this Memorandum.

**National Instrument 45-106**

Units are being distributed to purchasers resident in Canada in reliance on the “accredited investor” exemption contained in NI 45-106.

**Ontario**

Section 5.2 of Ontario Securities Commission Rule 45-501 provides that purchasers who have been delivered an offering memorandum in connection with a distribution of securities in reliance upon the “accredited investor” prospectus exemption in Section 2.3 of NI 45-106 have the rights referred to in Section 130.1 of the *Securities Act* (Ontario) (the “Ontario Act”). The Ontario Act provides such purchasers with a statutory right of action against the issuer of the securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a misrepresentation.

Where an offering memorandum is delivered to a purchaser and contains a misrepresentation, the purchaser, without regard to whether the purchaser relied on the misrepresentation, will have a statutory right of action against the issuer for damages or for rescission; if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer. No such action shall be commenced more than, in the case of an action for rescission, one hundred and eighty (180) days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) one hundred and eighty (180) days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Ontario Act provides a number of limitations and defences to such actions, including the following.

- (a) the issuer is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that the issuer proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

These rights are not available for a purchaser purchasing in reliance upon the “accredited investor” prospectus exemption in Section 2.3 of NI 45-106 that is:

- (a) a Canadian financial institution, meaning either:
  - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a territory in Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

## **Manitoba**

The right of action for rescission or damages described herein is conferred by section 141.1 of the *Securities Act* (Manitoba) (the “Manitoba Act”). The Manitoba Act provides, in the relevant part, that in the event that an offering memorandum contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase.

Such purchaser has a statutory right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum and every person or company who signed the offering memorandum or, alternatively, while still an owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against such persons. No such action may be commenced to enforce the right of action for rescission or damages more than (a) one hundred and eighty (180) days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission, or (b) the earlier of (i) one hundred and eighty (180) days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) two (2) years after the day of the transaction that gave rise to the cause of action, in any other case.

The Manitoba Act provides a number of limitations and defences, including the following:

- (a) no person or company is liable if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

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

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

reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

- (b) after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; 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, an expert's report, opinion or statement, the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement.

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

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

### **Saskatchewan**

Section 138 of The *Securities Act*, 1988 (Saskatchewan), as amended (the "Saskatchewan Act") provides that where an offering memorandum (such as this Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

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

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

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

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

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

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

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

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

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

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

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

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

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

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two (2) business days of receiving the amended offering memorandum.

### **New Brunswick**

Section 2.1 of the New Brunswick Financial and Consumer Services Commission Rule 45-802 provides that the rights of action referred to in Section 150 of the *Securities Act* (New Brunswick) (the "New Brunswick Act") apply to information relating to an offering memorandum that is provided to a purchaser in securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. The New Brunswick Act provides such purchasers with a statutory right of action against the issuer of the securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a misrepresentation.

The New Brunswick Act provides that, subject to certain limitations, where any information relating to an offering that is provided to a purchaser in the securities contains a misrepresentation, a purchaser who purchases the securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase. Such purchaser has a right of action for damages against the issuer and a selling security holder on whose behalf the distribution is made or may elect to exercise a right of rescission against the issuer, in which case the purchaser shall have no right of action for damages. No such action shall be commenced more than, in the case of an action for rescission, one hundred and eighty (180) days after the date of the transaction that gave rise to the cause of action or, in the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six (6) years after the date of the transaction that gave rise to the cause of action.

The New Brunswick Act provides a number of limitations and defences to such actions, including the following:

- (a) the issuer is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

### **Nova Scotia**

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the "Nova Scotia Act"). The Nova Scotia Act provides, in the relevant part, that in the event that an offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the Nova Scotia Act) contains a misrepresentation, a purchaser who purchases the securities referred to in it is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase.

Such purchaser has a statutory right of action for damages against the seller (which includes the issuer) and, subject to certain additional defences, the directors of the seller and any person who signed the offering memorandum or, alternatively, while still an owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the persons described above. No such action shall be commenced to enforce the right of action for rescission or damages more than one hundred and twenty (120) days after the date payment was made for the securities (or

after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment).

The Nova Scotia Act provides a number of limitations and defences, including the following:

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

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

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

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

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

**Alberta, British Columbia, Newfoundland and Labrador, PEI, and Québec**

Notwithstanding that the *Securities Act* (British Columbia), the *Securities Act* (Alberta), and the *Securities Act* (Québec) do not provide, or require the Fund to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this offering memorandum or an amendment hereto contains a Misrepresentation, the Fund hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

In Newfoundland and Labrador the *Securities Act* (Newfoundland and Labrador) and in Prince Edward Island the *Securities Act* (PEI) provide a statutory right of action for damages or rescission to purchasers resident in Newfoundland and Labrador and PEI respectively, in circumstances where this offering memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

**ANY PERSON CONSIDERING AN INVESTMENT IN THE FUND SHOULD CONSULT HIS/HER/ITS OWN ADVISORS IN ORDER TO FULLY UNDERSTAND THE CONSEQUENCES OF AN INVESTMENT IN THE FUND WITH RESPECT TO SUCH PERSON'S PARTICULAR SITUATION.**