



## **ANNUAL INFORMATION FORM**

**Units**

**March 27, 2015**

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this annual information form constitute forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Administrator (as defined below) believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this annual information form should not be unduly relied upon. These statements speak only as of the date of this annual information form.

In particular, this annual information form may contain forward-looking statements pertaining to distributable cash and distributions. The actual results could differ materially from those anticipated in these forward-looking statements as a result of, among other things, the risk factors set out in this annual information form. The Administrator does not undertake any obligation to publicly update or revise any forward-looking statements.

## TABLE OF CONTENTS

GLOSSARY OF TERMS .....	4
1.0 NAME, FORMATION AND HISTORY .....	9
1.1 Declaration of Trust .....	10
1.1.1 Investment Objectives .....	10
1.1.2 Investment Policies .....	10
1.1.3 General .....	11
2.0 INVESTMENT RESTRICTIONS .....	11
3.0 DESCRIPTION OF SECURITIES .....	11
3.1 The Units .....	11
3.2 Distributions .....	12
3.3 Amending the Declaration of Trust .....	13
3.3.1 Amendment of the Declaration of Trust by the Trustee .....	13
3.3.2 Amendment of the Declaration of Trust by the Unitholders .....	14
3.4 Termination of the Fund .....	14
4.0 VALUATION OF PORTFOLIO SECURITIES .....	15
5.0 CALCULATION OF NET ASSET VALUE .....	16
6.0 PURCHASES OF FUND UNITS .....	16
6.1 General .....	16
6.2 Issuer Bid .....	16
7.0 REDEMPTION OF SECURITIES .....	17
7.1 General .....	17
7.2 Suspension of Redemptions .....	17
8.0 RESPONSIBILITY FOR FUND OPERATIONS .....	18
8.1 Administrator .....	18
8.1.1 Administration Fee .....	19
8.1.2 Service Fee .....	19
8.1.3 Termination of the Administrative Services Agreement .....	19
8.1.4 Directors and Officers of the Administrator .....	19
8.1.5 Independent Review Committee .....	20
8.2 The Investment Manager .....	21
8.2.1 Principal Investment Managers .....	21
8.2.2 Investment Management Fee .....	21
8.2.3 Brokerage Arrangements .....	21
8.2.4 Termination of the Investment Management Agreement .....	22
8.3 The Trustee .....	23
8.4 The Custodian .....	23
8.4.1 Custodian Fees .....	23
8.4.2 Termination of the Custodian Agreement .....	23
8.5 Valuation Services .....	23
8.6 Auditor, Registrar, Transfer Agent and Distribution Agent .....	23
8.7 Securities Lending Agent .....	23
9.0 CONFLICTS OF INTEREST .....	24
9.1 Principal Holders of Securities and Affiliated Entities .....	24
9.2 Securities Held by Members of the Independent Review Committee .....	24
10.0 FUND GOVERNANCE .....	25
10.1 Composition of the Independent Review Committee .....	25
10.2 Proxy Voting Policy .....	26
10.3 Securities Lending .....	26
10.4 Short-Term Trades .....	27
11.0 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS .....	28
11.1 Taxation of the Fund .....	29
11.2 Taxation of Unitholders .....	31
12.0 REMUNERATION OF DIRECTORS, OFFICERS, IRC MEMBERS AND TRUSTEES .....	32
13.0 MATERIAL CONTRACTS .....	33
14.0 OTHER MATERIAL INFORMATION .....	33
14.1 Loan Facility .....	33
14.2 <b>Risk Factors</b> .....	33
14.2 Future Accounting Changes .....	39

## GLOSSARY OF TERMS

In this Annual Information Form, the following terms shall have the meanings set forth below, unless otherwise indicated.

**“Additional Distributable Capital Amount”** means with respect to any taxation year of the Fund, the amount, if any, by which the Net Capital Gains for such taxation year exceeds the Distributed Capital Amount for such taxation year.

**“Additional Distributable Income Amount”** means with respect to any taxation year of the Fund, the amount, if any, by which the Net Income for such taxation year exceeds the aggregate Distributable Cash paid or payable by the Fund for such taxation year.

**“Additional Distribution Date”** means December 31 of each taxation year or, if December 31 is not a business day, the last business day preceding December 31.

**“Administrator”** means the administrator of the Fund, Blue Ribbon Fund Management Ltd., and thereafter such other person as may be appointed Administrator by the Unitholders or the Trustee in accordance with the terms of the Declaration of Trust.

**“Administrative Services Agreement”** means an administrative services agreement dated as of November 20, 2009 between the Administrator and the Fund respecting the management and administration of the Fund by the Administrator.

**“Administration Fee”** means the fee payable to the Administrator pursuant to the Administrative Services Agreement and the Declaration of Trust, as described in section 8.1.1 of this Annual Information Form.

**“Annual Redemption Amount”** means a redemption price per Unit surrendered for redemption on the Annual Redemption Date that is equal to 100% of the net asset value per Unit minus costs associated with the redemption, including brokerage costs provided, however, that in determining the net asset value for the purpose of calculating the Annual Redemption Amount, the Administrator may value any security which is listed or traded upon a stock exchange (or if more than one, on the stock exchange on which the security primarily trades, as determined by the Administrator) by taking the volume weighted average trading price of the security on such exchange during the last three business days of the month in which the Annual Redemption Date occurs, or for the first annual redemption, the three business days ending on the Annual Redemption Date, or lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Administrator such value does not reflect the value thereof and in which case the fair market value as determined by the Administrator shall be used), as at the Annual Redemption Date, all as reported by any means in common use.

**“Annual Redemption Date”** means the second last business day of November in any year.

**“Brompton”** means the Brompton group of companies.

**“Brompton Funds”** means Brompton Corp., and its wholly owned subsidiary Brompton Funds Limited, which acts as sub-administrator of the Fund. Brompton Corp. is in the business of managing investment funds.

**“business day”** means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant in CDS.

“**CRA**” means the Canada Revenue Agency.

“**Custodian**” means CIBC Mellon Global Securities Services Company in its capacity as custodian under the Custodian Agreement, as appointed from time to time by the Trustee.

“**Custodian Agreement**” means the custodian agreement entered into by the Fund and the Custodian and certain of its affiliates as of November 20, 2009, as it may be amended from time to time.

“**Declaration of Trust**” means the declaration of trust governing the Fund, as it may be amended, restated or modified from time to time, as described in section 1.1 of this Annual Information Form.

“**Distributable Cash**” means, in respect of a Record Date, the amount calculated as of that Record Date equal to:

- a) all cash received by the Fund in respect of the Portfolio Securities (excluding any amounts received by the Fund upon the disposition of any of the Portfolio Securities) since the immediately preceding Record Date;

less the sum of:

- b) all Fund Expenses incurred since the immediately preceding Record Date; and
- c) any other amounts (including taxes) required by law or under the Declaration of Trust to be deducted, withheld or paid by or in respect of the Fund since the immediately preceding Record Date.

Despite the foregoing, for purposes of calculating the Distributable Cash for the first Distribution Date, the references above to “since the immediately preceding Record Date” shall be deemed to be references to on or after the date on which the initial public offering of Units was completed.

“**Distributed Capital Amount**” means with respect to any taxation year of the Fund, the amount, if any, by which the aggregate Distributable Cash paid or payable by the Fund for such taxation year exceeds the Net Income for such taxation year.

“**Distribution Date**” means a date on which the Trustee makes a distribution of Distributable Cash, which date shall be within 20 business days following each Record Date.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 75% of the votes cast, either in person or by proxy, at a meeting of Unitholders, called for the purpose of considering such resolution.

“**Fund**” means Blue Ribbon Income Fund.

“**Fund Expenses**” means all expenses incurred by the Trustee, the Administrator, the Investment Manager or any third party, in each case for the account of the Fund, in connection with the establishment and ongoing management and administration of the Fund and the ongoing administration of the Units together with all amounts paid by the Fund on account of the indebtedness of the Fund.

“**Fund Property**” means the property and assets of the Fund.

“**Income Tax Act**” means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes, and shall include regulations promulgated thereunder.

“**Investment Management Agreement**” means an amended and restated investment management agreement dated as of November 20, 2009 between the Administrator and the Investment Manager as it may be amended from time to time.

“**Investment Manager**” means Bloom Investment Counsel, Inc., or such other investment manager as may be appointed from time to time by the Administrator on behalf of the Fund to provide investment management services to the Fund in respect of the Fund Property including the Portfolio.

“**Investment Objectives**” means the investment objectives of the Fund as set forth in the Declaration of Trust as described in section 1.1.1 of this Annual Information Form.

“**Investment Policies**” means the investment policies of the Fund as set forth in the Declaration of Trust as described in section 1.1.2 of this Annual Information Form.

“**Investment Restrictions**” means the investment restrictions of the Fund as set forth in the Declaration of Trust including, without limitation, those described in section 2.0 of this Annual Information Form.

“**IRC**” means the Independent Review Committee established by the Administrator for the Fund pursuant to NI 81-107.

“**Loan Facility**” means the loan facility described in section 14.1 of this Annual Information Form.

“**net asset value**” means, at any time, the net asset value of the Fund determined in accordance with section 5.0 of this Annual Information Form.

“**net asset value per Unit**” means the net asset value divided by the total number of Units outstanding on any Valuation Date.

“**Net Capital Gains**” of the Fund for a taxation year means the amount, if any, by which:

- a) the capital gains realized by the Fund in the taxation year;

exceeds:

- b) the capital losses incurred by the Fund in the taxation year; and
- c) the unapplied capital losses incurred by the Fund in the preceding taxation years, to the extent that they may be applied against capital gains realized by the Fund in the taxation year.

For this purpose, “capital gains” and “capital losses” shall be computed in accordance with the provisions of the Income Tax Act.

“**Net Income**” of the Fund for a taxation year means the amount, if any, by which the income of the Fund for such taxation year pursuant to the provisions of the Income Tax Act, other than paragraph 82(1)(b) and Subsection 104(6) thereof, without reference to the Fund’s “capital gains” or “capital losses” (as those terms are used in the Income Tax Act) for the taxation year, exceeds the unapplied non-capital losses of the Fund for the purposes of the Income Tax Act for the preceding taxation years of the Fund, to the extent that they may be applied against income of the Fund for such taxation year for the purposes of the Income Tax Act.

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Portfolio**” means the portfolio of Portfolio Securities acquired and managed by the Fund.

“**Portfolio Securities**” means units or rights to subscribe for or purchase publicly listed or traded securities (including installment receipts) issued by income trusts, royalty trusts, real estate investment trusts, limited partnerships, common equities, convertible debt, preferred securities, and debt instruments.

“**Record Date**” means the last business day of each month, or such other date as the Administrator may set from time to time.

“**SIFT Rules**” means specified investment flow-through rules under the Income Tax Act.

“**Service Fee**” means the fee paid to dealers in accordance with the Declaration of Trust, as described in section 8.1.2 of this Annual Information Form.

“**Short Term Investments**” means:

- a) obligations issued or guaranteed by the Government of Canada or any province of Canada or any agency or instrumentality thereof with less than twelve months to maturity;
- b) term deposits, guaranteed investment certificates, certificates of deposit or bankers’ acceptances of, or guaranteed by, any Canadian chartered bank or other financial institution (including the Trustee and any affiliate of the Trustee) the short-term debt or deposits of which have been rated at least A or the equivalent by Moody’s Investors Service, Inc., Canadian Bond Rating Service Inc. or Dominion Bond Rating Service Limited; and
- c) commercial paper rated at least A or the equivalent by Moody’s Investors Service Inc., Canadian Bond Rating Service Inc. or Dominion Bond Rating Service Limited, in each case either maturing within 365 days after the date of acquisition or for which the Investment Manager believes that there will be a liquid market for the resale thereof within such 365 day period.

“**Sub-Administrator**” means Brompton Funds Limited, or such other sub-administrator as may be appointed by the Administrator on behalf of the Fund.

“**Tax Proposals**” means all specific proposals to amend the Income Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**Termination Date**” means the date the Fund is terminated pursuant to the Declaration of Trust as described in section 3.4 of this Annual Information Form.

“**Total Assets**” means the aggregate value of the assets of the Fund calculated in accordance with the Declaration of Trust as described in section 4.0 of this Annual Information Form.

“**Trustee**” means Computershare Trust Company of Canada, in its capacity as trustee under the Declaration of Trust.

“**TSX**” means the Toronto Stock Exchange.

**“Unitholders”** means the holders of the Units.

**“Units”** means transferable, redeemable trust units of the Fund, each Unit representing an equal, fractional and undivided beneficial interest in the Fund Property net of all liabilities of the Fund.

**“Valuation Date”** means Thursday of each week, the last business day of each fiscal quarter and December 31 of each year and includes any other date on which the Administrator elects, in its discretion, to calculate the net asset value and net asset value per Unit.



## 1.0 NAME, FORMATION AND HISTORY

Blue Ribbon Income Fund is a closed-end investment trust with a registered office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Toronto, Ontario M5J 2T3. The Fund was established under the laws of the Province of Ontario pursuant to a declaration of trust dated July 11, 1997.

The Declaration of Trust was amended and restated effective December 17, 2001 in connection with the acquisition of the stock transfer business of the Fund's original trustee, The Trust Company of Bank of Montreal, by Computershare Trust Company of Canada, to allow the directors of the then administrator to replace the trustee from time to time without the requirement to hold a meeting of Unitholders.

The Declaration of Trust was further amended on August 26, 2002 to extend the term of the Declaration of Trust, among other material contracts, to December 31, 2012.

The Declaration of Trust was further amended and restated on September 14, 2005 to authorize the board of directors of the then administrator to merge or otherwise combine or consolidate the Fund with any one or more other funds within the Citadel Group of Funds™ provided that the funds to be merged or otherwise combined or consolidated met certain criteria; to permit both the amalgamation of the then administrator with one or more of the administrators of the other funds within the Citadel Group of Funds™ and the assignment of the administrative services agreement to a single operating corporation whose mandate would be to provide administrative services to all of the funds within the Citadel Group of Funds™; and to permit the Fund to enter into securities lending agreements, subject to certain restrictions.

On June 3, 2009, 1482278 Alberta Ltd., carrying on business as Citadel Fund Administrator acquired the administrative services agreement of the Fund and other investment funds of the Citadel Group of Funds™ pursuant to a share purchase agreement dated June 3, 2009. There were no amendments made to the Declaration of Trust in connection with the change of administrator.

On August 27, 2009, Citadel Fund Administrator terminated Computershare Trust Company of Canada as trustee of the Fund and appointed Valiant Trust Company as trustee.

On October 13, 2009, Citadel Fund Administrator, Crown Hill Capital Corporation, the Administrator, Brompton Administration Limited, Brompton Funds Management Limited and the Investment Manager entered into an agreement pursuant to which Citadel Fund Administrator agreed to put forth a proposal described in Citadel Fund Administrator's special meeting circular dated October 21, 2009 (the "Circular"). At a meeting of Unitholders held on November 17, 2009, the proposal was approved. As a result, effective November 20, 2009, Citadel Fund Administrator was terminated as administrator of the Fund and the Administrator was appointed the Administrator of the Fund. Valiant Trust Company was terminated as trustee of the Fund and Computershare Trust Company of Canada was appointed the trustee of the Fund.

The Declaration of Trust was further amended and restated on November 20, 2009 to:

- a) change the name of the Fund from "Citadel Diversified Investment Trust" to "Blue Ribbon Income Fund";
- b) create provisions allowing for the merger of Series S-1 Income Fund into the Fund, which occurred on December 31, 2009;
- c) establish an annual redemption right at 100% of the net asset value per Unit less any costs associated with the redemption including brokerage costs, with the first redemption being

effective on November 20, 2009 and subsequent redemptions being effective on the second last business day of November;

- d) amend the Investment Objectives, Investment Policies and Investment Restrictions of the Fund for the purpose of shifting the investment focus from income trusts to a broader portfolio of income producing securities;
- e) amend the termination provisions of the Fund to remove the set termination date and provide for certain other termination events including termination on the approval of Unitholders by an Extraordinary Resolution; and
- f) certain other amendments described in the Circular.

On December 19, 2012, pursuant to a treasury offering of the Fund, 3,865,000 Units were issued. The total gross proceeds raised by the Fund were approximately \$44.2 million.

The Declaration of Trust was further amended on July 16, 2013 to amend the definition of Record Date.

On August 7, 2013, pursuant to a treasury offering of the Fund, 1,915,205 Units were issued. The total gross proceeds raised by the Fund were approximately \$21.9 million.

On December 19, 2014, pursuant to a treasury offering of the Fund, 3,650,000 Units were issued. The total gross proceeds raised by the Fund were approximately \$8.6 million.

## **1.1 Declaration of Trust**

### **1.1.1 Investment Objectives**

The Declaration of Trust provides that the Investment Objectives of the Fund are to provide Unitholders with a variable level of monthly cash distributions and the opportunity to participate in gains in the value of the Portfolio.

### **1.1.2 Investment Policies**

The Fund invests its assets in a portfolio comprised of Portfolio Securities and having a weighting among the various classes of securities comprising the Portfolio Securities as the Investment Manager shall from time to time determine in its sole discretion. The Fund may also employ leverage of up to 25% of its Total Assets determined at the time of borrowing to purchase additional securities in accordance with the Investment Policies and Investment Restrictions, to enhance the total return of the Fund.

The assets of the Fund and any monies available for reinvestment at any time shall be invested by the Investment Manager in accordance with the Fund's Investment Objectives, Investment Policies and Investment Restrictions as expeditiously as prudent investment practice permits. During periods in which the Investment Manager and/or any sub-advisor believe changes in economic, financial or political conditions make it advisable, the Fund may for temporary defensive purposes reduce its holdings of Portfolio Securities and invest in certain Short Term Investments. Pending the purchase of Portfolio Securities, the Fund invests the proceeds of any offering in Short Term Investments.

The Investment Policies may not be changed without the approval of Unitholders by Extraordinary Resolution.

### **1.1.3 General**

The Declaration of Trust also provides for the administration of the Fund and governs matters including, without limitation, the powers of the Trustee, the issue and sale of Units, the registration and transfer of Units, the redemption and repurchase of Units, distributions to Unitholders, the provision of management and administration, investment management and custodial services to the Fund, the limitation on the liability of the Unitholders, the Trustee and other parties and the termination of the Fund.

As of November 20, 2009, the Fund is administered by Blue Ribbon Fund Management Ltd. pursuant to the Administrative Services Agreement. Computershare Trust Company of Canada is the trustee of the Fund and CIBC Mellon Global Securities Services Company is the custodian of the assets of the Fund. Bloom Investment Counsel, Inc. is the investment manager, which provides advisory and portfolio management services to the Fund pursuant to the Investment Management Agreement.

## **2.0 INVESTMENT RESTRICTIONS**

The Fund is a non-redeemable investment fund and is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. While the Fund is subject to National Instrument 81-102 – *Investment Funds* (“NI 81-102”), it is not subject to all of the investment restrictions and operating policies that apply to mutual funds under such legislation. The Fund is managed in accordance with such applicable requirements and restrictions and the investment restrictions set out in the Declaration of Trust.

The Units are qualified investments under the Income Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, tax-free savings accounts and registered education savings plans (collectively, “Registered Plans”). During 2014, the Fund did not deviate from the rules under the Income Tax Act that apply to the status of the Units qualifying for inclusion in such Registered Plans.

The Units will generally not be a “prohibited investment” for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund unless the holder of the tax-free savings account or the annuitant under the registered retirement savings plan or registered retirement income fund, as applicable, (i) does not deal at arm’s length with the Fund for purposes of the Income Tax Act or (ii) has a “significant interest” as defined in the Income Tax Act in the Fund. Generally, a holder or annuitant, as the case may be, will not have a significant interest in the Fund unless the holder or annuitant, as the case may be, owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder or annuitant, as the case may be, does not deal at arm’s length. In addition, the Units will generally not be a “prohibited investment” if the Units are “excluded property” as defined in the Income Tax Act for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund.

Holders or annuitants should consult their own tax advisors with respect to whether Units would be prohibited investments, including with respect to whether the Units would be “excluded property”.

## **3.0 DESCRIPTION OF SECURITIES**

### **3.1 The Units**

The Fund is authorized to issue an unlimited number of a single class of transferable, redeemable units of beneficial interest, each of which represents an equal, fractional undivided interest in the net assets of the Fund. Each Unit entitles the Unitholder to the same rights and obligations as any other Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholder. On

redemption of Units, however, the Fund may, in its sole discretion, designate payable to the redeeming Unitholder, as part of the redemption price, any income or capital gain realized by the Fund in the taxation year of the Fund in which the redemption occurred. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of Net Income and Net Capital Gains, if any. On termination or liquidation of the Fund, Unitholders of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. The Declaration of Trust permits fractions of Units to be issued which have the same rights, restrictions, conditions and limitations attaching to whole Units in the proportion which they bear to a whole Unit, except that fractional Units do not have the right to vote.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer in each of the provinces of Canada and it is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

At no time may non-residents of Canada be the beneficial owners of a majority of the Units and the Trustee is obligated to inform the transfer agent and registrar of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of the Units are resident. If the Trustee becomes aware, as a result of requiring such declarations or otherwise, that the beneficial owners of 40% of the Units then outstanding are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof. If the Trustee determines that a majority of the Units are beneficially held by non-residents, the Trustee may send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the transfer agent and registrar may consider equitable and practicable, requiring such Unitholders to sell their Units or a portion thereof within a specified period of not less than 30 days. If a Unitholder receiving such notice has not sold the specified number of Units, or provided the Trustee with satisfactory evidence that such Unitholder is not non-resident, within such period, the Trustee may, on behalf of such Unitholder, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders cease to be beneficial holders of such Units and their rights are limited to receiving the net proceeds of the sale of such Units.

### **3.2 Distributions**

Distributions are payable to Unitholders of record on the last business day of each month and, unless a Unitholder is a participant in any distribution reinvestment plan established by the Fund, all cash distributions payable, less any amount required to be withheld therefrom under applicable law, are to be paid in Canadian dollars no later than the Distribution Date. The Fund will make monthly distributions to Unitholders at the discretion of the Trustee, upon the advice of the Administrator. Distributions will be paid out of revenue generated by the Portfolio and, if required, out of capital. Future distribution rates will be determined from time to time by the Administrator. There can be no assurance that the Fund will make any distribution in any particular month.

The Fund has also adopted a distribution reinvestment plan (the "Plan") and optional Unit purchase plan pursuant to which distributions paid to a Unitholder may, at the option of such Unitholder, be automatically reinvested on such Unitholder's behalf to purchase additional Units in accordance with the Plan. Subject to the terms and conditions of the Plan and applicable securities laws, Unitholders may also apply additional cash payments towards the purchase of additional Units under the Plan. Notwithstanding the availability of the Plan, all distributions to non-resident Unitholders are paid in cash and may not be reinvested.

Many of the issuers of the securities in which the Fund invests are entitled to tax deductions relating to the nature of their assets, with the result that their cash distributions exceed the amount required to be included in the income of the recipients. As a result, cash distributions received by Unitholders from the Fund in a year may exceed the amount required to be included in their income for tax purposes and as a result, any such excess will be a return of capital. The proportion of the distributions characterized as a return of capital will be affected by Net Capital Gains realized by the Fund. To the extent that the Fund has received distributions from issuers included in the Portfolio as a return of capital that reduced the adjusted cost base of such securities to the Fund, the Fund may realize a capital gain if such securities are sold. In addition, the Fund may realize a capital gain on sales of securities if the securities sold have appreciated in value. Such capital gains will reduce the proportion of the distributions characterized as a return of capital.

The Fund is subject to tax under Part I of the Income Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Fund makes distributions in each year of its Net Income and Net Capital Gains, and provided the Fund deducts in computing its income the full amount available for deduction in each year, the Fund will not generally be liable for income tax under Part I of the Income Tax Act. In order to ensure this result, the Declaration of Trust provides that, if necessary, an Additional Distributable Capital Amount and Additional Distributable Income Amount will be automatically payable in each year to Unitholders of record on December 31. The Additional Distributable Capital Amount and Additional Distributable Income Amount may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly distributions paid or made payable to Unitholders during the year. The Additional Distributable Capital Amount and Additional Distributable Income Amount may, provided the Fund does not have sufficient cash to pay the full amount of the required distributions, at the option of the Trustee, be satisfied by the issuance of additional Units having a value equal to the cash shortfall. The value of the additional Units to be issued is determined using the closing trading price or, if there was no trade, the average of the last bid and the last ask prices of the Units on such Additional Distribution Date or if not listed, such other value as the Trustee determines.

### **3.3 Amending the Declaration of Trust**

#### **3.3.1 Amendment of the Declaration of Trust by the Trustee**

The Declaration of Trust provides that the Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders, to:

- a) ensure compliance with applicable laws, regulations or requirements of any governmental authority having jurisdiction over the Fund;
- b) maintain the status of the Fund as a “mutual fund trust” and a “registered investment” under the Income Tax Act;
- c) make changes or corrections which counsel for the Fund advise are necessary or desirable for the correction of typographical mistakes or are required for the purpose of curing any ambiguity or defective or inconsistent provisions or omissions or manifest error; or
- d) provide added protection for Unitholders upon the advice of counsel to the Fund, but only if such amendments do not adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Administrator or increase their respective responsibilities.

### **3.3.2 Amendment of the Declaration of Trust by the Unitholders**

Pursuant to any additional requirements set out in section 5.1(1) of NI 81-102, the Declaration of Trust provides that the following may only be undertaken with the approval of the Unitholders by an Extraordinary Resolution:

- a) any change of the Administrator other than pursuant to the Administrative Services Agreement or in circumstances where the Administrator has been removed by the Trustee pursuant to the Declaration of Trust or the Administrative Services Agreement;
- b) the termination of the Trustee or any one of its affiliates as the trustee of the Fund;
- c) any change in the Investment Objectives, Investment Policies and Investment Restrictions unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- d) the liquidation, dissolution or termination of the Fund;
- e) an amendment to the Declaration of Trust to permit the redemption or retraction of Units at the option of the Unitholder or the Fund;
- f) any amendment to the Declaration of Trust which would adversely affect the Administrator that has not been approved by the Administrator;
- g) a material change in the Administrative Services Agreement;
- h) any increase in the fee paid to the Administrator;
- i) the sale of all or substantially all of the assets of the Fund other than in the ordinary course of business;
- j) any amendment, modification or variation in the provisions or rights attaching to the Units; and
- k) any proposal to delist the Units from the TSX (or its successor), except where the Fund is being terminated or it ceases to meet the listing criteria of the TSX.

### **3.4 Termination of the Fund**

Pursuant to the Declaration of Trust, the Fund shall continue until the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund approved at a duly called meeting of the Unitholders. In addition to such termination upon the approval of the Unitholders, the Declaration of Trust also provides that the Fund may be terminated in the following circumstances:

- a) In the event that the Administrator resigns and no new Administrator is appointed by the Trustee within 120 days of the Administrator giving notice to the Trustee of such resignation, the Fund will automatically terminate on the date which is 60 days following the end of such 120 day period.
- b) The Administrator may, in its discretion, terminate the Fund without the approval of the Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund.

In each case, the Fund must first file a news release that discloses the termination and the Fund may not terminate earlier than 15 days or later than 90 days after the filing of such news release, unless the Fund undertakes a reorganization of, or transfers assets to, another investment fund, if (i) the Fund ceases to continue after the reorganization or transfer of assets and (ii) the transaction results in Unitholders becoming securityholders in the other investment fund.

The Declaration of Trust provides that the Administrator may, in its discretion and upon not less than 30 days notice to the Unitholders, postpone the Termination Date by a period of up to 180 days if the Investment Manager advises the Administrator that it will be unable to convert all of the Fund Property to cash prior to the original Termination Date and the Administrator determines that it would be in the best interests of the Unitholders to do so. Upon termination, the Declaration of Trust provides that the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund which will include cash and, to the extent liquidation of certain assets is not practicable or the Administrator considers such liquidation not to be appropriate prior to the Termination Date, such unliquidated assets *in specie* rather than in cash. Following such distribution, the Declaration of Trust provides that the Fund will be dissolved.

#### **4.0 VALUATION OF PORTFOLIO SECURITIES**

Pursuant to the Declaration of Trust, the Total Assets on any Valuation Date is calculated as follows:

- a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash received (or declared to holders of record on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof provided that if the Investment Manager has determined that any such deposit, bill, demand note, account receivable or prepaid expense is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Investment Manager determines to be the fair value thereof;
- b) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal exchange for the security, as determined by the Investment Manager) shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Investment Manager such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), as at the date of valuation on which the Total Assets are being determined, all as reported by any means in common use;
- c) the value of any security which is traded over the counter will be priced at the average of the last bid and asked prices quoted by a major dealer in such securities;
- d) the value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason of a representation, undertaking or agreement by the Fund or by the Fund's predecessor in title shall be determined on the basis of such price or yield equivalent quotations (which may be public quotations or may be obtained from major market makers) as the Investment Manager determines best reflects its fair value;
- e) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Fund at the time of valuation;
- f) listed securities subject to a hold period will be valued as described above with an appropriate discount, as determined by the Investment Manager, and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most

recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Investment Manager; and

- g) the value of any security or property to which, in the opinion of the Investment Manager, the above 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 good faith in such manner as the Investment Manager from time to time adopts.

Pursuant to item (g) above, the Investment Manager has not exercised its discretion to deviate from the valuation practices noted above in the last three years.

In connection with the foregoing, the net asset value and net asset value per Unit will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain.

## **5.0 CALCULATION OF NET ASSET VALUE**

Pursuant to the Declaration of Trust, the net asset value per Unit on any Valuation Date is calculated by dividing the net asset value (determined by subtracting the aggregate amount of the liabilities of the Fund from the Total Assets, as described above) by the number of outstanding Units (before giving effect to any Units issued on that date).

The net asset value per Unit is calculated as at the close of business on each Valuation Date. The net asset value and the net asset value per Unit is available to the public at no cost by calling 1-866-642-6001 and the net asset value per Unit is available on Brompton's website at [www.bromptongroup.com](http://www.bromptongroup.com). The Fund also makes the net asset value per Unit available to the financial press for publication on a weekly basis.

The net asset value is calculated in Canadian dollars.

## **6.0 PURCHASES OF FUND UNITS**

### **6.1 General**

The Units are listed for trading on the TSX under the symbol RBN.UN and may be purchased through the facilities of the TSX. Registration of interests in and transfers of the Units are made only through CDS and the Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled are made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, Unitholders receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the securities are purchased. Units may also be purchased by Unitholders under the Plan as described in section 3.2.

### **6.2 Issuer Bid**

The Declaration of Trust provides that, subject to applicable law and stock exchange requirements, the Fund may, in its sole discretion, from time to time purchase Units in the open market for cancellation.



## **7.0 REDEMPTION OF SECURITIES**

Subject to the Fund's right to suspend redemptions, as described in section 7.2, Unitholders are entitled to surrender Units for redemption in November of each year, provided the Units are surrendered by 5:00 p.m. (Toronto time) on the last business day of October, all in accordance with the Declaration of Trust. The Declaration of Trust provides that Units surrendered for redemption will be redeemed on the Redemption Date at a redemption price per Unit equal to the Annual Redemption Amount and payment will be made on or before the tenth business day of the month subsequent to the Annual Redemption Date.

### **7.1 General**

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds Units to deliver to CDS, at its office in the City of Toronto, on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise the redemption right sufficiently in advance of the Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the last business day of October.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units, the Unitholder shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise. Notwithstanding the foregoing, the Administrator may from time to time, prior to the Annual Redemption Date, permit the withdrawal of a redemption notice on such terms and conditions as the Administrator may determine, in its sole discretion, provided that in the opinion of the Administrator such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of a redemption notice or its withdrawal will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund or the Trustee to the CDS Participant or the Unitholder.

On the redemption of Units, the Fund may, in its sole discretion, designate payable to the redeeming Unitholder, as part of the redemption price, any income or capital gain realized by the Fund in the taxation year of the Fund in which the redemption occurred.

### **7.2 Suspension of Redemptions**

The Declaration of Trust permits the Administrator to direct the Trustee to suspend the redemption of Units or the payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on one or more stock exchanges, options exchanges or futures exchanges on which more than 50% of the Portfolio (by value) is listed and traded; or (b) upon approval from the applicable securities regulatory authority, for any period not exceeding 120 days during which the Administrator determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Administrator to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such

circumstances, all Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. Redemptions that have been suspended will be effected at a price determined on the first date that the net asset value per Unit is calculated following the termination of the suspension. The suspension shall terminate in any event on the first business day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Administrator shall be conclusive.

## **8.0 RESPONSIBILITY FOR FUND OPERATIONS**

### **8.1 Administrator**

The Declaration of Trust provides that the Trustee shall appoint or retain an administrator to manage the business and affairs of the Fund. The Trustee has appointed the Administrator pursuant to the terms of the Declaration of Trust and the Administrative Services Agreement.

Blue Ribbon Fund Management Ltd. was formed pursuant to the *Business Corporations Act* (Ontario) by articles of incorporation dated July 10, 2009. It took over administration of the Fund effective November 20, 2009. Its head office is located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3. Its telephone number is (416) 642-6000, its e-mail address is info@bromptongroup.com and its website address is www.bromptongroup.com. The Administrator was organized for the purpose of managing and administering closed-end investment funds, including the Fund.

Pursuant to the Administrative Services Agreement, the Administrator is responsible for providing, or causing to be provided, management and administrative services and facilities to the Fund, and may delegate certain of its powers to third parties at no additional cost to the Fund where, in the discretion of the Administrator, it would be in the best interests of the Fund and the Unitholders to do so. In this regard, pursuant to a sub-administrative services agreement, the Administrator has granted Brompton the authority to manage the operations and affairs of the Fund for which the Administrator is responsible pursuant to the Administrative Services Agreement and to make all decisions regarding the business of the Fund. Brompton has authority to bind the Fund; however, certain actions require the consent of the Administrator. In consideration for these services, the Administrator pays to Brompton a sub-administrative services fee.

The sub-administrative services agreement has an indefinite term, unless terminated as described below. Brompton's appointment may be terminated by the Administrator on 90 days written notice to Brompton in the event of the persistent failure of Brompton to perform its duties and discharge its obligations under the sub-administrative services agreement, the continuing malfeasance or misfeasance of Brompton in the performance of its duties under the sub-administrative services agreement or if Blue Ribbon Fund Management Ltd. ceases to be the Administrator.

The sub-administrative services agreement may be terminated immediately in the event of the commission by Brompton of any fraudulent act or any misrepresentation under the sub-administrative services agreement, and is automatically terminated if the Administrative Services Agreement is terminated or if Brompton becomes bankrupt or insolvent, or makes a general assignment for the benefit of its creditors.

The services of the officers and directors of Brompton are not exclusive to the Fund. Affiliates and associates (as defined in the *Securities Act* (Ontario)) of the Administrator may, at any time, engage in the administration of any other fund or trust.

### 8.1.1 Administration Fee

The Fund pays the Administrator the Administration Fee and reimburses the Administrator for all expenses incurred in connection with its duties as Administrator. The Administrator receives an Administration Fee equal to 0.50% per annum of the net asset value of the Fund, calculated in accordance with the Administrative Services Agreement and payable monthly in arrears, plus applicable taxes. The Fund also pays to the Administrator an amount equivalent to the Service Fee.

### 8.1.2 Service Fee

The Administrator is responsible for calculating and paying the Service Fee to dealers based on the number of Units held by clients of such dealers at the end of each relevant quarter. The Service Fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) is equal to not more than 0.40% per annum of the net asset value of the Fund represented by the Units held at the end of the relevant quarter by clients of dealers, plus applicable taxes.

### 8.1.3 Termination of the Administrative Services Agreement

The Administrative Services Agreement may be terminated by the Trustee on behalf of the Fund on 90 days written notice in the event of (a) the persistent failure of the Administrator to perform its duties and discharge its obligations under, or the continuing malfeasance or misfeasance of the Administrator in the performance of its duties under, the Administrative Services Agreement, or (b) an Extraordinary Resolution of the Unitholders at a meeting duly called for such purpose in accordance with the Declaration of Trust. The Administrative Services Agreement may be terminated immediately in the event of the commission by the Administrator of any fraudulent act and is terminated automatically if the Administrator becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors.

### 8.1.4 Directors and Officers of the Administrator

The name, municipality of residence, position held with the Administrator and principal occupation of each director and officer of the Administrator are set out below:

<b>Name and Municipality of Residence and Position with the Administrator</b>	<b>Principal Occupation and Positions Held During the Last 5 Years</b>
M. PAUL BLOOM <sup>(1)(2)</sup> Toronto, Ontario Executive Vice President, Chairman and Director	President, Bloom Investment Counsel, Inc. since 1985.
ADINA BLOOM SOMER <sup>(1)</sup> Toronto, Ontario Director	Vice President and Director, Bloom Investment Counsel, Inc. since May 2010; Vice President and Analyst, TD Newcrest from January 2006 to August 2009.
MARK A. CARANCI <sup>(1)(2)</sup> Toronto, Ontario President and Director	President and Chief Executive Officer, Brompton Funds.
CRAIG T. KIKUCHI <sup>(2)</sup> Toronto, Ontario Chief Financial Officer	Chief Financial Officer, Brompton Funds; Corporate Secretary, Brompton Funds from July 2013 to March 2013; Director, Brompton Funds Limited since July 2014.

<b>Name and Municipality of Residence and Position with the Administrator</b>	<b>Principal Occupation and Positions Held During the Last 5 Years</b>
KATHRYN BANNER Toronto, Ontario Vice President and Corporate Secretary	Vice President and Corporate Secretary, Brompton Funds since March 2015; Assistant Vice President, Brompton Funds from February 2011 to March 2015; Senior Manager, Brompton Funds from August 2007 to February 2011.

Note

(1) Member of the Audit Committee.

(2) Executive officer.

### **8.1.5 Independent Review Committee**

The members of the IRC are James W. Davie, Arthur R.A. Scace and Ken S. Woolner. Mr. Woolner is the Chair of the IRC and is the primary IRC member who interacts with the Administrator.

The mandate and responsibilities of the IRC are set out in its charter. The IRC is responsible for carrying out those responsibilities required to be undertaken by an IRC under NI 81-107, in particular:

- a) reviewing and providing input into the Administrator's policies and procedures regarding conflict of interest matters, including any amendments to such policies and procedures referred to the IRC by the Administrator;
- b) approving or disapproving each conflict of interest matter referred by the Administrator to the IRC for its approval;
- c) providing its recommendation as to whether the Administrator's proposed action on a conflict of interest matter referred by the Administrator to the IRC for its recommendation achieves a fair and reasonable result for the Fund;
- d) together with the Administrator, providing orientation to new members of the IRC as required by NI 81-107;
- e) conducting regular assessments as required by NI 81-107; and
- f) reporting to the securityholders of the Fund, to the Administrator and to regulators as required by NI 81-107.

In addition to its responsibilities and functions under NI 81-107, the IRC:

- a) handles complaints and implements corrective action regarding accounting, internal accounting controls and auditing matters for the Administrator, as more specifically set out in the whistleblower policy of the Administrator;
- b) acts in an advisory capacity to the audit committee of the board of directors of the Administrator, as more specifically set out in the IRC's charter; and
- c) may, as more specifically set out in its charter, identify conflict of interest matters

Note: The members of the IRC also act as the members of the independent review committee for other investment funds.

## 8.2 The Investment Manager

The Declaration of Trust provides that the Administrator shall, on behalf of the Fund, retain an investment manager to make investment decisions with respect to the Fund Property, in accordance with the Investment Objectives and Investment Policies and subject to the Investment Restrictions. The Administrator has retained Bloom Investment Counsel, Inc. as the investment manager pursuant to an amended and restated Investment Management Agreement entered into between the Fund and the Investment Manager dated as of November 20, 2009 to provide such services to the Fund, in accordance with the Declaration of Trust. The registered office of the Investment Manager is Suite 1710, Adelaide Place, 150 York Street, Toronto, Ontario.

### 8.2.1 Principal Investment Managers

The principal investment managers of Bloom Investment Counsel, Inc. who are responsible for the investment management of the Fund are as follows:

<b>Name and Municipality of Residence and Position with the Investment Manager</b>	<b>Principal Occupation and Positions Held During the Last 5 Years</b>
M. PAUL BLOOM Toronto, Ontario President	President, Bloom Investment Counsel, Inc. since May 1985.
ADINA BLOOM SOMER Toronto, Ontario Vice President and Director	Vice President and Director, Bloom Investment Counsel, Inc. since May 2010; Vice President, Analyst, TD Newcrest from January 2006 to August 2009; Associate Analyst, TD Newcrest from July 2000 to August 2005.
ELI PAKIRYKOS Toronto, Ontario Vice President and Portfolio Manager	Portfolio Manager, Bloom Investment Counsel, Inc. since February 2015; Vice President, Bloom Investment Counsel, Inc. since January 2015; Investment Analyst, Bloom Investment Counsel, Inc. from February 2011 to February 2015; Associate Analyst, TD Newcrest from February 2005 to February 2011.

Paul Bloom has overall responsibility for overseeing the investment management activities of the Investment Manager. Adina Bloom Somer and Eli Papakirykos have extensive day-to-day management responsibilities for the Portfolio.

Investment decisions are made on a team basis by Mr. Bloom, Ms. Bloom Somer and Mr. Papakirykos with input from the firm's investment analyst. Investment decisions are not subject to the oversight, approval or ratification of a committee.

### 8.2.2 Investment Management Fee

Pursuant to the terms of the Investment Management Agreement, the Fund pays the Investment Manager an investment management fee equal to 0.50% per annum of the net asset value of the Fund, calculated and payable monthly in arrears, plus applicable taxes.

### 8.2.3 Brokerage Arrangements

The Investment Manager is responsible for selecting members of securities exchanges, brokers and investment dealers for the execution of transactions in respect of the Fund's investments. The primary consideration in all portfolio transactions is the prompt execution of orders in an efficient manner at the most favourable price. In selecting and monitoring dealers, the Investment Manager considers the dealer's

reliability, the quality of its execution services on a continuing basis and its financial condition. Although the Investment Manager does receive investment research from certain brokers, the Investment Manager has no soft dollar or other brokerage arrangements. The Investment Manager's allocation of brokerage business is based on decisions made by the portfolio managers of the Investment Manager in accordance with the Investment Manager's policies and procedures.

#### **8.2.4 Termination of the Investment Management Agreement**

The Administrator will, at the direction of the Unitholders as evidenced by an Extraordinary Resolution, terminate the Investment Management Agreement upon 90 days written notice to the Investment Manager. The Investment Management Agreement will automatically terminate on the Termination Date. The Administrator, on behalf itself and the Fund, may also terminate the Investment Management Agreement:

- a) in the event that the Investment Manager is in breach or default of the Investment Management Agreement and such breach or default has not been cured within 15 days of notice of such breach or default to the Investment Manager;
- b) at any time in the event that the Investment Manager shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary (and not being a voluntary liquidation for the purposes of amalgamation or reorganization) or if substantially all of the assets of the Investment Manager shall otherwise become liable to seizure or confiscation by any public or governmental authority;
- c) at any time in the event that the Investment Manager permanently loses a registration or licence which is required in order for it to fulfill its duties under the Investment Management Agreement or otherwise is incapable under applicable law of performing its obligations under the Investment Management Agreement; or
- d) at any time in the event the Investment Manager commits any fraudulent act in the performance of its duties under the Investment Management Agreement or in the event of any breach of a representation by the Investment Manager under the Investment Management Agreement.

The Investment Management Agreement may be terminated by the Investment Manager:

- a) in the event that the Fund or the Administrator is in breach or default of the provisions of the Investment Management Agreement and such breach or default has not been cured within 15 days of notice of such breach or default to the Administrator;
- b) at any time in the event that the Administrator shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary (and not being a voluntary liquidation for purposes of amalgamation or reorganization) or if substantially all of the assets of the Administrator shall otherwise become liable to seizure or confiscation by any public or governmental authority or the Administrator is incapable under applicable law of performing its obligations under the Investment Management Agreement; or
- c) at any time if the Administrator commits any fraudulent act in the performance of its duties under the Investment Management Agreement or in the event of any breach of a representation by the Administrator under the Investment Management Agreement.

### **8.3 The Trustee**

Computershare Trust Company of Canada, located in Toronto, Ontario, is the trustee of the Fund and is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust.

### **8.4 The Custodian**

The Administrator has appointed CIBC Mellon Global Securities Company, located in Toronto, Ontario, as custodian of the Fund, pursuant to the terms of the amended and restated Custodian Agreement dated November 20, 2009, entered into between the Fund and the Custodian. The Custodian may employ sub-custodians as it considers appropriate in the circumstances.

#### **8.4.1 Custodian Fees**

In consideration for its services, the Fund pays to the Custodian such compensation as agreed upon in writing between the Administrator and the Custodian, from time to time, and reimburses the Custodian for all reasonable costs and expenses incurred by the Custodian on behalf of the Fund.

#### **8.4.2 Termination of the Custodian Agreement**

The Custodian Agreement may be terminated by either party without penalty at any time on 90 days prior written notice. Prior notice is not required and termination will be immediate if:

- a) either party is declared bankrupt or becomes insolvent; or
- b) the Administrator has resigned, has been replaced or has otherwise been terminated as the administrator of the Fund.

### **8.5 Valuation Services**

The Administrator, on behalf of the Fund, has appointed CIBC Mellon Global Securities Company, located in Toronto, Ontario, to provide the Fund with valuation services. Such services include the calculation of the Fund's net asset value, calculated in accordance with the Fund's valuation parameters described in section 4.0.

### **8.6 Auditor, Registrar, Transfer Agent and Distribution Agent**

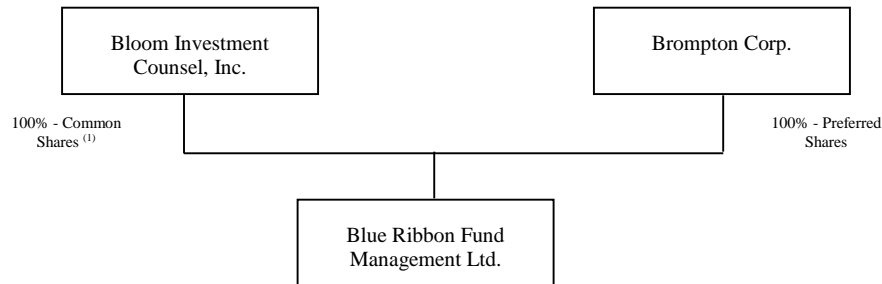
The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licenced Public Accountants ("PWC"), located in Toronto, Ontario. Computershare Trust Company of Canada is the registrar, transfer agent and distribution agent for the Units. The register and transfer ledger are kept by the Trustee at its offices located in Toronto.

### **8.7 Securities Lending Agent**

The Administrator has appointed the Canadian Imperial Bank of Commerce as the securities lending agent (the "Agent"), located in Toronto, Ontario, pursuant to the terms of a Securities Lending Authorization dated as of November 20, 2009 (the "Securities Lending Agreement"), among the Administrator, CIBC Mellon Global Securities Services Company ("GSS"), CIBC Mellon Trust Company ("CMT"), the Agent and The Bank of New York Mellon ("BNY") to provide various securities lending services relating to the Fund Property.

## 9.0 CONFLICTS OF INTEREST

### 9.1 Principal Holders of Securities and Affiliated Entities



Note:

<sup>(1)</sup>As of the date hereof, all of the common shares of the Administrator, the only class of shares with voting rights, are owned by the Investment Manager. The Investment Manager is wholly-owned or controlled by Mr. Paul Bloom. Mr. Paul Bloom accordingly either directly or indirectly benefits from the fees paid to the Administrator under the terms of the Administrative Services Agreement, as described herein and disclosed in the audited financial statements of the Fund.

The Declaration of Trust acknowledges that the Trustee may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm's length for comparable services. The services of the Custodian and the officers and directors of the Custodian are not exclusive to the Fund. The Custodian and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, engage in any other activity.

The Administrator and the Investment Manager and their directors and officers engage in the promotion, management or investment management of other funds or trusts with investment objectives similar to the Fund. The Investment Manager acts as the investment advisor or administrator for other funds and may in the future act as the investment advisor to other funds which are considered competitors of the Fund. The services of the Administrator are not exclusive to the Fund. Although none of the directors or officers of the Administrator or the Investment Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Administrator or the Investment Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Fund, the Administrator and the Investment Manager, as applicable.

In addition, the directors and officers of the Administrator and the Investment Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities. The Administrator, the Investment Manager or their affiliates may also be a manager of one or more issuers in which the Fund may acquire securities.

Except as described below, no person or entity that provides services to the Fund or the Administrator in relation to the Fund is an affiliated entity of the Administrator. Bloom Investment Counsel, Inc. is the investment manager of the Fund. Mr. Paul Bloom and Ms. Bloom Somer are directors and/or officers of Bloom Investment Counsel, Inc. and the Administrator, see section 8.2.1. Bloom Investment Counsel, Inc. receives an investment management fee from the Fund, see section 8.2.2. Such fees are disclosed in the Fund's audited financial statements.

### 9.2 Securities Held by Members of the Independent Review Committee

As at March 1, 2015, the members of the IRC did not hold any securities of the Administrator or the Fund. In addition, the percentage of securities of each class or series of voting securities beneficially



owned, directly or indirectly, in aggregate, by all members of the IRC in any service provider or in any one or more Canadian chartered bank which provides a loan facility or other credit to the Fund or the Administrator is less than 1%.

## **10.0 FUND GOVERNANCE**

The Administrator supports good governance practices for the Fund. The Fund is administered by the Administrator and consequently, the board of directors (the “Board”) and the audit committee referred to are the board of directors and the audit committee of the Administrator. The Board is responsible for the overall stewardship of the business and affairs of the Fund. Details regarding the names, principal occupations and committee memberships of the Board members are set out in section 8.1.4. The Board believes that the number of directors is appropriate.

The Board members are also members of the audit committee. The responsibilities of the audit committee include, but are not limited to, review of the Fund’s financial statements and the annual audit performed by PWC, the auditor of the Fund and oversight of internal controls and of the Fund’s compliance with tax laws and regulations. PWC reports to the audit committee and the audit committee and PWC have direct communication channels to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund’s approach to governance issues. To ensure the proper management of the Fund and compliance with regulatory requirements, the Board has adopted policies, procedures and guidelines relating to business practices, risk management control and internal conflicts of interest. As part of managing its business practices, the Board has adopted a whistleblower policy and a privacy policy and has adopted the Investment Manager’s proxy voting policy. The whistleblower policy establishes a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters pertaining to the Fund. The privacy policy dictates the manner in which the Fund and the Administrator may collect, use and disclose personal information regarding the Unitholders. The proxy voting policy is described in section 10.2. As part of its risk management, the Board has adopted a disclosure policy. The disclosure policy sets out guidelines that aim to ensure that complete, accurate and balanced information is disclosed to the public in a timely, orderly and broad-based manner in accordance with securities laws and regulations. As part of managing potential internal conflicts of interest, the Board has adopted a code of business ethics and an insider trading policy. The code of business ethics and insider trading policy address, among other things, ethical business practices, the handling of material information and purchasing or selling of securities by insiders.

NI 81-107 requires the Administrator to have policies and procedures relating to conflicts of interest and the Administrator has such policies and procedures in place.

In accordance with NI 81-107, the Administrator has appointed the IRC to deal with potential conflict of interest matters between the Administrator and the Fund. See section 8.1.5 of this Annual Information Form.

The Administrator maintains a website for the Fund at [www.bromptongroup.com](http://www.bromptongroup.com). The mandate of the Board is available on the website. The Administrator has an investor relations line to respond to inquiries from Unitholders, which is 1-866-642-6001.

### **10.1 Composition of the Independent Review Committee**

As indicated in section 8.1.5 of this Annual Information Form, the IRC is comprised of three members, who were appointed by the Administrator in accordance with NI 81-107. Subsequent to this initial appointment by the Administrator, the IRC shall, taking into consideration any recommendation of the Administrator, fill vacancies of the IRC, provided that if for any reason the IRC has no members, the Administrator shall fill the vacancies.

## 10.2 Proxy Voting Policy

The Portfolio is managed by Bloom Investment Counsel, Inc. and, pursuant to the Investment Management Agreement, the Investment Manager is authorized to exercise all rights and privileges incidental to ownership for the Portfolio. The Fund has adopted the Investment Manager's proxy voting policy (the "Proxy Voting Policy"), which provides general guidance, in compliance with applicable legislation, for the voting of proxies. The ultimate decision as to how to cast a vote rests with the Investment Manager, based on what the Investment Manager believes to be in the best interests of the Fund and in accordance with its Investment Objectives, Investment Policies and Investment Restrictions.

Generally:

- a) the Investment Manager will vote with management on routine issues such as the election of directors, reappointment of auditors and the acceptance of the auditors' report. Any votes against management proposals requires the approval of two portfolio managers;
- b) non-routine matters including executive compensation, stock options, director compensation and shareholder rights plans are reviewed on a case-by-case basis. The Investment Manager believes that matters relating to a company's labour practices, environmental policies and non-discrimination policies are management issues and that management is in the best position to determine appropriate practices in the context of a company's business;
- c) where the Investment Manager is aware of an actual, potential, or perceived conflict of interest between its interests and the interests of the Unitholders, the Investment Manager may choose to seek out and follow the voting recommendation of an independent proxy research and voting service.

The policies and procedures that the Fund follows when voting proxies relating to Portfolio Securities are available on request, at no cost, by calling 1-866-642-6001 or by writing to the Administrator at Suite 2930, Box 793, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

The Fund's proxy voting record for the most recent period ended June 30 of each year is available free of charge to any Unitholder upon request at any time after August 31 of that year. The Fund has made its proxy voting record available on its website at [www.bromptongroup.com](http://www.bromptongroup.com).

## 10.3 Securities Lending

In order to generate additional returns, the Administrator has entered into the Securities Lending Agreement with the Agent to administer any securities lending transactions for the Fund.

The Administrator manages the risks associated with securities lending by requiring the Agent, pursuant to the Securities Lending Agreement, to:

- a) enter into securities lending, repurchase or reverse purchase transactions with reputable and well-established Canadian and foreign brokers, dealers and institutions ("counterparties");
- b) maintain internal controls, procedures and records including a list of approved counterparties based on generally accepted creditworthiness standards, transaction and credit limits for each counterparty and collateral diversification standards;
- c) establish daily the market value of both the securities loaned by the Fund under a securities lending transaction or sold by the Fund under a repurchase transaction and the cash or collateral held by the Fund. If on any day the market value of the cash or collateral is less than 102% of the

market value of the borrowed or sold securities, the Agent will request that the counterparty provide additional cash or collateral to the Fund to make up the shortfall;

- d) ensure that no more than 50% of the Total Assets of the Fund are out on loan at one time;
- e) ensure that the collateral to be delivered to the Fund is one or more of cash, qualified securities or securities immediately convertible into, or exchangeable for, securities of the same issuer, class or type, and same term, if applicable, as the securities being loaned by the Fund; and
- f) Obtain mutual indemnification from GSS, CMT, the Agent, and BNY in respect of all losses, damages, liabilities, costs or expenses (including reasonable counsel fees and expenses but excluding consequential damages) arising from:
  - i) the failure to perform any obligations under the Securities Lending Agreement;
  - ii) any inaccuracy of any representation or warranty made in the Securities Lending Agreement; or
  - iii) fraud, bad faith, willful misconduct or reckless disregard of duties.

Each lending transaction may be terminated by the Fund at any time and the loaned securities recalled within the normal and customary settlement period for such transactions. The Securities Lending Agreement may be terminated at any time at the option of any party upon thirty days prior notice to the other parties.

The Administrator has written procedures that set out the objectives, goals and risk management practices with respect to securities lending arrangements which are reviewed annually by the Board. The Securities Lending Agreement was approved by the Board and securities lending arrangements and risks are monitored by the Administrator.

With respect to collateral, by the close of the business day on which loaned securities are delivered to a borrower, the Agent shall obtain from such borrower one or more types of collateral as outlined below in an amount equal, as of such day, to 105% or such other percentage as reflects the best market practices in the market in which the securities are being lent but shall never be less than 102% of the market value of the loans, including any accrued interest.

The indemnification provisions survive termination of the Securities Lending Agreement.

#### **10.4 Short-Term Trades**

The Fund's Units trade on the TSX. The Fund does not have policies and procedures in place to monitor, detect and deter short-term trading given that:

- a) the Fund is a closed-end investment trust;
- b) Unitholders are only permitted to redeem Units on an annual basis;
- c) the Annual Redemption Amount is based on the net asset value per Unit on the second last business day of November, minus any costs associated with the redemption, including brokerage costs;

- d) for the purpose of calculating the Annual Redemption Amount the value of any security is equal to the weighted average trading price over the last three business days of the month of November; and
- e) redemptions require more than 4 weeks to process from the date a holder notifies CDS of their redemption request to the date the redemption proceeds are paid out.

## **11.0 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units. This summary is applicable to a holder of Units who is an individual (other than a trust) and who, for the purposes of the Income Tax Act, is resident in Canada, deals at arm's length with and is not affiliated with the Fund and holds the Units as capital property. Generally, the Units will be considered to be capital property to a holder provided that the holder does not hold such Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" (as defined in the Income Tax Act) owned or subsequently acquired by such Unitholder treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Income Tax Act. Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Income Tax Act is available and/or advisable in their particular circumstances. This summary does not apply to a holder that enters into, or has entered into, a "derivative forward agreement", as such term is defined in the Income Tax Act, in respect of Units.

This summary is based on the assumption that the Fund qualifies, and will continue to qualify, at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Income Tax Act. In order to so qualify, the Fund must comply on a continuous basis with certain investment criteria and certain minimum dispersal requirements relating to the Units. In addition, the Fund may not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons. If the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described herein would in some respects be materially and adversely different.

This summary is based on the assumption that none of the issuers of the securities in the Portfolio are or will be foreign affiliates of the Fund or of any Unitholder and that none of the securities in the Portfolio are or will be a "tax shelter investment" within the meaning of the Income Tax Act. This summary is also based on the assumption that the Fund does not and will not invest in a share of, an interest in, or a debt of a non-resident entity or an interest in or a right or option to acquire such a share, interest or debt that would cause the Fund to include amounts in income under section 94.1 of the Income Tax Act or securities of a non-resident trust other than an "exempt foreign trust" within the meaning of the Income Tax Act.

This summary is based on the assumption that that the Fund is not and will not be a "SIFT trust" within the meaning of the SIFT Rules. The Fund has not held and will not hold investments that would result in the Fund becoming subject to the SIFT Rules in any taxation year. If the Fund were to become a SIFT trust within the meaning of the SIFT Rules, the income tax considerations discussed herein could be materially and adversely different in certain respects.

This summary is based on the current provisions of the Income Tax Act and counsel's understanding of the current administrative and assessing practices of the CRA made publicly available prior to the date hereof. It also takes into account all of the Tax Proposals. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does

it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the holder's particular circumstances including the province or provinces in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular holder. Holders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

### **11.1 Taxation of the Fund**

The Fund is subject to tax under Part I of the Income Tax Act in each taxation year on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount.

With respect to each issuer included in the Portfolio that is a Canadian resident trust and that is not subject in a taxation year to the tax imposed under the SIFT Rules, the Fund will be required to include in the calculation of its income the net income and net taxable capital gains paid or payable to the Fund by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by the issuer, net taxable capital gains, taxable dividends from taxable Canadian corporations and any foreign source income of the issuer paid or payable by the issuer to the Fund will effectively retain their character in the hands of the Fund.

The Fund will be required to reduce the adjusted cost base of units of an issuer in the Portfolio that is a Canadian resident trust by any amount paid or payable by such issuer to the Fund except to the extent that the amount was included in calculating the income of the Fund or was the Fund's share of the non-taxable portion of capital gains of such issuer, the taxable portion of which was designated in respect of the Fund. If the adjusted cost base to the Fund of such units becomes a negative amount at any time in a taxation year of the Fund, that negative amount will be deemed to be a capital gain realized by the Fund in that taxation year and the Fund's adjusted cost base of such units will be increased by the amount of such deemed capital gain.

With respect to each issuer in the Portfolio that is a limited partnership and that is not subject in a taxation year to the tax imposed under the SIFT Rules, the Fund will be required, in computing its income, to include or will be entitled to deduct, as the case may be and subject to the "at-risk rules" and other provisions in the Income Tax Act, its share of net income, capital gains, losses and capital losses for tax purposes of the issuer allocated to the Fund for the fiscal year of the issuer ending in the Fund's taxation year, whether or not a distribution is received in respect thereof from the issuer.

In general, the adjusted cost base at a particular time to the Fund of units of a limited partnership will be equal to the cost of such units to the Fund plus its share of income and capital gains of the limited partnership allocated to it for fiscal years of the limited partnership ending before the particular time less the total of its share of losses and capital losses of the limited partnership allocated to it for fiscal years of the partnership ending before the particular time and the Fund's share of any distributions received from the limited partnership before the particular time. If the adjusted cost base to the Fund of units of a limited partnership is negative at the end of a fiscal year of the partnership, that negative amount will be deemed to be a capital gain realized by the Fund at that time and the Fund's adjusted cost base of such units will be increased by the amount of such deemed capital gain.

Under the SIFT Rules, each issuer in the Portfolio that is a SIFT trust or SIFT partnership as defined in the SIFT Rules (which generally include income trusts (other than certain real estate investment trusts) and certain partnerships, the units of which are listed or traded on a stock exchange or other public market) is subject to a tax in respect of its “non-portfolio earnings”, which include (i) income from a business carried on by the trust or partnership in Canada or from non-portfolio properties (exceeding any losses for the taxation year from non-portfolio properties), other than taxable dividends, and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from dispositions of such properties). For this purpose, non-portfolio properties include: (i) certain Canadian real and resource properties, (ii) a property that the SIFT trust or SIFT partnership (or a non-arm’s length person or partnership) uses in the course of carrying on a business in Canada, and (iii) securities of a “subject entity” (other than a “portfolio investment entity”) if the SIFT trust or SIFT partnership holds securities of the subject entity that have a total fair market value that is greater than 10% of the subject entity’s equity value or if the SIFT trust or SIFT partnership holds securities of the subject entity which, together with all securities held of affiliates of the subject entity, have a total fair market value that is greater than 50% of the SIFT trust’s or SIFT partnership’s equity value. A “subject entity” includes corporations resident in Canada, trusts resident in Canada, Canadian resident partnerships and non-resident persons or partnerships that are not Canadian resident partnerships, the principal source of income of which is one or any combination of sources in Canada. A “portfolio investment entity” is an entity that does not hold any non-portfolio property. The SIFT Rules provide that non-portfolio earnings of a SIFT trust or SIFT partnership are taxed at a rate that is equivalent to the combined federal and provincial corporate tax rate. Under the SIFT Rules, non-portfolio earnings of a SIFT trust or SIFT partnership are generally taxed to unitholders as though they were a taxable dividend from a taxable Canadian corporation. Such dividend is an “eligible dividend” and should therefore benefit from the enhanced gross-up and dividend tax credit rules in the Income Tax Act.

The Fund will also be required to include in its income for each taxation year all interest on the debt securities it holds that accrues or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The SIFT Rules should have no impact on the character of interest paid or accrued on debt issued by a SIFT trust or SIFT partnership.

The Fund will be required to include in its income for a taxation year all dividends received in the year on shares of corporations.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on the Fund’s loan facility generally to the extent that borrowed funds are used to purchase Portfolio Securities. The Fund may deduct over a five year period agents’ fees and other expenses of issuing Units subject to proration for short taxation years. Any losses incurred by the Fund cannot be allocated to Unitholders, but may generally be carried forward or back in accordance with the rules and limitations contained in the Income Tax Act and deducted in computing the taxable income of the Fund.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a pro rata basis in respect of distributions from the income trust that are a return of capital which are not reinvested for an income earning purpose. Counsel are of the view that, while the ability to deduct interest depends on the facts, based on the jurisprudence, the CRA’s position should not adversely affect the Fund’s ability to deduct interest on money borrowed to acquire income trust units in the Portfolio. If the CRA’s view were to prevail and apply to the Fund, part of the interest payable by the Fund on money borrowed under the Fund’s loan facility to acquire units of certain income trusts in the Portfolio could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders. Income of the Fund that is not distributed to Unitholders would be subject to non-refundable income tax in the Fund.

In determining the income of the Fund, gains or losses realized upon dispositions of Portfolio Securities of the Fund will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Fund purchases the Portfolio Securities with the objective of earning distributions and income thereon and takes the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Fund has elected in accordance with the Income Tax Act to have each of its “Canadian securities” (as defined in the Income Tax Act) treated as capital property. Such election is intended to ensure that gains or losses realized by the Fund on the disposition of Canadian securities, including most units of income trusts structured as mutual fund trusts, are taxed as capital gains or capital losses.

The Portfolio may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Income Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Income Tax Act. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Income Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Income Tax Act based on the redemptions of Units during the year (“capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of Portfolio Securities in connection with redemptions of Units.

The Fund generally intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year. Therefore, provided the Fund makes distributions in each year of its net income for tax purposes and net realized capital gains as described in section 3.2, it will generally not be liable in such year for income tax under Part I of the Income Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund.

## **11.2 Taxation of Unitholders**

A Unitholder generally will be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including the taxable portion of the Fund’s net realized capital gains, paid or payable, or deemed to be paid or payable, to the Unitholder in the taxation year whether received in cash, in additional Units or otherwise. The non-taxable portion of the net realized capital gains of the Fund paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any amount in excess of the Unitholder’s share of the net income and the net realized capital gains of the Fund for a taxation year that is paid or becomes payable to the Unitholder in such year generally will not be included in the Unitholder’s income for the year but will reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit becomes less than zero, the negative amount will be deemed to be a capital gain and the

adjusted cost base of the Unit to the Unitholder will then be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund; (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit; and (iii) the taxable dividends received, or deemed to be received, by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Income Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply, including the enhanced gross-up and tax credit in respect of eligible dividends. Any loss of the Fund for purposes of the Income Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

A Unitholder who acquires additional Units may become taxable on the Unitholder's share of any income and gains of the Fund that have accrued or been realized but have not been made payable at the time the additional Units are acquired.

On the disposition or deemed disposition of Units (whether on a sale, repurchase, redemption or otherwise), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder's income) exceed (or are less than) the aggregate of the adjusted cost base of the Units and any reasonable costs of disposition. Any additional Units acquired by a Unitholder on a distribution satisfied by the issuance of additional Units or on the reinvestment of distributions will generally have a cost equal to the amount distributed or reinvested, as the case may be. If a Unitholder participates in the Plan and the Unitholder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased.

For the purpose of determining the adjusted cost base to a Unitholder of the Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property at that time.

One-half of any capital gain realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Income Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net taxable capital gains, and capital gains realized on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

## **12.0 REMUNERATION OF DIRECTORS, OFFICERS, IRC MEMBERS AND TRUSTEES**

The Administrator is paid the Administration Fee as disclosed in section 8.1.1 of this Annual Information Form. The directors of the Administrator do not receive any fees from the Fund. The Fund pays the fees of the IRC which for 2014 were \$10,000 per member as determined by the IRC based on a recommendation of the Administrator. The Fund also pays the expenses of the IRC and directors incurred on behalf of the Fund. No expenses were paid in 2014.

For the year ended December 31, 2014, the Trustee was paid fees of \$7,910 in its capacity as trustee of the Fund.



### **13.0 MATERIAL CONTRACTS**

The Fund and/or the Administrator, on behalf of the Fund, is party to the Declaration of Trust, the Administrative Services Agreement, the Investment Management Agreement and the Custodian Agreement. Copies of these material contracts may be accessed by prospective or existing Unitholders at [www.sedar.com](http://www.sedar.com) under the Fund's profile. They are also available at the Fund's office during normal business hours. Details regarding each of these contracts are provided in section 1.1, in the case of the Declaration of Trust, and in section 8, in the case of the other agreements.

### **14.0 OTHER MATERIAL INFORMATION**

#### **14.1 Loan Facility**

The Fund entered into a Loan Facility with a Canadian chartered bank (the "Lender") in order to provide the Fund with the ability to utilize leverage to enhance the total return on the Portfolio. The terms, conditions, interest rates, fees and expenses of and under the Loan Facility are typical for loans of this nature. The Lender is at arm's length to the Fund, the Trustee, the Administrator and the Investment Manager and their respective affiliates and associates.

The Loan Facility permits the Fund to borrow monies for various purposes including, without limitation, purchasing Fund Investments in accordance with the Investment Objectives and Investment Strategy and subject to the Investment Restrictions, effecting market purchases of Units, maintaining liquidity, funding redemptions and paying Distributions. The Fund has provided a security interest in all of its assets in favour of the Lender to secure such borrowings. In the event of default, the Lender's recourse is limited to the assets of the Fund.

Other than borrowings by the Fund under the Loan Facility of up to 25% of the Total Assets (including securities purchased with the amount borrowed), determined at the time of borrowing, and short-term credits necessary for settlement of securities transactions, which are not considered borrowing, the Fund will not engage in further borrowing.

#### **14.2 Risk Factors**

Certain risk factors relating to the Fund and the Units are described below. Additional risks and uncertainties not currently known to the Administrator, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund and the ability of the Fund to make distributions on the Units, could be materially adversely affected.

#### *No Assurance of Achieving Investment Objectives or Monthly Distributions*

There is no assurance that the Fund will be able to achieve its Investment Objectives or distribution objectives. Furthermore, there is no assurance that the Fund will be able to pay distributions in the short or long term, nor is there any assurance that the net asset value will be preserved. Changes in the relative weightings between the various types of investment vehicles making up the Portfolio Securities can affect the overall yield to Unitholders. The distributions received by the Fund from the Portfolio Securities may vary from month to month and certain issuers may pay distributions less frequently than monthly, with the result that revenue generated by the Portfolio Securities and available for distribution to Unitholders may vary substantially.

### *Distributions*

The Fund intends to pay monthly distributions on all Units. The Administrator will review such distribution policy from time to time and the distribution amount may change. If the return on the Portfolio (including Net Capital Gains from the sale of securities in the Portfolio) is less than the amount necessary to fund the monthly distributions, the Administrator will return a portion of the capital of the Fund to Unitholders to ensure the distribution is paid and, accordingly, the net asset value per Unit would be reduced.

### *Recent and Future Global Financial Developments*

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful or these economies will not be adversely affected by the inflationary pressures resulting from such efforts or central banks' efforts to slow inflation. Further, continued market concerns about the European sovereign debt crisis may adversely impact global equity markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Fund and the value of the Portfolio Securities. A substantial decline in the North American equities markets could be expected to have a negative effect on the Fund and the market price of the Units.

### *Loss of Investment*

An investment in the Fund is appropriate only for investors who have the capacity to absorb investment losses.

### *No Guaranteed Return*

There is no guarantee that an investment in the Fund will earn any positive return in the short or long term.

### *Performance of the Portfolio Securities*

The net asset value of the Units will vary according to the value of the Portfolio Securities and in some cases the value of the Portfolio Securities will be affected by factors beyond the control of the Investment Manager, the Administrator or the Fund. There is no assurance that an adequate market exists for the Portfolio Securities acquired by the Fund. The Portfolio Securities issued by issuers who are not reporting issuers in all provinces may be subject to an indefinite hold period under certain provincial securities legislation. In many circumstances, the issuers of the Portfolio Securities which the Fund may acquire have limited operating histories. The amounts which such issuers have been distributing may not be sustainable and the forecast distributions of such issuers may not be realized. The value of the Portfolio Securities will be influenced by factors which are not within the control of the Fund, which, in the case of resource-oriented securities, include the financial performance of the respective issuers, commodity prices, exchange rates, interest rates, the hedging policies employed by such issuers, issues relating to the regulation of the natural resource industry and operational risks relating to the resource sector and other financial market conditions. In the case of real estate investment trusts, such factors include the quality of

the real estate investment trust's property portfolio, the perception of and the abilities of the real estate investment trust's advisor, the prospects for the Canadian and US commercial real estate market and the economy in general, including the level and likely direction of interest rates.

#### *Sensitivity to Interest Rates*

It is anticipated that the market price for the Units and the value of the Portfolio Securities at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units and increase the cost of borrowing of the Fund, if any. Unitholders who wish to redeem or sell their Units may, therefore, be exposed to the risk that the redemption price or sale price of the Units will be negatively affected by interest rate fluctuations.

#### *Trading Price of the Units*

The Units may trade in the market at a discount to the net asset value per Unit and there can be no assurance that the Units will trade at a price equal to the net asset value per Unit. Units will be redeemable at 100% of the net asset value per Unit on an applicable Annual Redemption Date less any costs associated with the redemption, including brokerage costs. While the redemption right provides Unitholders the option of annual liquidity at the net asset value per Unit, there can be no assurance that it will reduce any trading discounts of the Units.

#### *Real Estate Investments*

Investments in REITs are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A REIT's income and funds available for distributions to its securityholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

#### *Commodity Price Fluctuations*

The operations and financial condition of the issuers of certain of the Portfolio Securities and, accordingly, the amount of distributions paid on such securities will be dependent on commodity prices applicable to such issuers. Prices for commodities may vary and are determined by supply and demand factors including weather and general economic and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial condition of the issuers of such securities and the amount of distributions paid on such securities. In addition, certain commodity prices are based on a US dollar market price. Accordingly, an increase in the value of the Canadian dollar against the US dollar could reduce the amount of distributions paid on such securities.

#### *Illiquid Securities*

There is no assurance that an adequate market will exist for the Portfolio Securities. The Fund cannot predict whether the Portfolio Securities will trade at a discount to, a premium to, or at their respective net asset values. In addition, if the Investment Manager determines that it is appropriate to acquire certain securities for the Portfolio, the Investment Manager may be unable to acquire such securities in quantities or at prices which are acceptable to the Investment Manager, if the market for such securities is particularly illiquid.

If the Investment Manager is unable, or determines that it is inappropriate to dispose of some or all of the Portfolio Securities prior to the termination of the Fund, Unitholders may, subject to applicable laws, receive distributions of Portfolio Securities *in specie* upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration. Assets so distributed may not be qualified investments for Registered Plans which would have adverse tax consequences to such Registered Plans and/or their annuitants, subscribers or beneficiaries.

#### *Installment Receipts*

Certain of the Portfolio Securities may be installment receipts representing ownership interests in securities, the original issue price of which is payable on an installment basis. The Fund may be required to pay subsequent installments despite a decline in the value of the securities of an issuer in which the Fund invests.

#### *Composition of Portfolio*

The composition of the Portfolio may vary widely from time to time and may be concentrated by type of security, commodity, industry or geography, resulting in the Portfolio being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Fund will suffer a loss because of declines in the prices of securities in those sectors or industries.

#### *Reliance on the Investment Manager, the Administrator and the Sub-Administrator*

The Fund is dependent on the Investment Manager for investment advisory and portfolio management services and upon the Administrator and the Sub-Administrator for the provision of all other required services. The officers of the Investment Manager who will be primarily responsible for the management of the portfolio have extensive experience in managing investment portfolios, however, there is no certainty that such individuals will continue as employees of the Investment Manager and there is no certainty that the officers of the Administrator and the Sub-Administrator will continue as employees of the Administrator and/or Sub-Administrator until the termination of the Fund.

#### *General Risks of Investing in Equity Securities*

The Fund is subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. In addition, issuers of equity securities may reduce or eliminate dividends or distributions.

#### *General Risks of Investing in Debt Instruments*

Generally, debt instruments will decrease in value when interest rates rise and increase in value when interest rates decline. The net asset value of the Fund will fluctuate with interest rate changes and the corresponding changes in the value of the Fund's investments. The value of debt instruments is also affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Debt instruments may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Certain of the debt instruments that may be included in the Portfolio from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets experienced a significant re-pricing over recent years, which has contributed to a reduction in liquidity and the availability of credit, enhancing the likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt.

### *Nature of the Units*

The Units are neither fixed income nor equity securities. The Units represent a fractional interest in the assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Unitholders will not own the securities held by the Fund.

### *Use of Leverage*

The Fund may utilize leverage in order to enhance returns for Unitholders. The use of leverage may result in capital losses or a decrease in distributions to Unitholders. The interest expense and banking fees incurred in respect of a loan facility may exceed the incremental capital gains, if any, and income generated by the incremental investment with the borrowed funds in securities to be included in the Portfolio. There can be no assurance that the borrowing strategy employed by the Fund will enhance returns. In addition, the Fund may not be able to renew a loan facility on acceptable terms. The level of leverage actually employed may impose additional restrictions on the Fund and the Fund will be affected by credit markets and the availability of credit at the relevant time.

### *Taxation of the Fund*

The SIFT Rules impose a tax on certain income (other than taxable dividends) earned by certain publicly traded trusts and partnerships (other than certain real estate investment trusts) and treat distributions or allocations of such income to investors as a dividend from a taxable Canadian corporation. The SIFT Rules do not change the tax treatment of distributions that are paid as a return of capital by SIFT trusts. The investment objectives of the Fund provide investors with exposure to its portfolio of investments that may include securities of income trusts and limited partnerships to which the SIFT Rules apply. The SIFT Rules may reduce the tax effectiveness of holding units of income trusts and partnerships that are subject to the SIFT Rules, and may negatively impact the value of income trust units and units of partnerships held by the Fund. Further, no assurance can be given that Canadian federal income tax law respecting the taxation of income trusts and other flow-through entities will not be further changed in a manner that adversely affects the Fund and its Unitholders.

Under the SIFT Rules a Canadian resident trust (other than a “real estate investment trust” as defined in the SIFT Rules) or partnership the units of which are listed or traded on a stock exchange or other public market and that hold one or more “non-portfolio properties” (as defined in the SIFT Rules) is a SIFT trust or SIFT partnership, as the case may be. If the SIFT Rules become applicable to the Fund, it will be subject to a tax on certain income (other than taxable dividends), commencing in the taxation year in which it becomes a SIFT trust, notwithstanding that the income is distributed to Unitholders. Unitholders will be taxed on distributions of such income in a manner similar to dividends from a taxable Canadian corporation. The deemed dividend is eligible for the enhanced dividend tax credit if paid or allocated to a resident of Canada. The Fund has not held and will not hold investments that would result in the Fund becoming subject to the SIFT Rules in any taxation year. If the Fund were to become a SIFT trust within the meaning of the SIFT Rules, the income tax considerations discussed in section 11.0 could be materially and adversely different in certain respects.

The Fund is and will be, at all material times, a mutual fund trust for purposes of the Income Tax Act. If the Fund ceases to qualify as a “mutual fund trust” under the Income Tax Act, the income tax considerations would be materially and adversely different in certain respects. There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.

While the Fund has been structured so that it will generally not be liable to pay income tax, information available to the Fund and the Administrator relating to the characterization, for tax purposes, of the distributions received by the Fund in any year from issuers of securities in the portfolio of investments may be insufficient as at December 31 of that year to ensure that the Fund will make sufficient distributions in order that it will not be liable to pay non-refundable income tax in respect of that year.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a pro rata basis in respect of distributions from the income trust that are a return of capital which are not reinvested for an income earning purpose. If the CRA's view were to apply to the Fund, part of the interest payable by the Administrator in connection with money borrowed to acquire certain Portfolio Securities could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders. Income of the Fund which is not distributed to Unitholders would be subject to non-refundable income tax in the Fund.

#### *Exchange of Tax Information*

The Fund is required to comply with due diligence and reporting obligations imposed under amendments to the Income Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Units continue to be listed on the TSX, the Fund should not have any U.S. reportable accounts and, as a result, it should not be required to provide information to the CRA in respect of Unitholders. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Unitholders may be requested to provide information to their dealer in order to allow the dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if the Unitholder does not provide the requested information, the Unitholder's dealer will be required by the Income Tax Act to report certain information about the Unitholder's investment in the Fund to the CRA, unless the Units are held by a registered plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

#### *Status of the Fund*

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds.

#### *Conflicts of Interest*

The Administrator and the Investment Manager, their respective directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives to those of the Fund.

Although none of the directors or officers of the Administrator or the Investment Manager devotes his or her full time to the business and affairs of the Fund, the Administrator and the Investment Manager, as applicable, each director and officer of the Administrator and the Investment Manager devotes as much time as is necessary to supervise the management of (in the case of the directors), or to manage the business and affairs of (in the case of officers), the Fund, the Administrator and the Investment Manager, as applicable.

#### *Changes in Legislation and Regulations*

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs, the treatment of mutual fund trusts under the Income Tax Act and securities legislation applicable to the Fund will not be changed in a manner which adversely affects the

Fund or the Unitholders. If such laws change, such changes could have a negative effect upon the value of the Fund, the Units and upon investment opportunities of the Fund.

#### *Securities Lending*

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

#### *Not a Trust Company*

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

#### *Significant Redemptions*

The purpose of the annual redemption right is to prevent Units from trading at a substantial discount and to provide investors with the right to eliminate entirely any trading discount once per year. While the redemption right provides investors the option of annual liquidity, there can be no assurance that it will reduce trading discounts. There is a risk that the Fund may incur significant redemptions if Units trade at a significant discount to their net asset value per Unit. If a significant number of Units were redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units resulting in a potentially lower distribution per Unit. The Administrator has the ability to terminate the Fund, if, in its opinion, it would be in the best interests of the Unitholders to do so. The Administrator may also suspend the redemption of Units as described in section 7.2.

## **14.2 Future Accounting Changes**

The final version of IFRS 9, *Financial Instruments*, was issued by the International Accounting Standards Board in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however, is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

**ANNUAL INFORMATION FORM FOR BLUE RIBBON INCOME FUND**

Administrator: Blue Ribbon Fund Management Ltd.  
Address: Suite 2930, Box 793, Bay Wellington Tower, Brookfield Place,  
181 Bay Street, Toronto, Ontario M5J 2T3  
Telephone: (416) 642-6000  
Fax: (416) 642-6001  
Website: [www.blueribbonincomefund.com](http://www.blueribbonincomefund.com)

**ADDITIONAL INFORMATION:**

Additional information about the Fund is available in the Fund's management report of fund performance and financial statements, copies of these documents may be obtained at no cost:

- By calling collect at (416) 642-6000 or toll-free at 1-866-642-6001,
- Directly from your dealer, or
- By email at [info@bromptongroup.com](mailto:info@bromptongroup.com).

Copies of these documents and other information about the Fund, such as information circulars and material contracts, are also available on the Fund's website at [www.bromptongroup.com](http://www.bromptongroup.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).