

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States or to, or for the account or benefit of, a person in the United States or a U.S. person (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or unless an exemption from such registration is available. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

PROSPECTUS

Initial Public Offering

May 29, 2012

TAYLOR North American Equity Opportunities Fund

TAYLOR NORTH AMERICAN EQUITY OPPORTUNITIES FUND

Maximum \$100,000,000

(10,000,000 Units)

Taylor North American Equity Opportunities Fund is a closed-end investment fund established under the laws of the Province of Ontario. The Fund proposes to issue redeemable units of the Fund at a price of \$10.00 per Unit.

The investment objective of the Fund is to seek long term capital appreciation by investing in an actively managed portfolio consisting primarily of North American exchange-listed equity securities. See "Investment Objective".

Brompton Funds Limited will act as the manager of the Fund. The Manager is a member of the Brompton Group, a leading provider of TSX-listed investment funds. See "Organization and Management Details of the Fund — The Manager".

Taylor Asset Management Inc. has been retained as the portfolio manager of the Fund. See "Organization and Management Details of the Fund — The Portfolio Manager".

Price: \$10.00 per Unit

	<u>Price to the Public⁽¹⁾</u>	<u>Agents' Fee</u>	<u>Net Proceeds to the Fund⁽²⁾</u>
Per Unit	\$10.00	\$0.525	\$9.475
Minimum Total Offering ⁽³⁾⁽⁴⁾	\$20,000,000	\$1,050,000	\$18,950,000
Maximum Total Offering ⁽⁴⁾	\$100,000,000	\$5,250,000	\$94,750,000

Notes:

- (1) The terms of the Offering were established through negotiation between the Agents and the Manager on behalf of the Fund.
- (2) Before deducting the expenses of the Offering, estimated to be \$750,000 (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fee, will be paid by the Fund from the proceeds of the Offering.
- (3) There will be no Closing unless a minimum of 2,000,000 Units are sold. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days after a final receipt for this prospectus is issued, the Offering may not continue and subscription proceeds will be returned to subscribers, without interest or deduction, unless an amendment to this prospectus is filed.
- (4) The Fund has granted to the Agents an option, exercisable for a period of 30 days from the Closing Date, to purchase up to 15% of the aggregate number of Units issued on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund will be \$115,000,000, \$6,037,500 and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agents'

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over-allocation position acquires such Units under this prospectus, regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

There is no guarantee that an investment in the Fund will earn any positive return in the short or long term nor is there any guarantee that the Investment Objective will be achieved or that the Net Asset Value per Unit will appreciate or be preserved. An investment in the Fund is appropriate only for investors who have the capacity to absorb investment losses. Prospective investors should read carefully the risk factors described in the prospectus. There is no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors" for a discussion of certain factors that should be considered by prospective purchasers of Units. The TSX has conditionally approved the listing of the Units subject to the Fund fulfilling all of the requirements of the TSX on or before August 9, 2012.

CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Macquarie Private Wealth Inc., Raymond James Ltd., Desjardins Securities Inc., Dundee Securities Ltd., Mackie Research Capital Corporation and Manulife Securities Incorporated, as agents, conditionally offer the Units for sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Fund by Stikeman Elliott LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. All prospective purchasers will be entitled to withdraw their purchase on or before midnight on the second Business Day after receipt or deemed receipt of the final prospectus and any amendment in accordance with applicable securities laws. See "Purchasers' Statutory Rights of Withdrawal and Rescission". The Agents may over-allot or effect transactions as described under "Plan of Distribution". Registrations of interests in and transfers of Units will be made only through the book-based system administered by CDS. A purchaser of Units will receive a customer confirmation from the registered dealer from or through which the Units are purchased and will not have the right to receive physical certificates evidencing their ownership in the Units. Closing is expected to occur on or about June 19, 2012 or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after a final receipt for this prospectus has been issued.

Certain capitalized terms used, but not defined, in the foregoing are defined in the "Glossary of Terms".

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GLOSSARY OF TERMS

In this prospectus, the following terms have the meanings set forth below, unless otherwise indicated.

“Additional Distribution” means a distribution that, if necessary, will be made in each year to Unitholders of record on the last Business Day of the Fund’s taxation year in order that the Fund will generally not be liable to pay non-refundable income tax, as described under “Distribution Policy”.

“Adjusted Net Asset Value per Unit” means the Net Asset Value per Unit on the relevant Determination Date, excluding any accrual for the Performance Fee that would otherwise be included in the Net Asset Value per Unit calculation on such date, plus the amount of any cash distribution paid by the Fund per Unit since the date as of which the High Water Mark was set.

“Agency Agreement” means the agency agreement dated as of May 29, 2012, among the Fund, the Manager, the Portfolio Manager and the Agents.

“Agents” means, collectively, CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Macquarie Private Wealth Inc., Raymond James Ltd., Desjardins Securities Inc., Dundee Securities Ltd., Mackie Research Capital Corporation and Manulife Securities Incorporated.

“Annual Redemption Date” means the second last Business Day of January of each year commencing in 2014.

“Brompton” means Brompton Funds Limited.

“Brompton Funds” means Brompton Corp. and its wholly owned subsidiary Brompton, which acts as manager of the Fund.

“Brompton Group” means the Brompton group of companies.

“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.

“cash equivalents” means:

- (a) cash on deposit with the Custodian or a broker, or
- (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
 - (i) any of the Federal or Provincial Governments of Canada; or
 - (ii) the Government of the United States; or
 - (iii) a Canadian financial institution;

provided that, in the case of (ii) or (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by Dominion Bond Rating Service or the equivalent rating from another approved rating organization; or

- (c) other cash cover as defined in NI 81-102.

“CDS” means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository subsequently appointed by the Fund as the depository in respect of the Units.

“CDS Participant” means a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS effects book entries for securities issued by the Fund deposited with CDS.

“Closing” means the issuance of Units pursuant to this prospectus on the Closing Date.

“**Closing Date**” means the date of closing, which is expected to be on or about June 19, 2012, or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after a final receipt for this prospectus is issued.

“**Closing Market Price**” in respect of a Unit on a Monthly Redemption Date means the closing price of such Unit on the TSX on such Monthly Redemption Date (or such other stock exchange on which such Unit is listed) or, if there was no trade on the relevant Monthly Redemption Date, the average of the last bid and the last ask prices of the Unit on the TSX on such Monthly Redemption Date (or such other stock exchange on which such Unit is listed).

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

“**Custodian**” means RBC Dexia Investor Services Trust, in its capacity as custodian under the Custodian Agreement.

“**Custodian Agreement**” means the custodian agreement to be entered into on or about the Closing Date between the Fund and the Custodian, as it may be amended from time to time.

“**Declaration of Trust**” means the amended and restated declaration of trust governing the Fund, as it may be amended or amended and restated from time to time.

“**Determination Date**” means the second last Business Day of December of each year and the Business Day immediately preceding any closing of the issue of Units (not including the Closing or any issuance of Units pursuant to an over-allotment option).

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least two-thirds 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 Taylor North American Equity Opportunities Fund, an investment fund established under the laws of the Province of Ontario and governed by the Declaration of Trust.

“**High Water Mark**” of the Units means the greater of: (i) \$10.00; and (ii) the Adjusted Net Asset Value per Unit as of the last Determination Date on which a Performance Fee was paid.

“**Investment Objective**” means the investment objective of the Fund as described under “Investment Objective”.

“**Investment Restrictions**” means the investment restrictions of the Fund as described under “Investment Restrictions”.

“**Investment Strategy**” means the investment strategy of the Fund as described under “Investment Strategy”.

“**IRC**” means the independent review committee established by the Manager in accordance with NI 81-107.

“**Management Agreement**” means the management agreement dated on or about May 29, 2012 between the Manager and the Fund, as it may be amended from time to time.

“**Management Fee**” means the management fee payable to the Manager by the Fund as more fully described under “Fees and Expenses — Management Fee”.

“**Manager**” means the manager of the Fund, namely Brompton Funds Limited, or, if applicable, its successor.

“**Market Price**” in respect of a Unit on a Monthly Redemption Date means the weighted average trading price on the TSX (or such other stock exchange on which such Unit is listed), for the 10 Business Days immediately preceding such Monthly Redemption Date.

“**Monthly Redemption Date**” means the second last Business Day of each month other than an Annual Redemption Date.

“**Net Asset Value**” means the net asset value of the Fund, as determined by subtracting the aggregate liabilities of the Fund from the Total Assets on the date on which the calculation is being made, as more fully described under “Calculation of Net Asset Value”.

“**Net Asset Value per Unit**” means the Net Asset Value divided by the total number of Units outstanding on the date on which the calculation is being made, as more fully described under “Calculation of Net Asset Value”.

“**NI 81-102**” means National Instrument 81-102 - *Mutual Funds* of the Canadian Securities Administrators, as amended from time to time.

“**NI 81-107**” means National Instrument 81-107 - *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators, as amended from time to time.

“**Non-Resident Unitholder**” means a Unitholder who, for the purposes of the Tax Act, and at all relevant times, is not resident in Canada and is not deemed to be resident in Canada.

“**Offering**” means the offering of Units at a price of \$10.00 per Unit including the Units under the Over-Allotment Option pursuant to this prospectus.

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

“**Over-Allotment Option**” means the option granted by the Fund to the Agents, exercisable for a period of 30 days from the Closing Date to purchase additional Units at \$10.00 per Unit in an amount up to 15% of the Units issued on the Closing Date, solely to cover over-allotments, if any.

“**Performance Fee**” has the meaning ascribed thereto under “Fees and Expenses – Performance Fee”.

“**Portfolio**” means the portfolio, consisting primarily of North American exchange-listed equity securities and cash and cash equivalents, acquired and held by the Fund from time to time.

“**Portfolio Management Agreement**” means the portfolio management agreement between the Manager, on behalf of the Fund, and the Portfolio Manager, dated as of the Closing Date.

“**Portfolio Manager**” means Taylor Asset Management Inc. in its capacity as portfolio manager of the Fund or, if applicable, its successor.

“**Portfolio Securities**” means the securities held in the Portfolio from time to time.

“**Redemption Payment Date**” means the tenth Business Day of the month immediately following an Annual Redemption Date or a Monthly Redemption Date.

“**Registered Plan**” means a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan and a tax-free savings account.

“**Service Fee**” means the service fee in respect of the Units that the Manager will pay to the registered dealers, as more fully described under “Fees and Expenses — Service Fee”.

“**SIFT Rules**” means the rules in the Tax Act which apply to a SIFT Trust, a SIFT Partnership and their unitholders.

“**SIFT Partnership**” means a specified investment flow-through partnership for the purposes of the Tax Act.

“**SIFT Trust**” means a specified investment flow-through trust for the purposes of the Tax Act.

“**S&P**” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.

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

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

“**Total Assets**” means the aggregate value of the assets of the Fund.

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

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

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state thereof, and the District of Columbia.

“**Unitholders**” means the owners of the beneficial interest in the Units.

“**Units**” means the transferable, redeemable units of the Fund.

“**U.S. person**” has the meaning given to such term in Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

“**Valuation Date**” means each Business Day on which the Net Asset Value per Unit is calculated.

“**\$**” means Canadian dollars unless otherwise indicated.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used, but not defined, in this summary are defined in the “Glossary of Terms”.

THE OFFERING

Issuer	Taylor North American Equity Opportunities Fund is a closed-end investment fund established under the laws of the Province of Ontario and governed by the Declaration of Trust. Brompton Funds Limited is the manager of the Fund. Taylor Asset Management Inc. acts as the portfolio manager to the Fund. See “Overview of the Legal Structure of the Fund”.
Offering	A minimum of 2,000,000 Units and a maximum of 10,000,000 Units. See “Plan of Distribution”.
Price	\$10.00 per Unit.
Investment Objective	The Fund’s investment objective is to seek long term capital appreciation by investing in an actively managed portfolio consisting primarily of North American exchange-listed equity securities. See “Investment Objective”.
Investment Strategy	<p>The Portfolio Manager will employ a value-driven investment strategy to construct a portfolio that seeks to balance long-term capital growth with capital preservation. The Portfolio Manager will invest opportunistically in equity and equity-related securities of issuers that the Portfolio Manager believes are fundamentally sound and are trading at a discount to their intrinsic value.</p> <p>The Portfolio Manager will use a “bottom up” research approach prior to investing while being cognizant of macro-economic factors that may affect the price performance of securities and sectors held in the Portfolio. The Portfolio Manager will invest primarily in securities of Canadian and U.S.-listed issuers and may bias the Portfolio to either country according to which market offers the most attractive valuations. The Portfolio Manager has the flexibility to invest up to 25% of the Portfolio in securities listed outside of North America where it sees attractive opportunities or for purposes of diversification.</p> <p>The Portfolio Manager will employ various strategies designed to reduce risk to the Portfolio and lessen the volatility of the Fund’s investment returns. See “Investment Strategy”.</p>
Currency Hedging	The Portfolio Manager intends to actively manage currency exposure by hedging foreign currencies that it believes are at risk of devaluing relative to the Canadian dollar. The Portfolio Manager will have discretion to hedge up to 100% of the value of the Portfolio denominated in foreign currencies to the Canadian dollar. See “Investment Strategy”.
Leverage	The Fund may employ leverage (including by way of engaging in short selling) of up to 20% of Total Assets (equivalent to up to 25% of the Net Asset Value) for the purposes of acquiring assets for the Portfolio and such other short term funding purposes as may be determined by the Portfolio Manager from time to time and implemented in accordance with the Investment Strategy. Accordingly, at the maximum leverage level, the Fund’s assets to equity ratio would be 1.25:1. Initially, the Fund is not expected to employ leverage. In the event that leverage (including short positions) exceeds 20% of Total Assets, the Fund will sell Portfolio securities and/or repurchase short positions in an orderly manner and use the proceeds therefrom to reduce the leverage (including short positions) to or below 20%. The Fund may borrow at fixed or floating rates, either directly or indirectly through hedging strategies. See “Investment Strategy” and “Risk Factors”.

Redemption	Units may be redeemed on the second last Business Day of January of every year commencing in 2014, subject to certain conditions. In order to effect such redemption, the Units must be surrendered by the last Business Day in the month prior to the applicable Annual Redemption Date. Unitholders whose Units are redeemed will receive a redemption price in an amount equal to 100% of the Net Asset Value per Unit on the Annual Redemption Date (less any costs and expenses associated with the redemption). The Net Asset Value per Unit will vary depending on a number of factors. Units may also be redeemed on a Monthly Redemption Date. See “Calculation of Net Asset Value”, “Redemption of Units” and “Risk Factors”.
Termination of the Fund	The Fund does not have a fixed termination date. The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund. Upon termination, the Fund will distribute to Unitholders their <i>pro rata</i> portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for. See “Termination of the Fund”.
Use of Proceeds	The net proceeds from the issue of the maximum number of Units offered hereby after payment of the Agents’ fee and the expenses of the Offering are estimated to be \$94,000,000 (\$18,650,000 if the minimum number of Units is issued). The net proceeds of the Offering, including any net proceeds from the exercise of the Over-Allotment Option, will be used to establish the Portfolio as soon as practicable following Closing in accordance with the Investment Objective and Investment Strategy and subject to the Investment Restrictions. See “Use of Proceeds”.
Repurchase of Units	The Declaration of Trust provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager’s assessment that such purchases are accretive to Unitholders. See “Description of the Units — Purchase for Cancellation”.
Risk Factors	An investment in Units is subject to certain risk factors, including risks related to: (i) there being no assurance that the Fund will achieve its investment objective; (ii) the possible loss of investment and lack of distributions; (iii) there being no guaranteed return on investment; (iv) investing in equity securities; (v) fluctuations in value of equities; (vi) the use of leverage; (vii) sensitivity to interest rate fluctuations (viii) risks associated with the use of derivative instruments; (ix) risks related to the use of short selling; (x) Portfolio concentration; (xi) reliance on the Portfolio Manager and the Manager; (xii) the possibility that the Portfolio may contain illiquid securities; (xiii) the possibility that the Units will trade at a discount to the Net Asset Value per Unit and risks relating to redemptions; (xiv) the fact that, unlike debt instruments, there is no principal amount owing to Unitholders, and the fact that Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation; (xv) taxation of the Fund, including that the Fund would be adversely affected in the event it ceased to be a mutual fund trust for purposes of the Tax Act; (xvi) the fact that the Fund is not a mutual fund for securities law purposes and will not be subject to the Canadian policies and regulations that apply to open-end mutual funds; (xvii) the fact that the Manager and the Portfolio Manager, and their respective officers, directors, affiliates and associates may engage in the promotion, management or investment management of any other fund or trust with similar investment objectives and/or a similar investment strategy to the Fund; (xviii) global financial developments; (xix) the Fund’s lack of operating history; (xx) the fact that the Fund is not a trust company; (xxi) changes in legislation; (xxii) foreign currency exposure; and (xxiii) risks relating to the Performance Fee. See “Risk Factors”.
Eligibility For Investment	Provided that (i) the Units are listed on a designated stock exchange for the purposes of the Tax Act (which includes the TSX) or (ii) the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for trusts governed by Registered Plans. See “Income Tax Considerations”.
Income Tax	The Fund intends to distribute the amount of its income for each taxation year so that it will

Considerations

generally not be liable for non-refundable income tax under Part I of the Tax Act. A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the taxation year. Distributions by the Fund to a Unitholder in excess of the Unitholder's share of the Fund's net income and the full amount of the Fund's net realized capital gains will reduce the adjusted cost base of the Unitholder's Units. Upon the disposition of Units held as capital property, Unitholders will realize capital gains or capital losses.

Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Units based upon their own particular circumstances. See "Income Tax Considerations".

Organization and Management of the Fund

The Manager and Promoter: Brompton Funds Limited is the manager of the Fund. The Manager is a member of the Brompton Group, a leading provider of TSX-listed investment funds. The Manager's head office is located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Toronto, Ontario M5J 2T3. See "Organization and Management Details of the Fund — The Manager".

Portfolio Manager: Taylor Asset Management Inc. has been retained as the portfolio manager of the Fund to invest the net proceeds of the Offering, to maintain the Portfolio and to use its discretion with respect to leverage and hedging the Portfolio to Canadian dollars, all in accordance with the Investment Objective and the Investment Strategy and subject to the Investment Restrictions. The Portfolio Manager's office is located in Toronto, Ontario. The Portfolio Manager is unrelated to the Manager. See "Organization and Management Details of the Fund — The Portfolio Manager".

Trustee: Equity Financial Trust Company will act as trustee of the Fund in accordance with the Declaration of Trust, and shall perform the duties and services and exercise the rights accorded to it therein. The Trustee has delegated to the Manager the exclusive authority to manage the business and affairs of the Fund, and to make all decisions regarding the business of the Fund. The Trustee's office is located in Toronto, Ontario. The Trustee is unrelated to the Manager.

Auditor: PricewaterhouseCoopers LLP, at its offices in Toronto, Ontario, is the auditor of the Fund. The auditor is unrelated to the Manager.

Custodian: RBC Dexia Investor Services Trust will act as custodian of the assets of the Fund, in accordance with the Custodian Agreement. The Custodian will be responsible for safekeeping of all the investments and other assets of the Fund delivered to it (but not those assets of the Fund not directly controlled or held by the Custodian, as the case may be). The Custodian is located in Toronto, Ontario. The Custodian is unrelated to the Manager.

Registrar and Transfer Agent: Equity Financial Trust Company, at its office in Toronto, Ontario, will maintain the securities registers of the Units and register transfers of Units. Equity Financial Trust Company is unrelated to the Manager.

Agents

CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Macquarie Private Wealth Inc., Raymond James Ltd., Desjardins Securities Inc., Dundee Securities Ltd., Mackie Research Capital Corporation and Manulife Securities Incorporated as agents, conditionally offer the Units for sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement.

The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to purchase an aggregate of up to 15% of the aggregate number of Units

issued on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund will be \$115,000,000, \$6,037,500 and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agents' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Agents' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	1,500,000 Units	Within 30 days following the Closing Date	\$10.00 per Unit

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Fund, which will therefore reduce the value of a Unitholder's investment in the Fund. For further particulars, see "Fees and Expenses".

<u>Type of Fee</u>	<u>Amount and Description</u>
Agents' Fee	\$0.525 per Unit (5.25%).
Expenses of the Offering	The expenses of the Offering are estimated to be \$750,000 (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fee, will be paid by the Fund.
Management Fee	The Manager will receive a Management Fee from the Fund equal in the aggregate to 1.50% per annum of the Net Asset Value comprised of 1.00% per annum of the Net Asset Value calculated and payable monthly in arrears, plus an amount, typically calculated quarterly and paid as soon as practicable after the end of each quarter, equal to the Service Fee of 0.50% referred to below, plus an amount equal to the Performance Fee, if earned, in each case plus applicable taxes. The Management Fee payable to the Manager in respect of the month in which Closing occurs will be pro rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the month is of the number of days in such month. The Manager is responsible for paying the fees payable to the Portfolio Manager out of the Management Fee. See "Fees and Expenses — Management Fee".
Service Fee	The Manager will pay to the registered dealers a Service Fee (typically calculated quarterly and paid as soon as practicable after the end of each quarter) with respect to the Units equal to 0.50% per annum of the Net Asset Value, plus applicable taxes. The Manager will pay the Service Fee to such registered dealers based on the number of Units held by clients of such registered dealers at the end of the relevant period. The Manager may, from time to time, pay the Service Fee more frequently than quarterly, in which event the Service Fee will be pro rated for the period to which it relates. The Service Fee payable in respect of the quarter in which Closing occurs will be pro rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the quarter is of the number of days in such quarter. See "Fees and Expenses — Service Fee".
Performance Fee	<p>The Manager will receive an annual Performance Fee equal to 10% of the appreciation in the Net Asset Value per Unit in excess of 105% (or the pro rata portion of a 5% hurdle rate in the event that the calculation period is less than a full year, such as the period between Closing and December 28, 2012) of the High Water Mark multiplied by the number of Units outstanding on such Determination Date (before giving effect to any redemption of Units on such date). The appreciation in the Net Asset Value per Unit is calculated by subtracting the High Water Mark of the Units from the Adjusted Net Asset Value per Unit on the relevant Determination Date. The High Water Mark of the Units will be appropriately adjusted in the event of a consolidation or subdivision of Units. The Performance Fee, plus applicable taxes, shall be calculated and accrued daily and payable on the Business Day following the Determination Date, if earned.</p> <p>Notwithstanding the foregoing, if any Units are redeemed in a calendar year prior to the relevant Determination Date, the amount of any accrued Performance Fee in respect of such redeemed Units will be paid to the Portfolio Manager immediately following such redemption as if the date on which the Units are redeemed was a Determination Date in respect of such Units. See "Fees and Expenses — Performance Fee".</p>

Ongoing Expenses

The Fund will pay for all of the expenses incurred in connection with its operation and administration, estimated to be \$240,000 per annum (assuming an aggregate size of the Offering of approximately \$100 million). Such expenses shall include, without limitation, fees payable to the Trustee, custodial fees, legal, audit and valuation fees and expenses, any additional fees payable to third party service providers, expenses of the directors of the Manager, fees and expenses of the members of the IRC appointed under NI 81-107 and expenses related to compliance with NI 81-107, premiums for directors' and officers' insurance coverage for the directors and officers of the Manager and members of the IRC, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and costs incurred in connection with the continuous public filing requirements of the Fund and investor relations, taxes, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, and costs and expenses arising as a result of complying with all applicable laws, regulations and policies. The Fund will also be responsible for its costs of Portfolio transactions and any extraordinary expenses which may be incurred from time to time. See "Fees and Expenses — Ongoing Expenses".

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Fund, the Portfolio Manager, or the Manager. The forward looking statements are not historical facts but reflect the current expectations of the Fund, the Portfolio Manager, or the Manager regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations including the matters discussed under "Risk Factors" and in other sections of this prospectus.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Taylor North American Equity Opportunities Fund is a closed-end investment fund established under the laws of the Province of Ontario and governed by the Declaration of Trust. Brompton Funds Limited is the manager of the Fund. The Fund is authorized to issue an unlimited number of Units, each of which represents an equal undivided interest in the net assets of the Fund. The Fund's principal office is Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Toronto, Ontario M5J 2T3. The fiscal year-end of the Fund is December 31. Taylor Asset Management Inc. acts as the portfolio manager to the Fund.

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation, including NI 81-102. However, the Fund is subject to certain other requirements and restrictions contained in securities legislation, including National Instrument 81-106 - *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators, which governs the continuous disclosure obligations of investment funds. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.

INVESTMENT OBJECTIVE

The Fund's investment objective is to seek long term capital appreciation by investing in an actively managed portfolio consisting primarily of North American exchange-listed equity securities.

INVESTMENT STRATEGY

The Portfolio will be managed by Taylor Asset Management Inc. The Portfolio Manager will employ a value-driven investment strategy to construct a portfolio that seeks to balance long-term capital growth with capital preservation. The Portfolio Manager's research-intensive investment approach has been honed over more than two decades and has resulted in numerous awards for industry-leading performance over various time frames (short, medium and long term). The Portfolio Manager will invest opportunistically in equity and equity-related securities of issuers that the Portfolio Manager believes are fundamentally sound and are trading at a discount to their intrinsic value. The Portfolio Manager believes that purchasing securities at a discount to their intrinsic value provides a measure of downside protection, or a "margin of safety". The Portfolio may include, but is not limited to, common shares, income trusts, real estate investment trusts, preferred shares, depository receipts, exchange traded funds, and securities convertible into equity securities.

The Portfolio Manager will use a "bottom up" research approach prior to investing while being cognizant of macro-economic factors that may affect the price performance of securities and sectors held in the Portfolio. The Portfolio Manager will invest primarily in securities of Canadian and U.S.-listed issuers and may bias the Portfolio to either country according to which market offers the most attractive valuations. The Portfolio Manager has the flexibility to invest up to 25% of the Portfolio in securities listed outside of North America where it sees attractive opportunities or for purposes of diversification.

The Portfolio Manager will employ various strategies designed to reduce risk to the Portfolio and lessen the volatility of the Fund's investment returns (see "— Risk Management Strategies").

Screening

The Portfolio Manager believes that the market tends to overreact both to good and to bad news, resulting in stock price movements that do not necessarily correspond with issuers' long-term fundamentals. The result is an opportunity to profit by buying when the price is deflated. The Portfolio Manager's screening process focuses on identifying fundamentally sound companies trading at a discount to their intrinsic value. This approach includes looking for companies with strong track records of performance that are temporarily undervalued due to some short-term company or industry specific event or temporary market condition.

The Portfolio Manager draws on several sources to identify potential investments, including proprietary screens, in-house and third party research, sell-side analysts, industry contacts and news services.

Security Selection

The security selection process is primarily fundamentals-based. Once a potential investment is identified, the Portfolio Manager conducts extensive analysis of the issuer's industry, competitive positioning, management, business and operations, as well as a thorough review of its financial position. The Portfolio Manager also evaluates the issuer's prospects against the macro-economic backdrop.

The Portfolio Manager favours issuers that have:

- strong balance sheets or are de-leveraging their balance sheets;
- high or improving profit and cash flow margins;
- strong earnings potential; and
- transparency in terms of information made available to investors and which provide a high degree of access to management.

The Portfolio Manager also favours issuers that have some catalyst to potentially trigger significant earnings and cash flow growth which the Portfolio Manager believes will ultimately cause the market to realize the true value of the issuers' securities. Through extensive research in relation to potential investments, the Portfolio Manager believes it can make informed decisions without assuming undue risk.

Portfolio Construction

The Portfolio Manager's preference is to build high-conviction portfolios, which comprise the best investment ideas of the portfolio management team, with the goal that every investment should have the potential to meaningfully impact portfolio returns while care is taken to provide adequate diversification during the portfolio construction process. The Portfolio Manager will take a prudent approach to managing individual security and sector exposures and will continually monitor the securities in the Portfolio to ensure their ongoing suitability. In particular, no individual issuer will represent more than 7.5% of Total Assets at time of investment. In addition, the maximum exposure of the Portfolio to any one industry sector will be capped at 30% of Total Assets.

The Portfolio Manager will seek to tailor the Portfolio to benefit from opportunistic sector weightings as the economy expands.

The Canadian equity market is concentrated in resource issuers, as measured by market capitalization. These sectors – primarily energy, gold and base metals – have significantly underperformed the S&P 500 recently. The Portfolio Manager believes that over the long term, demand for basic raw materials will remain robust. However, given the possibility of China's economy slowing as the focus shifts from being a producer economy toward more internal consumption (and demand for raw inputs decreases accordingly), and the possibility that any next phase of the U.S. Federal Reserve's Quantitative Easing monetary program may be delayed or the program may be curtailed, the Portfolio Manager expects the commodity sector to continue to underperform in the near term. Despite the significant decline in resource stock prices since 2011, in the Portfolio Manager's view it is too early to overweight this sector until there are signs of China's economy levelling off or of further U.S. monetary stimulus. Initially the Portfolio Manager expects that the Fund will focus on the U.S. equity market to take advantage of its greater breadth and diversification outside of the resources sector. The Portfolio Manager will also selectively seek out undervalued Canadian stocks for investment.

Risk Management Strategies

The Portfolio Manager will employ a number of measures to help reduce risk in and volatility of the Portfolio:

Value Approach Provides a Margin of Safety

The Portfolio Manager believes that its focus on investing in securities which trade below intrinsic value provides a measure of risk reduction, since this approach inherently reduces downside price risk.

Flexible Approach with Ability to Play Defence

In times where the Portfolio Manager believes that the market is overvalued and at risk of correcting, the Fund has the ability to sell equities in the Portfolio and invest in cash or cash equivalents. The Portfolio Manager may also employ shorting strategies as a defensive measure in order to seek to manage and reduce risk.

Liquid and Diversified Portfolio

The Portfolio Manager prefers to consider investments in issuers with sufficient market liquidity to enable the Portfolio Manager to readily add or reduce exposure. Individual security exposure will be limited to 7.5% of Total Assets and sector exposure will be limited to 30% of Total Assets, each at the time of investment, limiting concentration risk. The Portfolio Manager may invest up to 25% of Total Assets in markets outside of North America, providing the potential for additional geographic diversification.

Currency Hedging

The Portfolio Manager intends to actively manage currency exposure by hedging foreign currencies that it believes are at risk of devaluing relative to the Canadian dollar. The Portfolio Manager will have discretion to hedge up to 100% of the value of the Portfolio denominated in foreign currencies to the Canadian dollar.

Leverage

The Fund may employ leverage (including by way of engaging in short selling) of up to 20% of Total Assets for the purposes of acquiring assets for the Portfolio and such other short term funding purposes as may be determined by the Portfolio Manager from time to time and implemented in accordance with the Investment Strategy. Accordingly, at the maximum leverage level, the Fund's assets to equity ratio would be 1.25:1. Derivatives used solely for currency hedging purposes will not be included for the purposes of the maximum leverage calculation. Initially, the Fund is not expected to have any borrowings. In the event that leverage (including short positions) exceeds 20% of Total Assets, the Fund will sell Portfolio securities and/or repurchase short positions in an orderly manner and use the proceeds therefrom to reduce the leverage (including short positions) to or below 20%. The Fund may borrow at fixed or floating rates, either directly or indirectly through hedging strategies.

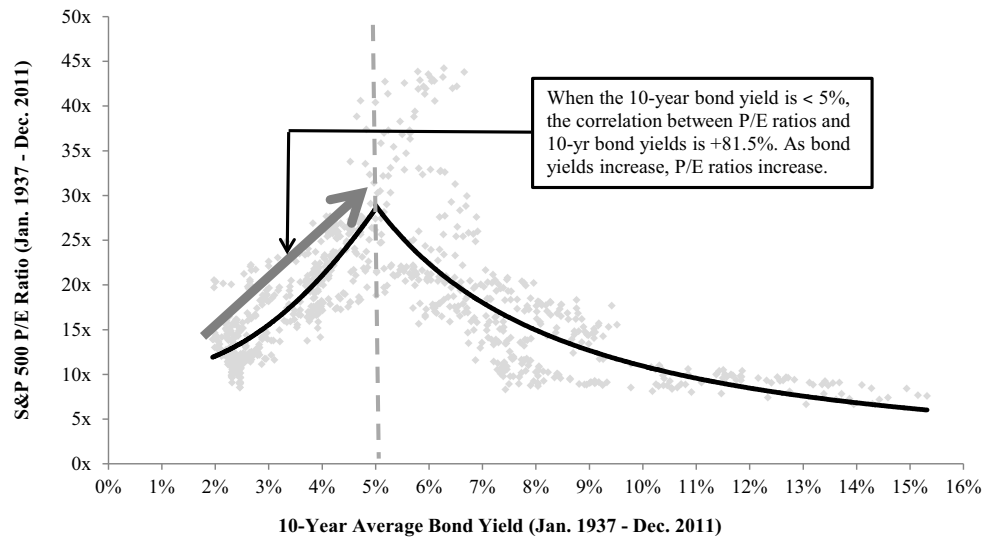
OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

The Portfolio Manager believes that the global economy is currently in the expansionary phase of a normal economic cycle. This phase is typically characterized by long-term and gradually rising corporate earnings and stock prices. The major market correction and recession of 2008-2009 was followed by a post-recession bull market, as earnings rebounded and investor pessimism gave way to optimism. Levels of optimism became heightened, leading in the Portfolio Manager's opinion to an overbought situation early in 2011. Fears of a "double dip" recession in the United States, combined with concerns over European debt contagion and a potential hard landing for the Chinese economy, contributed to a market correction beginning in October 2011. Equity markets globally have rebounded since the fourth quarter of 2011 as these fears diminished. The Portfolio Manager believes that many investors continue to have a negative view of equities, which it believes creates a buying opportunity.

The Portfolio Manager believes that the current investor negativity towards equities is unwarranted at this stage of the economic cycle. The Portfolio Manager believes the global economy is in the middle third of both an economic expansion and an equity bull market, a "post-echo bull market". As the global economy improves, the Portfolio Manager expects that corporate earnings will rise (albeit at a slower pace than that experienced early in the cycle). The Portfolio Manager expects that interest rates will also eventually rise, negatively impacting bond valuations, and that further stock market appreciation will result from expanding earnings multiples.

The graph below illustrates a positive correlation between rising interest rates and expanding price-to-earnings multiples in historical periods of low interest rates (defined as periods where 10-year U.S. Treasury yields are less than 5%), while the correlation during periods of higher interest rates (defined as periods where 10-year U.S. Treasury yields are equal to or greater than 5%) is strongly negative. The Portfolio Manager believes that the explanation for this trend is that in low interest rate environments, increasing yields are reflective of an improving economy and, by extension, positive prospects for equities.

Correlation between Rising Interest Rates and Expanding Price-to-Earnings Multiples



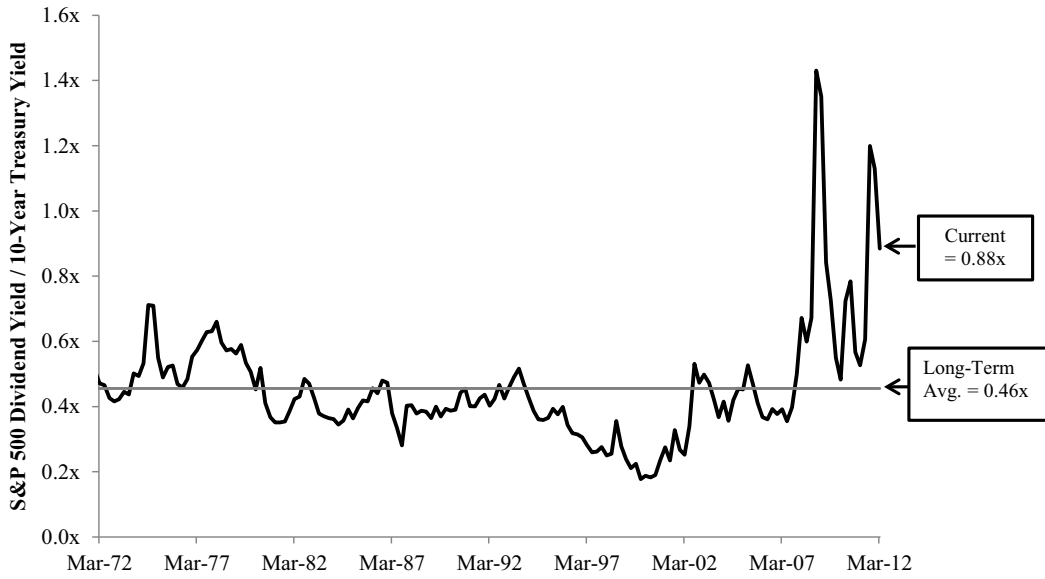
Source: Schiller, Robert, <http://www.econ.yale.edu/~shiller/data.htm>, as at December 2011; Irrational Exuberance, 2nd edition, 2005, Princeton University Press.

Current levels of fixed income holdings are high relative to their historical averages. Historically, as the expansionary portion of the economic cycle matures, the flow of funds has been out of fixed income investments and into equity investments. The Portfolio Manager expects this pattern to be repeated in the current expansion, which would in turn support equity prices. According to Ned Davis Research, as a percentage of total household financial assets, stocks represented 33% as at December 31, 2011 versus 54% in the first quarter of 2000, 40% in the second quarter of 2007 and 37% in the first quarter of 2011. Insurance and pension holdings of equities represented only 33% of investable assets as at December 31, 2011, whereas the highs were 42% in 2000 and 41% in 2007, according to Ned Davis Research. Similarly, mutual fund customer purchases of stock funds as a percentage of all stock and bond funds on a trailing 10 month basis was 49% as at February 29, 2012, the lowest since 1992, while the high was 85% in 2000. The Portfolio Manager believes that a period with high inflows into fixed income will be followed by a period where investors are bullish for equities. Dating back to 1980, any time the level of stock fund purchases as a percentage of stock and bond fund purchases was this low, the S&P 500, on average, gained 14% over the following twelve months.

Additionally, according to Ned Davis Research, the ratio of cash-to-assets for bond mutual funds was at 0.8% as at February 29, 2012, the lowest level in 50 years. The long term average for this ratio is 6-10%. The Portfolio Manager believes that this is also a positive signal for equities as it may indicate that bonds have been overbought and funds may flow out of bonds and into equity investments.

The Portfolio Manager believes that equities are attractive relative to fixed income on a relative yield basis. Over the eighty year period ending March 31, 2012, the median long-term treasury bond yield relative to the S&P 500 earnings yield was 0.9x. The ratio as at March 31, 2012 was 0.4x, which is one of the lowest levels since the 1950s. In addition, the 35 year median Baa corporate bond yield relative to the S&P 500 operating earnings yield is 1.5x. As at April 13, 2012, the ratio was 0.7x, the lowest level in 35 years. The Portfolio Manager believes that relative yields between bonds and equities will mean-revert in the coming period, providing outperformance for equities relative to bonds. In addition, as the following chart depicts, the ratio of the S&P 500 dividend yield relative to the 10-year U.S. Treasury yield is at one of the highest levels in the past 40 years, which the Portfolio Manager believes provides equity investors with attractive current income and the opportunity for capital appreciation as equity markets improve.

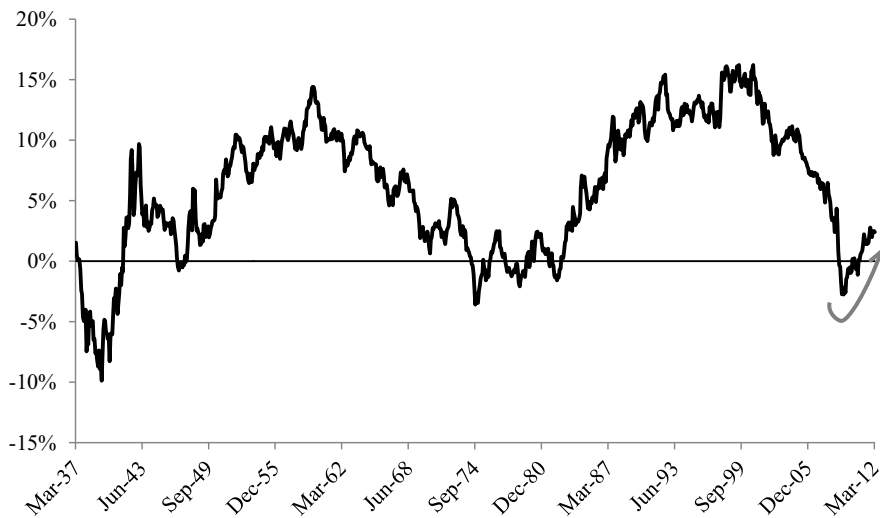
Ratio of the S&P 500 Dividend Yield to the 10-Year Treasury Yield



Source: Bloomberg, as at March 31, 2012

Over the past decade, equities have generally experienced declining returns over 10-year holding periods. That trend appears to have reversed since 2009, and rolling 10-year equity returns are now beginning to experience increasingly positive returns. In the past, reversals in long-term equity return trends have been followed by long periods of positive returns for equity buyers. The following graph illustrates the trend in equity returns over rolling 10-year holding periods since 1937.

Trends in Equity Returns Over Rolling 10-Year Holding Periods

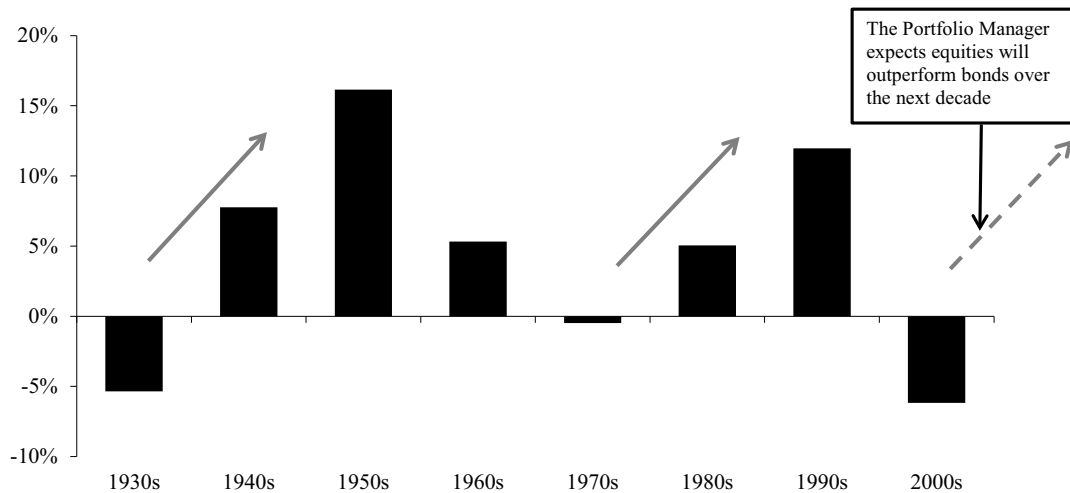


Source: Bloomberg, as at March 31, 2012

Notes: Equities are represented by the Dow Jones Industrial Average Index. Each data point in the graph depicts the annualized price return of the index over a 10-year period ending on the given date.

The following chart shows average annual equity returns less bond returns by decade, from January 1, 1930 to December 31, 2010. From 2000 to 2010, bonds outperformed equities by an average 6% per annum, the largest relative outperformance of bonds versus equities in any decade since 1930. Over the 80-year period, there were only two other decades where bond returns outpaced stock returns. In both instances, stock returns outpaced bond returns in the following two decades by an average of 10%. The Portfolio Manager believes that, in line with historical patterns, equities will, on average, outperform bonds over the next decade.

Average Annual Equity Returns Less Bond Returns By Decade



Source: BMO Capital Markets Investment Strategy, Ibbotson, as at December 31, 2010

Note: Equities are represented by the Ibbotson Large Cap Stock Index and bonds are represented by the Ibbotson Intermediate Government Bond Index.

The Portfolio Manager believes that bond returns have a high probability of continuing to trend downward, and that the reversal in long-term returns for equities indicates that equities are likely to outperform bonds over the coming period.

With the recent decrease in correlation of individual stock performance to index performance, the market has become a “stock pickers” market, highlighting the need for prudent active management. A divergence in performance and thus valuation is a result of the median correlation of S&P 500 stocks to the S&P index falling to 0.47 as at April 3, 2012 from 0.86 in late 2011 as fears of Europe’s sovereign debt issues have subsided. When correlation between individual stocks and their respective indices are low, there exists an increased need and opportunity for active management to add value to returns and preserve capital.

INVESTMENT RESTRICTIONS

The Fund will be subject to certain investment restrictions which are set out in the Declaration of Trust. The Investment Restrictions may not be changed without the prior approval of the Unitholders, unless such change or changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed from time to time by applicable regulatory authorities or otherwise as described under “Unitholder Matters — Amendment of Declaration of Trust”.

The Investment Restrictions provide that the Fund will not:

- (a) invest more than 25% of the Total Assets at the time of investment in non-North American equities;
- (b) invest more than 10% of the Total Assets at the time of investment in illiquid securities as defined in NI 81-102;
- (c) invest more than 30% of the Total Assets at the time of investment in any industry sector;
- (d) invest more than 7.5% of the Total Assets at the time of investment in any one issuer;
- (e) employ leverage, including through shorting determined on a daily marked-to-market basis and borrowings determined at the time of borrowing, in excess of 20% of Total Assets;
- (f) invest in private issuers;
- (g) purchase debt securities unless such securities are cash equivalents as defined in NI 81-102;

- (h) make or hold any investment or conduct any activity that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (i) enter into derivatives except currency forwards or futures for the purposes of hedging as defined in NI 81-102;
- (j) enter into any arrangement (including the acquisition of securities for the Portfolio) where the result is a dividend rental arrangement for the purposes of the Tax Act;
- (k) hold (i) securities of any non-resident corporation or trust or other entity (or of a partnership which holds such securities) if the Fund (or partnership) would be required to include any significant amounts in income pursuant to the offshore investment fund property rules in section 94.1 of the Tax Act as modified by the draft legislation released by the Department of Finance (Canada) on August 27, 2010, (ii) any interest in a non-resident trust other than an “exempt foreign trust” for the purposes of proposed section 94 of the Tax Act set forth in the draft legislation released by the Department of Finance (Canada) on August 27, 2010, or (iii) any interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, as set forth in the draft legislation released by the Department of Finance (Canada) on August 27, 2010 (or, in each of (i), (ii) and (iii) any amendments to such proposals, subsequent provisions enacted into law or successor provisions thereto);
- (l) engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act;
- (m) invest in any security that is a tax shelter investment within the meaning of the Tax Act;
- (n) make or hold any investments that would result in the Fund becoming a SIFT Trust;
- (o) make or hold any investments in entities that would be “foreign affiliates” of the Fund for purposes of the Tax Act; or
- (p) acquire or continue to hold any property that would be “taxable Canadian property” (as such term is defined in the Tax Act if the definition were read without reference to paragraph (b) thereof) (or any such amendments to that definition) or “specified property” as defined in subsection 18(1) of the Tax Proposals released on September 16, 2004 if the fair market value of such property exceeds 10% of the fair market value of all property owned by the Fund.

FEES AND EXPENSES

Initial Fees and Expenses

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing this prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which are estimated to be \$750,000 (but not to exceed 1.5% of the gross proceeds of the Offering), will be paid out of the gross proceeds of the Offering. In addition, the Agents’ fee will be paid to the Agents from the gross proceeds as described under “Plan of Distribution”.

Management Fee

The Manager will receive a Management Fee from the Fund equal in the aggregate to 1.50% per annum of the Net Asset Value comprised of 1.00% per annum of the Net Asset Value calculated and payable monthly in arrears, plus an amount, typically calculated quarterly and paid as soon as practicable after the end of each quarter, equal to the Service Fee of 0.50% referred to below, plus an amount equal to the Performance Fee, if earned, in each case plus applicable taxes. The Management Fee payable to the Manager in respect of the month in which Closing occurs will be pro rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the month is of the number of days in such month. The Manager is responsible for paying the fees payable to the Portfolio Manager out of the Management Fee.

Service Fee

The Manager will pay to registered dealers a Service Fee (typically calculated quarterly and paid as soon as practicable after the end of each calendar quarter) equal to 0.50% per annum of the Net Asset Value, plus applicable taxes. The Manager will pay the Service Fee, plus applicable taxes, to such registered dealers based on the number of Units held by clients of such registered dealers at the end of the relevant period. The Manager may, from time to time, pay the Service Fee more frequently than quarterly, in which event the Service Fee will be pro rated for the period to which it relates. The Service Fee payable in respect of the quarter in which Closing occurs will be pro rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the calendar quarter is of the number of days in such calendar quarter.

Performance Fee

The Manager will receive an annual Performance Fee equal to 10% of the appreciation in the Net Asset Value per Unit in excess of 105% (or the pro rata portion of a 5% hurdle rate in the event that the calculation period is less than a full year, such as the period between Closing and December 28, 2012) of the High Water Mark multiplied by the number of Units outstanding on such Determination Date (before giving effect to any redemption of Units on such date). The appreciation in the Net Asset Value per Unit is calculated by subtracting the High Water Mark of the Units from the Adjusted Net Asset Value per Unit on the relevant Determination Date. The High Water Mark of the Units will be appropriately adjusted in the event of a consolidation or subdivision of Units. The Performance Fee, plus applicable taxes, shall be calculated and accrued daily and payable on the Business Day following the Determination Date, if earned.

Notwithstanding the foregoing, if any Units are redeemed in a calendar year prior to the relevant Determination Date, the amount of any accrued Performance Fee in respect of such redeemed Units will be paid to the Manager immediately following such redemption as if the date on which the Units are redeemed was a Determination Date in respect of such Units.

In the event that, after Closing, new Units, other than Units issued in connection with an Additional Distribution or pursuant to a distribution reinvestment plan, if any, (“**New Units**”) are issued on any date (a “**New Unit Issue Date**”) during a year and immediately prior to such New Unit Issue Date the appreciation in the Net Asset Value per Unit is in excess of the 5% hurdle rate (pro rated for the period commencing January 1 and ending on the day prior to the New Unit Issue Date (the “**Interim Period**”) if the Performance Fee was paid in respect of the preceding year), a Performance Fee will be calculated and paid for such period. If the appreciation in the Net Asset Value per Unit is not in excess of the 5% hurdle rate (pro rated for the Interim Period if the Performance Fee was paid in respect of the preceding year), no Performance Fee will be paid in respect of the Interim Period, in which case, only in respect of the next Determination Date on which a Performance Fee is earned, (i) the Performance Fee as calculated in accordance with the first paragraph above will apply in respect of Units outstanding prior to the New Unit Issue Date and (ii) in respect of the New Units, the Manager will receive a Performance Fee as calculated in the first paragraph above but based on the appreciation in the Net Asset Value per New Unit calculated based on a High Water Mark equal to the greater of the High Water Mark and the New Unit issue price.

Ongoing Expenses

The Fund will pay for all expenses incurred in connection with its operation and administration, including, without limitation, costs of Portfolio transactions, fees payable to the Manager, fees payable to the Trustee, the Service Fee, fees payable to the transfer agent, custodial fees, legal, audit and valuation fees and expenses, any additional fees payable to third party service providers, expenses of the directors of the Manager, fees and expenses of the members of the IRC appointed under NI 81-107 and expenses related to compliance with NI 81-107, premiums for directors’ and officers’ insurance coverage for the directors and officers of the Manager and members of the IRC, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and costs incurred in connection with the continuous public filing requirements of the Fund and investor relations, taxes, brokerage commissions, costs and expenses relating to the issue of securities of the Fund, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, any extraordinary expenses that the Fund may incur and all amounts paid on account of indebtedness of the Fund, but excluding fees payable to the Portfolio Manager. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, members of the IRC, the Portfolio Manager, the Custodian or the Trustee and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The Manager estimates that ongoing expenses, exclusive of the Management Fee, the Service Fee, the Performance Fee, expenses relating to the use of leverage and brokerage expenses related to Portfolio transactions will be approximately \$240,000 per year (assuming an aggregate size of the Offering of approximately \$100 million).

Additional Services

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus will be on terms that are no less favourable to the Fund than those available from arm's length persons (within the meaning of the Tax Act) for comparable services, and the Fund will pay all expenses associated with such additional services.

RISK FACTORS

Certain risk factors relating to the Fund and the Units are described below. Additional risks and uncertainties not currently known to the Manager or the Portfolio Manager, 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 meet its objective could be materially adversely affected.

No Assurances on Achieving the Investment Objective

There is no assurance that the Fund will be able to achieve its Investment Objective. Furthermore, there is no assurance that the Net Asset Value will appreciate or be preserved. Changes in the weightings of Portfolio Securities held by the Fund resulting from stock price movements can affect the overall return to Unitholders.

Loss of Investment and Lack of Distributions

An investment in the Fund is appropriate only for investors who have the capacity to absorb investment losses and who can withstand distributions not being made. The Fund does not anticipate making any distributions to Unitholders except as described under "Distribution Policy".

No Guaranteed Return

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

General Risks of Investing in Equity Securities

The Fund will be 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.

Fluctuation in Value of Portfolio Securities and Performance of the Portfolio

The value of the Units will vary according to the value of the equity securities included in the Portfolio, which will depend, in part, upon the performance of the issuers of such securities. The performance of the issuers included in the Portfolio will be influenced by a number of factors which are not within the control of the Fund, the Manager or the Portfolio Manager, including materials and other commodity prices, operational risks relating to the specific business activities of such issuers, industry competition, uncertainty and costs of funding capital projects, development of new technology, protection of intellectual property, risks relating to infringement of third party intellectual property, interest rates, exchange rates, environmental, health and safety risks, political and economic risks, issues relating to government regulation and risks relating to operating in foreign jurisdictions.

Leverage

The Fund may employ leverage (including by way of engaging in short selling) of up to 20% of Total Assets (equivalent to up to 25% of the Net Asset Value). As a result of fluctuations in the prices of the assets in the Portfolio, leverage may temporarily, and from time to time, exceed 20%. The addition of leverage has the potential to enhance returns but also involves additional risks. There can be no assurance that the leverage employed by the Fund will enhance returns. The use of leverage may reduce returns to Unitholders. If there is a decline in the value of the assets in the Portfolio, the leverage will cause a decrease in the Net Asset Value in excess of that which would otherwise be experienced if no leverage was utilized. Under certain conditions, leverage may be reduced or discontinued.

Sensitivity to Interest Rate Fluctuations

It is anticipated that the market price for 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. 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.

Use of Derivative Instruments

The Fund is subject to the full risk of its investment position in the securities comprising its Portfolio should the market price of such securities decline. The use of derivative instruments involves risks different from and possibly greater than the risks associated with investing directly in such securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk, trading execution risk and short selling risk. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index.

In entering into forward contracts, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is risk of loss by the Fund of margin deposits in the event of the bankruptcy of the dealer with whom the Fund has an open position in a futures or forward contract. The ability of the Fund to close out its positions may also be effected by exchange imposed daily trading limits on futures contracts. If the Fund is unable to close out a position it will be unable to realize its profit or limit its losses until such time as the futures or forward contract terminates, as the case may be. The inability to close out futures and forward positions could also have an adverse impact on the Fund's ability to use derivatives instruments to effectively hedge the Portfolio or implement its Investment Strategy.

Use of Short Selling

Selling securities short may result in the loss of an amount greater than the amount invested since there is theoretically no limit to the price to which the securities that have been sold short may rise before the short position is closed out. In addition, the supply of securities which can be borrowed in order to maintain short positions fluctuates from time to time. There is no assurance that the lender of securities or financial instruments will not require the security to be repaid before the Portfolio Manager wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that any borrowing fee will not increase during the borrowing period, adding to the expense of a short sale strategy. In addition, there is no assurance that a security sold short can be repurchased due to supply and demand constraints in the marketplace.

Composition of Portfolio

The composition of the Fund's Portfolio may vary widely from time to time and may from time to time be concentrated by type of security, commodity, industry or geography, resulting in the Portfolio being less diversified than anticipated.

Reliance on the Manager and the Portfolio Manager

The Manager is responsible for providing, or arranging for the provision of, management and administrative services including investment and portfolio management services required by the Fund. The Portfolio Manager is responsible for establishing, maintaining, leveraging and hedging the Portfolio. Investors who are not willing to rely on the Manager and the Portfolio Manager should not invest in Units.

Liquidity Risk

If the Portfolio Manager determines that it is appropriate to acquire certain securities for the Portfolio, the Portfolio Manager may be unable to acquire such securities in quantities or at prices which are acceptable to the Portfolio Manager, if the market for such securities is particularly illiquid. In addition, if the Portfolio 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 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.

Trading Price of Units and Risks Relating to Redemptions

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 Annual Redemption Date less any costs and expenses associated with the redemption. The purpose of the annual redemption right is to reduce or eliminate the discount at which Units trade to the Net Asset Value per Unit 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. If a significant number of Units are redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units. The Manager 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 Manager may also suspend the redemption of Units in the circumstances described under “Redemption of Units — Suspension of Redemptions”.

No Ownership Interest

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. The Units represent a fractional interest in the assets of the Fund. 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. Units are also dissimilar to debt instruments in that there is no principal amount owing to Unitholders.

Taxation of the Fund

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 Manager relating to the characterization, for tax purposes, of the dividends received by the Fund in any year from issuers of securities in the Portfolio 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.

In determining its income for tax purposes, the Fund will treat gains and losses realized on the disposition of securities held by it as capital gains and capital losses in accordance with the CRA’s published administrative practice. The CRA’s practice is not to grant advance income tax rulings on the character of items as capital or income and no advance income tax ruling has been applied for, or received from, the CRA. If some or all of the transactions undertaken by the Fund were treated on income rather than capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

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. If the Fund were to become a SIFT Trust within the meaning of the SIFT Rules, the income tax considerations discussed under the heading “Income Tax Considerations” could be materially and adversely different in certain respects. See “Income Tax Considerations”.

On September 16, 2004, the Minister of Finance (Canada) released Tax Proposals under which a trust would lose its status as a mutual fund trust if, at any time after 2004, the aggregate fair market value of all units issued by the trust held by one or more non-residents (including partnerships with one or more non-resident members) is more than 50% of the aggregate fair market value of all units issued by the trust where more than 10% (based on fair market value) of the trust’s property is “taxable Canadian property” within the meaning of the Tax Act or certain other types of specified property. Such draft amendments do not provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these proposed changes. The Minister of Finance (Canada) has suspended implementation of those proposed changes pending further consultation with interested parties. Under the Declaration of Trust, the Fund is restricted from acquiring or holding investments that are “taxable Canadian property”, as such term is defined in the Tax Act (without reference to paragraph (b) of that definition), or other types of specified property, if the fair market value of such property exceeds 10% of the fair market value of all property owned by the Fund.

If the Fund ceases to qualify as a “mutual fund trust” under the 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.

On October 31, 2003, the Department of Finance (Canada) announced a Tax Proposal relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If this Tax Proposal were to apply to the Fund, deductions that would otherwise reduce the Fund's taxable income could be denied, with after-tax returns to the Unitholders reduced as a result. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace this Tax Proposal would be released for comment. No such alternative proposal has been released to date. There can be no assurance that such alternative proposal will not adversely affect the Fund.

The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentive to Restore Employment Act ("FATCA") generally impose a reporting and 30% withholding tax regime with respect to (a) certain U.S. source income (including interest, dividends, and other types of passive income ("FDAP income")) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends (collectively referred to as "withholdable payments") and (b) "passthru payments" (generally, withholdable payments and payments that are attributable to withholdable payments) made by non-U.S. financial institutions. Under FATCA, unless the Fund enters into an agreement with the U.S. Internal Revenue Service (the "IRS") pursuant to which it agrees to report to the IRS information regarding the U.S. holders of, and certain U.S. persons that indirectly hold, interests in the Fund (other than equity and debt interests that are regularly traded on an established securities market), and to comply with other reporting, verification, due diligence and other procedures established by the IRS, the Fund will be subject to 30% withholding tax on FDAP income paid to it after December 31, 2013, on the gross proceeds from the disposition of property that produces U.S.-source FDAP income paid to it after December 31, 2014 and on foreign passthru payments made to it after December 31, 2016 by non-U.S. financial institutions that have an agreement with the IRS in effect. If any interests in the Fund are not regularly traded on an established securities market, the Fund generally will be required to withhold 30% U.S. tax on a portion of the distributions that it makes to holders of such interests that fail to provide information requested by the Fund to comply with FATCA. It is expected that the Units will be regularly traded on an established securities market. In addition, regardless of whether Units are regularly traded on an established securities market, the Fund may be required to withhold U.S. tax on a portion of payments made by the Fund after December 31, 2016 to any non-U.S. financial institution (for example, a Unitholder's Canadian investment dealer) that has not entered into a FATCA agreement with the IRS, including any non-U.S. financial institution through which distributions on the Units are made or to a Unitholder that fails to provide information requested by such non-U.S. financial institution to comply with FATCA. It is important to note however that proposed regulations that were recently issued explicitly reserve the position on passthru payments, and the U.S. Treasury and IRS have requested further comment on the scope and ultimate implementation of passthru payments. This description is based on guidance issued by the IRS, including recently issued proposed regulations. Future guidance may affect the application of FATCA to the Units. Prospective investors are advised to consult their own tax advisors as to the application of FATCA to an investment in the Units."

As the Portfolio may include securities issued by foreign issuers, distributions received by the Fund on certain Portfolio Securities may be subject to foreign withholding tax, and the return on the Portfolio will therefore be net of such foreign withholding tax.

Status of the Fund

As the Fund will not be 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 including, without limitation, NI 81-102. It is intended that the Fund will be a mutual fund trust for purposes of the Tax Act.

Conflict of Interest

The Manager and the Portfolio Manager and their respective directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives and/or a similar investment strategy to those of the Fund. Although none of the directors or officers of the Manager or the Portfolio Manager will devote his or her full time to the business and affairs of Fund each director and officer of the Manager and the Portfolio 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 the officers) the Fund.

The Portfolio Manager has other accounts under management that may invest in the same types of assets and securities with similar or different investment objectives to the Fund. If the Fund and one or more of the other clients of the Portfolio Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis and subject to the provisions of NI 81-107.

Recent and Future Global Financial Developments

Global financial markets have experienced a sharp increase in volatility during recent 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. Notwithstanding that central banks as well as governments globally are attempting to restore liquidity to economies globally, no assurance can be given that these efforts will abate the combined impact of the significant revaluations and constraints on the availability of credit on the economies around the world in the near to medium term. Some of these economies are experiencing diminished growth or a recession. Continuing adverse market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Fund and the value of the securities included in the Portfolio. A substantial decline in the North American equities markets could be expected to have a negative effect on the Fund and the market value of the Units.

Operating History

The Fund is a newly organized investment fund with no previous operating history. There is currently no public market for the Units and there can be no assurance that an active public market for the Units will develop or be sustained after completion of the Offering.

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 the provisions of that Act or any other legislation.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which adversely affects the Fund or the Unitholders. Any such changes could have a negative effect upon the value of the Portfolio and upon the investment opportunities available to the Portfolio.

Foreign Currency Exposure

As the Portfolio may include securities traded in foreign currencies, and because a large proportion of the operating costs, revenue or assets of issuers may be valued in foreign currencies, the Net Asset Value, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the foreign currencies relative to the Canadian dollar. The Fund may not be fully hedged and distributions received on the Portfolio may not be hedged and accordingly no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates. The Fund cannot hedge against operating costs or revenue of the issuers included in the Portfolio that are denominated in foreign currencies. Accordingly, no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates.

The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the assessment of certain market movements is incorrect, the risk that the use of hedges could reduce total returns or result in losses greater than if the hedging had not been used. The costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

Performance Fees

The estimated Performance Fee will be accrued daily as a liability of the Fund, thereby reducing the Net Asset Value per Unit. The redemption price received by an investor whose Units are redeemed during a calendar year will reflect an accrual for the Performance Fee, based on any increase in the Net Asset Value per Unit from the High Water Mark from the later of the Closing Date and the date of determination of the then current High Water Mark to but not including the date of redemption. The amount of such accrued Performance Fee on any redeemed Units will be paid immediately following such redemption. No adjustment will be made to the redemption price or to the amount payable for the Performance Fee if the Fund's performance subsequently declines.

The Performance Fee may create an incentive to engage in investment strategies and make investments that are more speculative than would be the case in the absence of such payments.

DISTRIBUTION POLICY

Other than as set out below, the Fund does not anticipate making any distributions to Unitholders.

The Fund will be subject to tax under Part I of the 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. To ensure that the Fund will not generally be liable for non-refundable income tax under Part I of the Tax Act, the Declaration of Trust provides that, if necessary, an Additional Distribution will be automatically payable in each year to Unitholders of record on the last Business Day of the Fund's taxation year, *pro rata* based on the Net Asset Value per Unit. In the event that the Fund must pay an Additional Distribution, such Additional Distribution may, at the option of the Manager, be satisfied by the issuance of Units. Following such issue of additional Units, the outstanding Units will be automatically consolidated on a basis such that each Unitholder will hold after the consolidation the same number of Units as it held before the distribution of additional Units, except in the case of a Non-Resident Unitholder if tax was required to be withheld in respect of the distribution. See "Income Tax Considerations".

PURCHASE OF UNITS

Prospective purchasers may purchase Units through any one of the Agents or any member of a sub-agency group that the Agents may form. Prospective purchasers may acquire Units by cash payment only. Closing of the Offering will take place on or about June 19, 2012, or such later date as may be agreed upon by the Fund and the Agents that is not later than 90 days after a final receipt for this prospectus has been issued. The offering price was determined by negotiation between the Agents and the Fund. See "Plan of Distribution".

REDEMPTION OF UNITS

Annual Redemptions

Unitholders are expected to have the ability to buy and sell their Units through their investment dealer on the TSX every day that the TSX is open for trading. The Fund expects that TSX trading will provide the primary means for Unitholders to sell or buy Units. As an optional, additional feature, Units may be redeemed annually on the Annual Redemption Date. Unitholders may choose to, but are not required to, submit Units for redemption and receive 100% of the Net Asset Value per Unit as described below, subject to certain conditions. In order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the last Business Day of December, commencing in 2013. Units surrendered for redemption on an Annual Redemption Date will be redeemed at a redemption price per Unit equal to 100% of the Net Asset Value per Unit on such Annual Redemption Date (less any costs associated with the redemption including brokerage costs, and less any net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption). Payment of the redemption price will be made on or before the Redemption Payment Date, subject to the Manager's right to suspend redemptions in certain circumstances. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution including the amount of the net realized capital gains or income of the Fund incurred by it to fund the payment of the redemption price. The Net Asset Value per Unit will vary depending on a number of factors. See "Calculation of Net Asset Value" and "Risk Factors".

Monthly Redemptions

In addition to the annual redemption right, Unitholders may choose to redeem Units on a Monthly Redemption Date, subject to certain conditions. In order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding such Monthly Redemption Date. Payment of the redemption price will be made on or before the Redemption Payment Date, subject to the Manager's right to suspend redemptions in certain circumstances. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution including the amount of the net realized capital gains or income of the Fund incurred by it to fund the payment of the redemption price. See "Risk Factors".

Unitholders surrendering a Unit for redemption on a Monthly Redemption Date will receive a redemption price equal to the lesser of (i) 94% of the Market Price of a Unit, and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date less, in each case, any costs and expenses associated with the redemption including brokerage costs, and less any

net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption.

Exercise of Redemption Right

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her 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 by no later than 5:00 p.m. (Toronto time) on the applicable notice date described above. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the Annual Redemption Date or Monthly 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 applicable notice date described above.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units, the Unitholder will 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, provided that the Manager may from time to time prior to the Annual Redemption Date or Monthly Redemption Date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice 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 will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby. 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, the Trustee or the Manager to the CDS Participant or the Unitholder.

Suspension of Redemptions

The Fund may suspend the redemption of Units or payment of redemption proceeds with the prior permission of the Canadian securities regulators, where required, (a) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which more than 50% of the securities included in the Portfolio (by value) are listed and traded and if such securities are not traded on any exchange that represents a reasonable, practical alternative for the Fund or (b) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager 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 will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will 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 Manager will be conclusive.

INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is, as at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (within the meaning of the Tax Act) owned or subsequently owned by them treated as capital property by making an irrevocable election in accordance with the Tax Act.

This summary is based on the current provisions of the Tax Act, counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof, the Tax Proposals and certificates of the Manager and the Agents as to certain factual matters. 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 tax legislation or considerations. There can be no assurance that any Tax Proposals will be enacted in the form publicly announced or at all.

This summary is based on the assumption that the Fund will comply at all times with the investment restrictions set out under the heading "Investment Restrictions".

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 an investor's particular circumstances including the province or territory or provinces or territories in which the investor resides or carries on business. Counsel expresses no views herein in respect of the deductibility of interest on any funds borrowed by a Unitholder to purchase Units. This summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors 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.

Status of the Fund

This summary is based on the assumptions that the Fund will qualify, at all times, as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act and that the Fund will elect under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. The Manager has advised counsel that the Fund intends to make the election so that it will qualify as a mutual fund trust under the Tax Act from the commencement of its first taxation year. If the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially and adversely different.

This summary is also based on the assumption that the Fund will at no time be a SIFT Trust. Provided the Fund complies with the Investment Restrictions described under the heading "Investment Restrictions", the Fund will not be a SIFT Trust.

Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of 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. Counsel has been advised that the Fund intends to make distributions to Unitholders as described under "Distribution Policy" and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism.

In computing its income for a taxation year, the Fund will be required to include all dividends received (or deemed to be received) by it in the year on securities in the Portfolio.

With respect to an issuer that is a trust resident in Canada whose units are included in the Portfolio and held as capital property for the purposes of the Tax Act, and that is not subject in a taxation year to tax under the SIFT Rules, the Fund is required to include in its income such portion of the net income and the taxable portion of net realized capital gains of such issuer as is paid or becomes payable to the Fund in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided that appropriate designations are made by the issuer, any net taxable capital gains realized by the issuer, any foreign source income of the issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Fund and are designated by the issuer in respect of the Fund will effectively retain their character as such in the hands of the Fund. The Fund is generally required to reduce the adjusted cost base of the units of such issuer structured as a trust resident in Canada to the extent that all amounts paid or payable in a year by such issuer to the Fund exceed the sum of the amounts included in the income of the Fund for the year plus the Fund's share of the non-taxable portion of capital gains of such issuer for the year. To the extent that the adjusted cost base to the Fund of the unit of such issuer would otherwise be less than zero, the negative amount is deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such unit is increased by the amount of such deemed capital gain to zero.

With respect to an issuer that is a limited partnership whose securities are included in the Portfolio and held as capital property for the purposes of the Tax Act, and that is not subject in a taxation year to the tax under the SIFT Rules, the Fund is required to include or, subject to certain restrictions, is entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the issuer allocated to the Fund for the fiscal period of the issuer ending in the Fund's taxation year, whether or not a distribution is received. In general, the adjusted cost base of such securities is the cost of such securities to the Fund plus the share of the income and capital gains of the issuer allocated to the Fund for fiscal years of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the Fund for fiscal years of the issuer ending before the particular time, and less the Fund's share of any distributions received from the issuer before the particular time. If the adjusted cost base to the Fund of the securities of such an issuer would otherwise be less than zero at the end of the fiscal year of the limited partnership, the negative amount is deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such securities is increased by the amount of such deemed capital gain to zero.

Under the SIFT Rules, each issuer in the Portfolio that is a SIFT Trust or SIFT Partnership (which generally includes 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 special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting "non-portfolio properties" (collectively, the "Non-Portfolio Earnings"). Non-Portfolio Earnings that are earned by a SIFT Partnership or are distributed by a SIFT Trust to its unitholders are taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Any Non-Portfolio Earnings that become payable by a SIFT Trust or are earned by a SIFT Partnership are taxed as a taxable dividend from a taxable Canadian corporation and are deemed to be an "eligible dividend" eligible for the enhanced gross-up and tax credit rules under the Tax Act.

With respect to convertible debentures held in the Portfolio, the Fund is required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by the Fund before the end of that year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Fund's income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Fund. On a conversion by the Fund of a convertible debenture into shares of a corporation, the Fund is considered not to have disposed of the convertible debenture and to have acquired the shares at a cost equal to the adjusted cost base to the Fund of the convertible debenture immediately before the exchange. On a conversion by the Fund of a convertible debenture into units of an income fund that is a trust or a limited partnership, the Fund is considered to have disposed of the convertible debenture for proceeds of disposition equal to the aggregate of the fair market value of the units so acquired at the time of the conversion (other than any units received in payment of interest) and the amount of any cash received in lieu of fractional units. On a redemption or repayment of a convertible debenture, the Fund is considered to have disposed of the convertible debenture for proceeds of disposition equal to the amount received by the Fund (other than an amount received on account of interest) on such redemption or repayment. On any other disposition by the Fund of a convertible debenture, interest accrued thereon to the date of disposition and not yet due is included in computing the Fund's income, except to the extent such amount was otherwise included in the Fund's income, and is excluded in computing the Fund's proceeds of disposition of the convertible debenture.

The Fund will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing the Units. Such issue expenses will be deductible by the Fund rateably over a five-year period subject to reduction in any taxation year which is less than 365 days. The Fund will generally be entitled to deduct administrative expenses and interest payable by it on money borrowed to purchase securities. 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 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 and 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 and the anticipated nature of income trust distributions, the CRA's view should not affect the Fund's ability to deduct interest on money borrowed to acquire units of income trusts included in the Portfolio. If the CRA's view were to apply to the Fund, part of the interest payable by the Fund 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.

In determining the income of the Fund, gains or losses realized upon dispositions of securities in the Portfolio 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 an investment 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 Manager has advised counsel that the Fund will purchase the Portfolio with the objective of earning dividends from the securities in the Portfolio over the life of the Fund and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Manager has advised counsel that the Fund will elect in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Fund on the disposition of its “Canadian securities” are capital gains or capital losses, as the case may be.

Generally, the Fund will include gains and deduct losses on income account in connection with investments made through certain derivatives, including certain other short sales of securities, except where such derivatives are used to hedge Portfolio Securities held on capital account provided there is sufficient linkage or the short sale is a hedge against identical securities of the Fund that are capital property, and will recognize such gains or losses for tax purposes at the time they are realized by the Fund. In accordance with CRA’s published administrative practice, gains or losses realized on such derivatives hedging Portfolio Securities held on capital account will be treated and reported for purposes of the Tax Act on capital account provided there is sufficient linkage.

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 Tax Act in Canadian dollars at the exchange rate prevailing on the date of the transaction in accordance with the rules in the Tax Act. 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 (including 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 income 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 corresponding 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 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 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 Tax Act based on the redemptions of Units during the year (a “capital gains refund”). 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 securities in connection with a redemption of Units.

Taxation of Unitholders

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year, whether paid in cash or additional Units.

The non-taxable portion of the Fund’s net realized capital gains paid or payable (whether in cash or in Units) and designated to a Unitholder in a taxation year will not be included in the Unitholder’s income for the year. Any other amount in excess of the Fund’s net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder’s income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder’s adjusted cost base will be increased by the amount of such deemed 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 Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules in the Tax Act will apply, including the enhanced gross-up and tax credit applicable to designated eligible dividends. Any loss incurred by the Fund for purposes of the 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 a Unit, including on a redemption of a Unit, a Unitholder (other than a tax-exempt 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 as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Where capital gains realized by the Fund as a result of the disposition of trust assets have been designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income one-half of any capital gain so realized and such amount will not be included in the Unitholder's proceeds of disposition.

If, at any time, the Fund delivers Portfolio Securities to any Unitholder upon a redemption of a Unitholder's Units on the termination of the Fund, the Unitholder's proceeds of disposition of the Units will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition of such distributed property. The cost of any property distributed by the Fund *in specie* will generally be equal to the fair market value of such property at the time of the distribution less any amount that is deductible as interest accrued on such property to the date of distribution and not yet due. Such distributed property may or may not be a qualified investment for Registered Plans. If such distributed property is not a qualified investment for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of registered education savings plans, revocation of such Registered Plans.

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

One-half of any capital gain (“**taxable 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 Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains in accordance with the provisions of the 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 realized taxable capital gains as well as taxable capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains distributed by the Fund to a Registered Plan and capital gains realized on the disposition of Units are generally not taxable under Part I of the Tax Act while retained in a Registered Plan, provided that the Units are qualified investments under such Registered Plan. See “Eligibility for Investment”. Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

Taxation Implications of the Fund's Distribution Policy

The Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time the Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired, notwithstanding that such amounts will have been reflected in the price paid by the Unitholder for the Units. The consequences of acquiring Units late in a calendar year will generally depend on whether an Additional Distribution is necessary late in the calendar year to ensure that the Fund will not be liable for non-refundable income tax on such amounts under the Tax Act.

Eligibility for Investment

In the opinion of Stikeman Elliott LLP, counsel for the Fund, and Blake, Cassels & Graydon LLP, counsel for the Agents, provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act or the Units are listed on a designated stock exchange (which currently includes the TSX), the Units will be qualified investments under the Tax Act for trusts governed by Registered Plans.

Notwithstanding the foregoing, if the Units are “prohibited investments” for a tax-free savings account (“**TFSA**”), a registered retirement savings plan (“**RRSP**”) or a registered retirement income fund (“**RRIF**”), the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. A “prohibited

investment” includes a unit of a trust which does not deal at arm’s length with the holder of the TFSA, or annuitant of the RRSP or RRIF, as the case may be, or in which the holder or annuitant has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust’s outstanding units by the holder or annuitant, either alone or together with persons and partnerships with whom the holder or annuitant does not deal at arm’s length. Holders of TFSAs and annuitants of RRSPs and RRIFs should consult with their own tax advisors in this regard.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

Brompton was formed pursuant to the *Business Corporations Act* (Ontario). The Manager was organized for the purpose of managing and administering closed-end investment funds and providing or causing to be provided investment management services for the Brompton Group. The Manager is a member of the Brompton Group, a leading provider of TSX-listed investment funds. The Manager’s head office is located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Toronto, Ontario, M5J 2T3.

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager has exclusive authority to manage the business and affairs of the Fund, to make all decisions regarding the business of the Fund and has authority to bind the Fund. The Manager may, pursuant to the terms of the Management Agreement, delegate certain of its powers to third parties at no additional cost to the Fund where, in the discretion of the Manager, it would be in the best interests of the Fund and the Unitholders to do so. The Manager also has authority to provide portfolio management services to the Fund, to acquire the securities of the issuers to comprise the Portfolio and to maintain the Portfolio subject to the Investment Restrictions. The Manager has engaged the Portfolio Manager to manage the Portfolio pursuant to the Portfolio Management Agreement. The Manager will be responsible for paying the fees of the Portfolio Manager out of the Management Fee.

Details of the Management Agreement

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Unitholders and to exercise the care, diligence and skill that a reasonably prudent and qualified manager would exercise in comparable circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect of the assets of the Fund or the Portfolio, as the case may be, if it has satisfied the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or breach of its duties or standard of care, diligence and skill. Among other restrictions imposed on the Manager, it may not dissolve the Fund or wind up the affairs of the Fund except if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund or otherwise in accordance with the provisions of the Declaration of Trust.

Under the terms of the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Fund, including, without limitation:

- (a) monitoring the performance of persons appointed to acquire and maintain the Portfolio in accordance with the Investment Objective, Investment Strategy and Investment Restrictions and investing assets held by the Fund from time to time, as well as managing relationships with the Trustee, Portfolio Manager, Custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund;
- (b) monitoring ongoing compliance with, and the suitability of, the Investment Objective, Investment Strategy and Investment Restrictions, as applicable, and preparing for adoption by the Unitholders of any amendments to the Investment Objective, Investment Strategy and Investment Restrictions which the Manager believes are in the best interests of the Fund;
- (c) the authorization and payment on behalf of the Fund of expenses incurred on behalf of the Fund and the negotiation of contracts with third party providers of services (including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers);
- (d) the calculation of the Service Fee and the payment thereof to registered dealers, plus applicable taxes;

- (e) the provision of office space, telephone services, office equipment, facilities, supplies and executive, secretarial and clerical services;
- (f) the preparation of accounting, management and other reports (including such interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns as may be required by applicable law);
- (g) keeping and maintaining the books and records of the Fund and the supervision of compliance by the Fund with record keeping requirements under applicable regulatory regimes;
- (h) the calculation of the amount, and the determination of the frequency, of distributions by the Fund;
- (i) the handling of communications and correspondence with Unitholders and the preparation of notices of distributions to Unitholders;
- (j) ensuring that the Net Asset Value per Unit is calculated and provided to the financial press;
- (k) responding to investors' enquiries and general investor relations in respect of the Fund;
- (l) dealing with banks, custodians and sub-custodians including in respect of the maintenance of bank records and the negotiating and securing of bank financing or refinancing;
- (m) obtaining such insurance as the Manager considers appropriate for the Fund;
- (n) arranging for the provision of services by CDS for the administration of the non-certificated issue system with respect to the Units;
- (o) reviewing fees and expenses charged to the Fund and ensuring the timely payment thereof;
- (p) ensuring that that the Fund complies with all regulatory requirements and applicable stock exchange listing requirements;
- (q) providing assistance to the Trustee with respect to:
 - (i) the preparation and delivery of the Fund's reports to, and dealing with, relevant securities regulatory authorities and any similar organization of any government or any stock exchange to which the Fund is obligated to report; and
 - (ii) the organization of meetings of Unitholders; and
- (r) the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund including maintenance of a website.

In addition, under the terms of the Management Agreement, the Manager is responsible for providing, or causing to be provided, investment fund management and portfolio management services to the Fund.

In consideration for these services, the Fund will pay to the Manager the Management Fee and reimburse the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. See "Fees and Expenses — Management Fee". The Manager, the Trustee and each of their directors, officers, employees, consultants and agents are indemnified and will be reimbursed by the Fund to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Fund and counsel fees and disbursements on a solicitor and client basis) reasonably incurred in connection with the services provided to the Fund described herein or as a director, officer, employee, consultant or agent thereof, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the manager, portfolio manager, trustee or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person's wilful misconduct, bad faith, negligence, breach of such person's duties or standard of care, diligence and skill

or material breach or default of such person's obligations under any agreements with the Fund, as applicable, to which such person is a party.

The Manager will pay to the registered dealers a Service Fee with respect to the Units, equal to 0.50% per annum of the Net Asset Value, plus applicable taxes. The Manager will pay the Service Fee to such registered dealers based on the number of Units held by the clients of such registered dealers at the end of the relevant period.

The Management Agreement may be terminated at any time by the Trustee on 90 days written notice with the approval of the Unitholders by an Ordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such Ordinary Resolution, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such Ordinary Resolution, except in circumstances where the Manager has been removed pursuant to the Declaration of Trust or the Management Agreement or the Manager has resigned. The Management Agreement may be terminated by the Fund at any time on 30 days written notice to the Manager in the event of the persistent failure of the Manager to perform its duties and discharge its obligations under the Management Agreement, or the continuing malfeasance or misfeasance of the Manager in the performance of its duties under the Management Agreement. The Management Agreement may be terminated immediately by the Fund in the event of the commission by the Manager of any fraudulent act and will be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors. The Manager may assign the Management Agreement to an affiliate of the Manager at any time. The Manager may resign upon 120 days notice, and if no new manager is appointed within such 120-day period, the Fund will be terminated. Other than fees and expenses payable to the Manager pursuant to the Management Agreement up to and including the date of termination, no additional payments will be required to be made to the Manager as a result of any termination.

The Trustee may also terminate the investment fund management and portfolio management services provided under the Management Agreement immediately if, among other things, the Manager has lost any registration, license or other authorization required by it to perform its investment fund management and portfolio management duties under the Management Agreement or is otherwise deemed unable to perform such services.

The services of the Manager and the officers and directors of the Manager are not exclusive to the Fund. The Manager and its affiliates and associates may, at any time, engage in any other activity including the administration of any other fund or trust.

Directors and Officers of the Manager

The Board of Directors of the Manager consists of three members. Directors are appointed to serve on the Board of Directors until such time as they retire or are removed and their successors are appointed. There is no chairman of the Board of Directors of the Manager and instead the director who chairs meetings rotates among the directors. The name, municipality of residence, position with the Manager and principal occupation of each director and senior officer is set out below:

Name and Municipality of Residence	Position with the Manager	Current Occupation
PETER A. BRAATEN ⁽¹⁾ Toronto, Ontario	Director	Director, Brompton Funds.
MARK A. CARANCI ⁽¹⁾ Toronto, Ontario	President, Chief Executive Officer and Director	President and Chief Executive Officer, Brompton Funds.
RAYMOND R. PETHER ⁽¹⁾ Toronto, Ontario	Director	Director, Brompton Funds.
CRAIG T. KIKUCHI Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, Brompton Funds.
CHRISTOPHER CULLEN Toronto, Ontario	Senior Vice-President	Senior Vice-President, Brompton Funds.
MOYRA E. MACKAY Toronto, Ontario	Vice-President and Corporate Secretary	Vice-President and Corporate Secretary, Brompton Funds.
LAURA LAU Toronto, Ontario	Senior Vice-President and Senior Portfolio Manager	Senior Vice-President and Senior Portfolio Manager, Brompton Funds.

Name and Municipality of Residence	Position with the Manager	Current Occupation
MICHELLE TIRABORELLI Toronto, Ontario	Vice-President	Vice-President, Brompton Funds.
ANN WONG Toronto, Ontario	Vice-President and Controller	Vice-President and Controller, Brompton Funds.
JASON GOLETZ, Toronto, Ontario	Vice-President Sales and Marketing	Vice President, Brompton Funds
KATHRYN BANNER Toronto, Ontario	Assistant Vice-President and Assistant Corporate Secretary	Assistant Vice-President and Assistant Corporate Secretary, Brompton Funds.

(1) Member of the Audit Committee.

A description of the experience and background of each of the directors and senior officers of the Manager is set out below.

Peter A. Braaten (Director): Mr. Braaten has over 35 years experience in the investment business in Canada and the United Kingdom and co-founded the Brompton Group in 2000. In addition to his position as a director of Brompton Funds, he is Chairman of the Brompton Group. Mr. Braaten was one of the founders of a financial services organization in 1979 and was a partner of the organization from 1981 to 1998. Mr. Braaten has also held a number of positions with an investment management firm, an investment bank and two Canadian banks and was President and Chief Executive Officer of two public oil & gas companies. Mr. Braaten received an Honours Bachelor of Arts degree in Economics and Mathematics from the University of Western Ontario and a Master of Business Administration degree from the University of British Columbia.

Raymond R. Pether (Director): Mr. Pether has over 30 years experience in the investment business having held numerous high level oil & gas, banking, real estate finance and investment positions. Mr. Pether co-founded the Brompton Group in 2000 and participates in the direction of all activities in the group, and is a director of Brompton Funds. Mr. Pether was Chief Executive Officer of an oil & gas company based in Calgary, Alberta from August 2003 to May 2007 and was President and Chief Executive Officer of a public income trust engaged in the operation of oil & gas midstream assets from June 1998 to April 2001. Mr. Pether was also Chief Operating Officer of two public oil & gas companies, from January 1994 to November 2000. Prior thereto, Mr. Pether held several senior positions with a financial services organization and with a number of major banks. Mr. Pether received a Bachelor of Arts degree in Economics from the University of Western Ontario and a Master of Business Administration degree from McMaster University.

Mark A. Caranci (President, Chief Executive Officer and Director): Mr. Caranci has over 20 years of experience in the investment business, merchant banking and public accounting and as principal of the Brompton Group, participates in the direction of all activities in the group. Mr. Caranci was appointed as the Chief Financial Officer of the Brompton Group in 2000 and, in April 2007, Mr. Caranci was appointed President, Chief Executive Officer and director of Brompton Funds. From 1996 to 2000, Mr. Caranci was Vice-President of a financial services organization. Mr. Caranci has held various senior positions with public companies, including Chief Financial Officer of a public energy services income trust and Vice-President of Finance of several public oil & gas companies. Prior to 1996, Mr. Caranci worked at PricewaterhouseCoopers LLP, Chartered Accountants. Mr. Caranci is a Chartered Accountant and received a Bachelor of Commerce degree from the University of Toronto.

Craig T. Kikuchi (Chief Financial Officer): Mr. Kikuchi has over 15 years of financial experience with public and private companies. Mr. Kikuchi joined the Brompton Group in 2002 as Controller, served as Vice-President and became Chief Financial Officer of Brompton Funds in October 2006. Mr. Kikuchi worked for PricewaterhouseCoopers LLP from September 1996 to January 2002, where he held progressively senior roles, including the role of manager in both the assurance and business advisory services practice and the taxation and legal services practice. Mr. Kikuchi is a Chartered Accountant and is a member of the Ontario Institute of Chartered Accountants. He is also a CFA charterholder and is a member of the Toronto CFA Society. He received a Bachelor of Arts degree in Economics from the University of Western Ontario.

Christopher Cullen (Senior Vice-President): Mr. Cullen has over 14 years of professional experience in banking, securities, and engineering. Mr. Cullen joined the Brompton Group in March of 2006 and is Senior Vice-President of Brompton Funds. Previously Mr. Cullen was a Commercial Banking Manager at Canadian Imperial Bank of Commerce, specializing in providing credit to investment funds and a Research Associate in the Telecom and Cable Services group with UBS Securities (Canada). From 1997 to 1999, Mr. Cullen was a Process Engineer with an international engineering consultant, focusing on the

chemical process industries. Mr. Cullen is a CFA charterholder and is a member of the Toronto CFA Society. Mr. Cullen graduated with a Bachelor of Applied Science in Chemical Engineering and Applied Chemistry from the University of Toronto and a Master of Business Administration from the Rotman School of Management, also at the University of Toronto.

Moyra E. MacKay (Vice-President and Corporate Secretary): Ms. MacKay has over 30 years of experience in the investment business having held positions in real estate and resource finance and investment and financial services companies and is a principal of the Brompton Group. Ms. MacKay is Vice-President and Corporate Secretary of Brompton Funds. Prior to joining the Brompton Group in 2000, Ms. MacKay was Vice-President of a Canadian issuer of flow-through investment funds and was Vice-President of three public oil & gas companies and a financial services organization that was registered with the Securities and Futures Authority in London, U.K. Ms. MacKay received a Bachelor of Arts degree from the University of Western Ontario.

Laura Lau (Senior Vice-President and Senior Portfolio Manager): Ms. Lau joined Brompton in 2012 with over 18 years of experience in financial services, most recently as a Senior Portfolio Manager at a major Canadian fund manager where she managed or co-managed over \$500 million in resource investments including flow-through funds. In 2011, Ms. Lau received the Brendan Wood TopGun Investment Mind Award and was also the co-manager of a resource fund which won the 2011 Canadian Lipper Award for best fund over one year in the natural resource category. Ms. Lau is a regular guest on BNN and has been frequently quoted in national media such as the Globe and Mail, Financial Post and Morningstar. She has a BASc in Industrial Engineering and holds the CFA designation.

Michelle Tiraborelli (Vice-President): Ms. Tiraborelli has been working in the financial industry since 2006 and joined Brompton Funds in 2010. Prior to joining the Brompton Group, Ms. Tiraborelli was an Investment Advisor with BMO Nesbitt Burns. She has also worked as an Analyst with a Toronto based Corporate Development Consulting firm focused on private company mergers & acquisitions, and business expansion. Ms. Tiraborelli received a Bachelor of Science, Honours degree from Queen's University. She also holds a Master of Business Administration degree from the Hong Kong University of Science and Technology, having studied jointly at the HKUST Business School in Hong Kong and New York University's Stern School of Business.

Ann Wong (Vice-President and Controller): Ms. Wong has over ten years of financial experience with public and private companies and is Vice-President and Controller of Brompton Funds. Prior to joining the Brompton Group, Ms. Wong was a Senior Manager in the Treasury Finance group of Canadian Imperial Bank of Commerce, and also worked for PricewaterhouseCoopers LLP as a manager in the assurance and business advisory services practice. Ms. Wong is a Chartered Accountant, a member of the Ontario Institute of Chartered Accountants and a Certified Public Accountant from the State of Delaware. She is also a CFA charterholder and a member of the Toronto CFA Society. She received a Bachelor of Arts degree and a Master of Accounting degree from the University of Waterloo.

Jason Goletz (Vice President Sales and Marketing): Mr. Goletz has over 18 years of experience in the investment and financial services industry. Mr. Goletz joined Brompton in May 2012. Prior to joining Brompton, he held various senior sales and marketing positions with public and private financial services companies. Mr. Goletz received a Bachelor of Arts degree in Economics from the University of Toronto.

Kathryn Banner (Assistant Vice-President and Assistant Corporate Secretary): Ms. Banner has been involved in the financial industry for over 14 years. Since joining Brompton Group in 2000, Ms. Banner has held progressively senior roles and is currently Assistant Vice-President and Assistant Corporate Secretary of Brompton Funds with a focus on regulatory, compliance and corporate services. From 1996 to 2000, Ms. Banner was employed by a financial services company. She has been involved with investment funds, a public energy services income trust and both international and domestic oil and gas companies. She received a Bachelor of Arts degree and a Master of Arts degree from the University of Waterloo.

Independent Review Committee

The Manager has appointed the following members to its IRC, which also acts as the IRC for other investment funds managed by the Manager:

James W. Davie: Mr. Davie has over 30 years of investment banking experience and currently serves as a corporate director. Mr. Davie has held a number of senior positions at RBC Dominion Securities Inc. since 1973 including Managing Director of Investment Banking and, from 1987 to 1999, head of Equity Capital Markets. Mr. Davie received a Bachelor of Commerce degree from the University of Toronto and a Master of Business Administration degree from Queen's University.

Arthur R.A. Scace: Mr. Scace is an independent director and former partner of McCarthy Tétrault LLP and has over 35 years of legal and business experience. Mr. Scace began his career at McCarthy Tétrault LLP in 1967 and became a partner in 1972. Mr. Scace served as the Managing Partner of the Toronto office from 1989 to 1996 and as the firm's National Chairman from 1997 to 1999. Mr. Scace received a Bachelor of Arts degree from the University of Toronto, a Bachelor of Law degree from Oxford University as a Rhodes Scholar, a Master of Arts degree from Harvard University, and a Bachelor of Laws degree from Osgoode Hall Law School at York University. Mr. Scace is also a Queen's Counsel, has been appointed as a member of the Order of Canada and has received honorary Doctorates of Law from The Law Society of Upper Canada, York University, the University of Toronto and Trinity College of the University of Toronto. Mr. Scace is former Chairman of the Board of Directors of The Bank of Nova Scotia and a director of several other Canadian companies, and is a former Treasurer of The Law Society of Upper Canada.

Ken S. Woolner: Mr. Woolner has over 20 years of experience in the oil and gas industry and currently serves as President, Chief Executive Officer and Director of Velvet Energy Ltd., a private Calgary based production and exploration company. From February 2006 to June 2011 he served as a corporate director. From April 2005 to February 2006, Mr. Woolner was Executive Chairman of White Fire Energy Ltd., a public oil and gas company operating in Western Canada and a trustee of Sequoia Oil & Gas Trust. Mr. Woolner was President and Chief Executive Officer of Lightning Energy Ltd. from December 2001 to April 2005, when it merged with Argo Energy Ltd. to create Sequoia Oil & Gas Trust and White Fire Energy Ltd. Mr. Woolner was the President and Chief Executive Officer and a director of Velvet Exploration Ltd. from April 1997 to July 2001 when it was acquired by El Paso Oil & Gas Inc., and was a director of El Paso Oil and Gas Canada Inc. from July 2001 to May 2002. Mr. Woolner is a professional engineer and received a Bachelor of Science degree in Geological Engineering from the University of Toronto.

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 pursuant to NI 81-107, in particular:

- (a) reviewing and providing input into the Manager's policies and procedures regarding conflict of interest matters, including any amendments to such policies and procedures referred to the IRC by the Manager;
- (b) approving or disapproving each conflict of interest matter referred by the Manager to the IRC for its approval;
- (c) providing its recommendation as to whether the Manager's proposed action on a conflict of interest matter referred by the Manager to the IRC for its recommendation achieves a fair and reasonable result for the Fund;
- (d) together with the Manager, 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 Unitholders, to the Manager 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 Manager, as more specifically set out in the whistleblower policy of the Manager;
- (b) acts in an advisory capacity to the audit committee of the Board of Directors of the Manager, 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.

The IRC will prepare a report, at least annually, of its activities for the Unitholders which will be available on the Manager's website at www.bromptongroup.com, or at a Unitholder's request at no cost, by contacting the Manager at info@bromptongroup.com.

Remuneration of Directors, Officers and IRC Members

The officers of the Manager will receive their remuneration from the Manager. The directors of the Manager do not receive any director fees. Assuming net proceeds of the Offering of \$50 million, compensation for the IRC will be \$22,500 per annum in aggregate. The expenses of the directors of the Manager and the premiums for directors' and officers' insurance

coverage for the directors and officers of the Manager are paid by the Fund. The fees and other reasonable expenses of members of the IRC, as well as premiums for insurance coverage for such members, are paid by the Fund and other applicable investment funds managed by the Manager on a *pro rata* basis. In addition, the Fund has agreed to indemnify the members of the IRC against certain liabilities.

The Portfolio Manager

Taylor Asset Management Inc. has been retained as the portfolio manager of the Fund to establish and maintain the Portfolio and to use its discretion with respect to leverage and hedging the Portfolio to Canadian dollars, all in accordance with the Investment Objective and the Investment Strategy and subject to the Investment Restrictions. The Portfolio will be actively managed and will consist primarily of North American exchange-listed equity securities.

The Portfolio Manager's head office is located at Bay Adelaide Centre, 333 Bay Street, Suite 1230, Toronto, Ontario M5H 2R2 and their website address is www.taylorassetmanagement.com. The Portfolio Manager is registered as a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer in the Province of Ontario and as a Portfolio Manager and Exempt Market Dealer in the Province of Quebec.

From late 2002 until 2011, the Portfolio Manager's President, Chief Investment Officer and Portfolio Manager, Mr. Taylor, was the lead equity portfolio manager for several funds which won awards from Lipper and Morningstar Canada for top short, mid and long-term performance rankings including those set out below.

Lipper Fund Awards Canada

- 2012 Best Global Equity Balanced Fund (10 year)
- 2011 Best Canadian Focused Equity Fund (5 year, 10 year)
- 2011 Best Global Neutral Balanced Fund (5 year)
- 2010 Best Canadian Focused Equity Fund (5 year, 10 year)
- 2010 Best Global Neutral Balanced Fund (1 year)
- 2009 Best Canadian Focused Equity Fund (5 year, 10 year)
- 2009 Best Global Equity Balanced Fund (10 year)
- 2008 Best Canadian Focused Equity Fund (3 year, 5 year)
- 2008 Best Global Equity Balanced Fund (10 year)
- 2007 Best Canadian Equity Fund (3 year)
- 2007 Best Canadian Income Balanced Fund (3 year)

Morningstar Canadian Investment Awards

- 2010 Best Canadian Equity Fund
- 2009 Best Canadian Equity Fund
- 2006 Best Canadian Equity Fund

Portfolio Management Fee

For its services to the Fund, the Portfolio Manager will be paid a fee pursuant to the terms of the Portfolio Management Agreement. The fee will be calculated as a fixed percentage of the fee paid to the Manager and will be paid by the Manager out of the Management Fee.

Key Personnel of the Portfolio Manager

The principal advisors who will be responsible for the Portfolio and the senior officers of Taylor Asset Management Inc. are:

Name and Municipality of Residence	Position with the Portfolio Manager	Current Occupation
DAVID TAYLOR Toronto, Ontario	President, Chief Investment Officer and Portfolio Manager	March 2012, President, Chief Investment Officer and Portfolio Manager at Taylor Asset Management Inc.
CAROLINE LEVITT Toronto, Ontario	Chief Financial Officer and Chief Operating Officer	March 2012, Chief Financial Officer, Chief Operating Officer and Chief Compliance Officer at Taylor Asset Management Inc.
LISA MCCORQUODALE Burlington, Ontario	Vice-President, Sales and Marketing	March 2012, Vice-President, Sales and Marketing at Taylor Asset Management Inc.

A description of the experience and background for each of these individuals is set out below.

David Taylor (President, Chief Investment Officer and Portfolio Manager): Mr. Taylor is the President, Chief Investment Officer and Portfolio Manager of Taylor Asset Management Inc. and is recognized as one of Canada's premier equity managers. Prior to founding Taylor Asset Management, Mr. Taylor led the Value Team at Goodman & Company, Investment Counsel and was lead portfolio manager for all of Dynamic's Canadian Value Funds from late 2002 until 2011. Before joining Goodman & Company, Mr. Taylor was Vice-President of equities and portfolio manager at Altamira Funds, managing the firm's entire line-up of Canadian value investment products. From 1991 to 1995, he managed Canadian equities for the Ontario Teachers' Pension Board. His value roots date back to his days at Confederation Life Insurance Company, where he began his career as an equity analyst in 1988. Mr. Taylor has a Master of Business Administration from York University and is a CFA charterholder.

Caroline Levitt (Chief Financial Officer and Chief Operating Officer): Ms. Levitt is the Chief Financial Officer and Chief Operating Officer of Taylor Asset Management Inc. Caroline has more than 17 years of financial, operational, compliance and risk management experience. Prior to Taylor Asset Management, Ms. Levitt was Chief Compliance Officer at Acuity Investment Management. Before joining Acuity, Ms. Levitt was Director, Finance at Synergy Asset Management. She has also served as the Manager of Financial Reporting at Systemhouse Group of Companies. Ms. Levitt began her professional career providing audit and consulting services in the financial services group at Ernst & Young LLP. She is a Chartered Accountant and has a Bachelor of Business Management from Ryerson University and a Bachelor of Science (Mathematics) from the University of Western Ontario.

Lisa McCorquodale (Vice-President, Sales and Marketing): Ms. McCorquodale is the Vice-President, Sales and Marketing of Taylor Asset Management Inc. She has 19 years of product management, marketing and sales support experience in the financial services industry. Previously, Ms. McCorquodale was Vice-President, Product Management at Dynamic Funds where she led the product management team and was responsible for the marketing, positioning and sales of the firm's Canadian and global value fund line up. Prior to Dynamic, Ms. McCorquodale was Senior Manager, Distribution Marketing at Fidelity Investments Canada. From 1996 until 2002, Ms. McCorquodale held progressively senior roles in Product Management at Bank of Montreal's BMO Mutual Funds group. She began her career in 1993 as a financial analyst with Bank of Montreal Asset Management Services. Ms. McCorquodale has a Master of Business Administration from York University.

Details of the Portfolio Management Agreement

Under the Portfolio Management Agreement, the Portfolio Manager covenants to act on a basis which is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Portfolio Management Agreement provides that the Portfolio Manager shall not be liable in any way for any

default, failure or defect in Portfolio or for any loss or diminution in the value of the Portfolio or any other loss or damage suffered by the Fund or any other person or for any errors of judgement, acts or omissions if it has satisfied the standard of care, diligence and skill set forth above. The Portfolio Manager will, however, incur liability in cases of wilful misconduct, bad faith or negligence or breach of its duties under the Portfolio Management Agreement or the standard of care set forth above.

The Portfolio Management Agreement will continue in effect unless terminated in accordance with the terms thereof. If the Manager is terminated, the Portfolio Management Agreement will terminate at such time. The Manager may terminate the Portfolio Management Agreement if the Portfolio Manager has committed certain events of bankruptcy or insolvency, has lost any registration, licence or other authorization required to perform its services thereunder or is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 Business Days after notice thereof has been given to the Portfolio Manager by the Manager.

The Portfolio Management Agreement includes various customary rights of termination, including that the Portfolio Manager may terminate the Portfolio Management Agreement upon at least 20 Business Days' notice in the event that the Fund or the Manager is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 Business Days' notice of same to the Manager and to the Fund, as applicable, or in the event that there is a material change in the Investment Objective to which the Portfolio Manager has not agreed. In addition, the Unitholders may terminate the Portfolio Management Agreement by Extraordinary Resolution.

The Manager is responsible for the payment of the fees of the Portfolio Manager out of its fees.

Conflicts of Interest

The directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities. The Manager and its affiliates may be managers or portfolio managers of one or more issuers in which the Fund may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the Fund. The services of the Manager are not exclusive to the Fund. The Manager may in the future act as the manager or investment advisor to other funds and companies and may in the future act as the manager or investment advisor to other funds which invest in debt or equity securities and which are considered competitors of the Fund. The Manager will refer conflict of interest matters to the IRC for review or approval in accordance with the IRC's charter and NI 81-107.

The services of the Portfolio Manager and its officers and directors are not exclusive to the Fund or the Manager. The Portfolio Manager or any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other entity or portfolio which invests primarily in the same assets as those held by the Fund and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Portfolio Manager. On occasion, however, the Portfolio Manager may identify the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Portfolio Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis and subject to the provisions of NI 81-107.

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.

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of all portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions are made by the Portfolio Manager.

The Portfolio Manager will make reasonable and good faith efforts to achieve best execution for portfolio transactions executed on behalf of the Fund having regard to such factors as price, speed of execution, certainty of execution and the overall cost of the transaction. To the extent that the terms offered by more than one dealer are considered by the Portfolio Manager to be comparable, the Portfolio Manager may from time to time direct brokerage transactions involving client brokerage commissions to a dealer in return for the provision of "order execution goods and services" or "research goods and services" (as these terms are defined in National Instrument 23-102 – *Use of Client Brokerage Commissions*) in connection with the Fund. Such services could include advice relating to the value of a security or the advisability of effecting a transaction in a security, analysis or reports concerning a security, portfolio strategy, issuer, industry, or an economic or political trend and databases or software to the extent

that it supports the foregoing. The best net price as represented by brokerage commissions, spreads, and other costs is an important factor in the selection of a dealer but a number of other factors are considered including: the size of the transaction, the nature of the market of the security, the timing and impact of the transaction taking into account market prices and trends, confidentiality, execution, clearance and settlement capabilities as well as the reputation, experience and financial stability of the dealer and the quality of services rendered by the dealer in other transactions including the quality of the dealer's research. In addition, the Portfolio Manager will review each trade for the Fund to determine, among other things, whether the Fund receives reasonable benefit considering the use of the services provided by a dealer and the amount of brokerage commissions paid.

In certain instances, the Portfolio Manager may receive goods and services that contain some elements that qualify as "order execution goods and services" or "research goods and services" and some elements that do not so qualify. In these circumstances, the Portfolio Manager will make a reasonable and good faith allocation to ensure that brokerage commissions paid on behalf of the Fund relate only to "order execution goods and services" or "research goods and services".

In effecting portfolio transactions, overall service and prompt execution of orders on favourable terms will be a primary consideration. The Portfolio Manager may, in its discretion, choose to effect portfolio transactions with dealers who provide research, statistical and other similar services to the Fund and pay higher brokerage to compensate for such services.

The names of any dealers that provided investment decision-making services during the prior year, other than order execution services, will be provided upon request by contacting the Manager toll free at 1-866-642-6001, or by e-mail at info@bromptongroup.com.

The Portfolio Manager has no contractual obligation to allocate the Fund's brokerage business to any specific brokerage firm.

The Trustee

Equity Financial Trust Company is the trustee of the Fund. The Trustee is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust. The address of the Trustee is 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1.

The Trustee or any successor trustee may resign upon 90 days written notice to the Manager or may be removed by an Extraordinary Resolution passed at a meeting of Unitholders called for such purpose. Any such resignation or removal will become effective only on the appointment of a successor trustee. If, after notice of resignation has been received from the Trustee, no successor has been appointed within 90 days of such notice, the Trustee, the Manager or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor trustee. In addition, the Manager may remove the Trustee in accordance with the Declaration of Trust. The Manager will provide notice of such event upon at least 30 days notice to Unitholders of such termination by way of press release. Any such termination will become effective only on the appointment of a successor trustee by the Manager.

The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust except in cases where the Trustee fails to act honestly and in good faith with a view to the best interests of the Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties. The Fund will grant the Trustee a lien on the Fund's assets or with a right of set-off against the Fund's assets, in either case to enforce the payment of any amounts payable or reimbursable by the Fund to the Trustee.

The Trustee is entitled to receive fees from the Fund as described under "Fees and Expenses – Ongoing Expenses" and to be reimbursed by the Fund for all expenses which are reasonably incurred by the Trustee in connection with the activities of the Fund.

The Custodian

RBC Dexia Investor Services Trust, at its office in Toronto, Ontario will be appointed as the custodian of the Fund. The Custodian will be responsible for the safekeeping of all of the investments and other assets of the Fund delivered to it (but not those assets of the Fund not directly controlled or held by the Custodian, as the case may be). The Custodian may employ sub-custodians as considered appropriate in the circumstances. Subject to certain exemptions as set out in the Custodian Agreement, the Custodian is not responsible for any ongoing assessment, adequacy or monitoring of or any liability for any loan or credit

facility or any liability for holding or controlling any property of the Fund pledged to a counterparty and not directly held by the Custodian.

The Auditor

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants, at its office located at 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

The Transfer Agent and Registrar

Equity Financial Trust Company will act as transfer agent and registrar for the Units and will maintain the securities registers at its office in Toronto, Ontario.

The Promoter

The Manager may be considered a promoter of the Fund for purposes of securities legislation in certain provinces and territories of Canada by reason of its initiative in forming and establishing the Fund and taking the steps necessary for the public distribution of the Units. The Manager will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than amounts paid to the Manager as described under “Fees and Expenses”.

CALCULATION OF NET ASSET VALUE

The Manager will calculate, or will arrange for the calculation of, the Net Asset Value per Unit as at the close of business on each Valuation Date. The Valuation Date will be each Business Day. The Fund will make the Net Asset Value per Unit available to the financial press for publication on at least a daily basis. Such amount will also be available on the Manager’s website at www.bromptongroup.com.

Valuation Policies and Procedures

For reporting purposes other than financial statements, the Net Asset Value on a Valuation Date will be equal to (i) the Total Assets less (ii) the aggregate value of the liabilities of the Fund. The Net Asset Value per Unit on any Valuation Date will be calculated by dividing the Net Asset Value on such Valuation Date by the total number of Units issued and outstanding on such Valuation Date.

Unless otherwise required by law, for the purpose of calculating the Net Asset Value on a Valuation Date, the Total Assets on such Valuation Date will be determined as follows:

- (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distributions, or other amount receivable (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as at which the Total Assets are being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distributions, or other amount receivable (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as at which the Total Assets are being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair market value thereof;
- (b) the value of any security, index future or index option which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) will 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 ask price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest ask price or bid price will be used), as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use; provided that, for the purpose of calculating the redemption price in connection with an annual redemption of Units, the value of any security, index future or index option which is listed or traded upon a stock exchange (or if more than one, on the stock exchange in which the security primarily trades, as determined by the Manager) will be equal to the weighted average trading price over the last three Business Days of the month in which the Annual Redemption Date occurs;

- (c) short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- (d) the value of a forward contract or swap shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the forward contract or swap were to be closed out in accordance with its terms;
- (e) the value of any security which is traded over-the-counter will be priced at the average of the last bid and ask prices quoted by a major dealer or recognized information provider in such securities;
- (f) the value of any purchased or written clearing corporation options, options on futures or over-the-counter options shall be the current market value thereof;
- (g) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the Total Assets are being determined as determined by the Manager (generally the Manager will value such security or other asset at cost until there is a clear indication of an increase or decrease in value);
- (h) any market price reported in currency other than Canadian dollars will be converted into Canadian currency at the rate of exchange available from the Custodian on the Valuation Date on which the Total Assets are being determined;
- (i) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the 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 determined to be appropriate by the Manager; and
- (j) the value of any security or property to which, in the opinion of the Manager, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

The Net Asset Value per Unit is calculated in Canadian dollars in accordance with the rules and policies of the Canadian securities regulators or in accordance with any exemption therefrom that the Fund may obtain. The Net Asset Value per Unit determined in accordance with the principles set out above may differ from Net Asset Value per Unit determined under Canadian generally accepted accounting principles. Under current Canadian generally accepted accounting principles, the primary differences are that securities traded in an active market are generally valued using the bid prices for securities held long and the ask prices for securities sold short.

Reporting of Net Asset Value

The Net Asset Value per Unit will be provided to Unitholders on request, at no cost, by calling 1-866-642-6001 and will be made available on the Manager's website at www.bromptongroup.com. The Fund will also make the Net Asset Value per Unit available to the financial press for publication on a weekly basis.

DESCRIPTION OF THE UNITS

The Units

The Fund is authorized to issue an unlimited number of Units, each of which represents an equal undivided interest in the net assets of the Fund. Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units. 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 realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, pay to redeeming Unitholders, concurrently with the redemption price, any net realized capital gains or income incurred by the Fund in order to fund the redemption price. On termination or liquidation of the Fund, the 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.

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 under the *Securities Act* (Ontario) and it is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Purchase for Cancellation

The Declaration of Trust provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders, in all cases at a price per Unit not exceeding the most recently calculated Net Asset Value per Unit immediately prior to the date of any such purchase of Units. It is expected that purchases made in the open market will be made as normal course issuer bids through the facilities and under the rules of the TSX or such other exchange or market on which the Units are then listed. Any purchases pursuant to invitation for tenders will be made pursuant to a circular bid or another permitted exemption under the *Securities Act* (Ontario), other than a normal course issuer bid.

Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the aggregate of the Units (but not including any Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

Book-Based System

Registrations of interests in and transfers of Units will be made only through the book-based system administered by CDS.

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 will be made or delivered by CDS or the CDS Participant through which the Unitholder holds such Units. Purchasers of Units will receive a customer confirmation from the registered dealer from or through which the Units are purchased and will not have the right to receive physical certificates evidencing their ownership in the Units.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the book-based system administered by CDS, in which case certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders may be convened by the Trustee by a written requisition specifying the purpose of the meeting, and must be convened by the Trustee if requisitioned by Unitholders holding not less than 10% of the then outstanding Units entitled to vote on a matter by a written requisition specifying the purpose of the meeting.

Notice of all meetings of Unitholders will be given in accordance with applicable law. The quorum for a meeting of Unitholders is two or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Unitholder, will be dissolved, but in any other case, the meeting will stand adjourned to such day no more than 14 days later and to such time and place as may be appointed by the chairman of the meeting (which for greater certainty can be at a later time on the date of the originally scheduled meeting), and if at such adjourned meeting a quorum is not present, the Unitholders present in person or by proxy at such adjourned meeting will be deemed to constitute a quorum.

The Fund does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the TSX to hold annual meetings of Unitholders if so instructed by the TSX.

Amendment of Declaration of Trust

Except as provided below, the Declaration of Trust may be amended by an Ordinary Resolution approved at a meeting of Unitholders duly convened and held in accordance with the provisions in that regard contained in the Declaration of Trust, or by written consent in lieu of a meeting if there is only one Unitholder.

The following matters may only be undertaken with the approval of Unitholders by an Extraordinary Resolution:

- (a) any change in the Investment Objective, Investment Strategy or 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;
- (b) any material change in the Management Agreement, other than a change in the Manager provided that the new manager is an affiliate of the Manager;
- (c) any increase in the Management Fee;
- (d) any amendment, modification or variation in the provisions or rights attaching to the Units;
- (e) any issue of Units (other than pursuant to any distribution reinvestment plan which may be established by the Fund) when the net proceeds per Unit are less than the most recently calculated Net Asset Value per Unit prior to the date of setting the subscription price for such issuance;
- (f) any change in the frequency of calculating the Net Asset Value per Unit to less often than daily;
- (g) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course of business;
- (h) any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, to be in the best interests of the Unitholders or otherwise in accordance with the terms of the Declaration of Trust; and
- (i) any amendment to the above provisions except as permitted by the Declaration of Trust.

Notwithstanding the foregoing, the Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;
- (d) maintain the status of the Fund as a “mutual fund trust” or, if applicable, a “registered investment” for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof; or
- (e) provide added protection or benefit to Unitholders.

Reporting to Unitholders

The Fund will make available to Unitholders such financial statements and other continuous disclosure documents as are required by applicable law including unaudited interim and audited annual financial statements prepared in accordance with Canadian generally accepted accounting principles. The Fund will make available to each Unitholder annually, and before March 31 of the following year, information necessary to enable such Unitholder to complete an income tax return with respect to the amounts paid or payable by the Fund.

TERMINATION OF THE FUND

The Fund does not have a fixed termination date. Pursuant to the Declaration of Trust, the Fund will terminate on the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund or when terminated by the Manager as described below. In addition to such termination, the Declaration of Trust also provides that:

- (a) in the event that the Manager resigns and no new Manager is appointed by the Trustee within 120 days of the Manager 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; and
- (b) the Manager 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 do so.

The Manager will provide notice of such termination upon at least 30 days notice to the Unitholders of the termination date by way of press release.

The Declaration of Trust provides that, prior to the termination of the Fund, the Manager will dispose of all of its assets and will satisfy or make appropriate provision for all liabilities of the Fund. The Declaration of Trust provides that the Manager may, in its discretion and upon not less than 30 days prior written notice to the Unitholders, postpone any termination date by a period of up to 180 days if the Manager determines that it will be unable to convert all of its assets to cash prior to any termination date and the Manager 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 Manager considers such liquidation not to be appropriate prior to any termination date, such unliquidated assets *in specie* rather than in cash. Following such distribution, the Fund will be dissolved.

USE OF PROCEEDS

The net proceeds from the issue of the maximum number of Units offered hereby (after payment of the Agents' fee and the expenses of the Offering) are estimated to be approximately \$94,000,000, assuming that the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full under the maximum Offering the net proceeds to the Fund are estimated to be approximately \$108,212,500.

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Gross proceeds to the Fund.....	\$100,000,000	\$20,000,000
Agents' fee.....	\$5,250,000	\$1,050,000
Estimated expenses of the Offering ⁽¹⁾	\$750,000	\$300,000
Net proceeds to the Fund	\$94,000,000	\$18,650,000

(1) The expenses of the Offering to be borne by the Fund shall not exceed 1.5% of the gross proceeds of the Offering.

The net proceeds of the Offering will be used to establish the Portfolio in accordance with the Investment Objective and Investment Strategy and subject to the Investment Restrictions.

The Agents' fee and all other expenses of the Offering (including the cost of creating and organizing the Fund, the cost of preparing and printing this prospectus, legal expenses of the Fund and the Agents and certain other expenses) will be paid by the Fund out of the gross proceeds of the Offering.

Pending investment in Portfolio Securities, which will be made as expeditiously as prudent investment practice permits, the Portfolio will consist of cash and cash equivalents. It is anticipated that investment of the net proceeds of the Offering in Portfolio Securities will be completed within 30 days of Closing.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to act as, and have been appointed as, the sole and exclusive agents of the Fund to offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement. The Units will be issued at a price of \$10.00 per Unit. The offering price per Unit was determined by negotiation between the Agents and the Manager on behalf of the Fund. In consideration for their services in connection with the Offering, the Agents will be paid a fee of \$0.525 per Unit (5.25%) sold under the Offering and will be reimbursed for reasonable out of pocket expenses incurred by them. The Agents' fee and the Agents' expenses will be paid by the Fund out of the proceeds of the Offering. The Agents may form a sub-agency group including other qualified investment dealers and exempt market dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase any Units which are not sold.

The Fund has granted to the Agents an option, which is exercisable for a period of 30 days from the Closing Date to purchase up to 15% of the aggregate number of Units issued on the Closing Date on the same terms as set forth above. To the extent that the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund are estimated to be \$115,000,000, \$6,037,500 and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agents' over-allocation position acquires such Units under this prospectus, regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscription amounts received in trust will be held in segregated accounts with a depository who is a registered dealer, bank or trust company until the minimum amount of subscriptions for Units has been obtained. If subscriptions for a minimum of 2,000,000 Units (or \$20,000,000) have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue and subscription proceeds will be returned to subscribers, without interest or deduction, unless an amendment to this prospectus is filed. In the event Closing does not occur for any reason, subscription proceeds received from prospective purchasers in respect of the Offering will be returned to such purchasers promptly without interest or deduction. The maximum number of Units which will be sold is 10,000,000 Units or \$100,000,000. Under the terms of the Agency Agreement, the Agents, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, may terminate the Agency Agreement and withdraw all subscriptions for Units on behalf of subscribers. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. The Closing will take place on or about June 19, 2012 or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after a final receipt for this prospectus is issued.

The TSX has conditionally approved the listing of the Units subject to the Fund fulfilling all of the requirements of the TSX on or before August 9, 2012 including distribution to a minimum number of public Unitholders. The Units have not been, nor will they be, registered under the U.S. Securities Act or any state securities laws and may not be offered or sold in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act. The Agents have agreed that they will not offer or sell the Units within the United States or to, or for the account or benefit of U.S. persons except in transactions that are exempt from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States or to, or for the account or benefit of, a U.S. person by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such an offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Agents may not, throughout the period of distribution under this prospectus, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws, an Agent may, in connection with the Offering, over-allot or effect transactions in connection with its over-allotted position. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the Agency Agreement, the Fund, the Manager and the Portfolio Manager have agreed to indemnify the Agents and their controlling persons, directors, officers and employees against certain liabilities.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager is entitled to receive the Management Fee plus an amount equal to the Performance Fee, if earned, and the Service Fee and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund and the Portfolio Manager will be entitled to receive fees from the Manager pursuant to the Portfolio Management Agreement. See “Organization and Management Details of the Fund” and “Fees and Expenses”.

PROXY VOTING DISCLOSURE

Unitholders will have no voting rights in respect of securities held by the Fund. The Fund has delegated to the Manager the responsibility for voting on matters for which the Fund receives, in its capacity as a securityholder, proxy materials for a meeting of securityholders of an issuer included in the Portfolio. In fulfilling these duties, the Manager has appointed the Portfolio Manager and will adopt the written policies and procedures of the Portfolio Manager.

The proxies associated with securities held by the Fund will be voted in accordance with the best interests of Unitholders determined at the time the vote is cast. The Portfolio Manager maintains policies and procedures that are designed to be guidelines for the voting of proxies; however, each vote is ultimately cast on a case-by-case basis, taking into consideration the relevant facts and circumstances at the time of the vote. Any conflict of interest will be resolved in a way that most benefits Unitholders.

The Portfolio Manager’s proxy voting policies and procedures set out various considerations that the Portfolio Manager will address when voting, or refraining from voting, proxies, including that:

- (a) the Portfolio Manager will generally vote with management on routine matters such as electing corporate directors, appointing external auditors and adopting or amending management compensation plans unless it is determined that supporting management’s position would not be in the best interests of Unitholders;
- (b) the Portfolio Manager will address on a case-by-case basis, non-routine matters, including those business issues specific to the issuer or those raised by shareholders of the issuer with a focus on the potential impact of the vote on the Net Asset Value; and
- (c) the Portfolio Manager has the discretion whether or not to vote on routine or non-routine matters. In cases where the Portfolio Manager determines that it is not in the best interests of Unitholders to vote, the Portfolio Manager will not be required to vote.

The Manager will post the proxy voting record on www.bromptongroup.com no later than August 31 of each year. The Fund will send the most recent proxy voting policies and procedures and proxy voting record, without charge, to any Unitholder upon a request made by the Unitholder.

MATERIAL CONTRACTS

The only material contracts entered into by the Fund or the Manager during the past two years or to which either of them will become a party prior to the Closing, other than during the ordinary course of business, are as follows:

- (a) the Declaration of Trust referred to under “Organization and Management Details of the Fund — The Trustee”;
- (b) the Management Agreement referred to under “Organization and Management Details of the Fund — Details of the Management Agreement”;
- (c) the Custodian Agreement referred to under “Organization and Management Details of the Fund — The Custodian”;
- (d) the Agency Agreement referred to under “Plan of Distribution”; and

- (e) the Portfolio Management Agreement referred to under “Organization and Management Details of the Fund — Details of the Portfolio Management Agreement”.

Copies of the foregoing documents may be examined during normal business hours at the principal office of the Fund during the period of distribution to the public of the Units offered under the Offering and for a period of 30 days thereafter. Copies of the Declaration of Trust may be obtained at any time from the Manager on written request.

EXPERTS

Certain legal matters in connection with the issuance and sale of the Units offered by this prospectus will be passed upon on behalf of the Fund by Stikeman Elliott LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP.

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two Business Days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if a prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to the applicable provisions of the securities legislation of his or her province or territory of residence for the particulars of these rights or consult with a legal advisor.

AUDITOR'S CONSENT

We have read the prospectus of Taylor North American Equity Opportunities Fund (the "**Fund**") dated May 29, 2012 relating to the initial public offering of units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Unitholder and Trustee of the Fund on the statement of net assets of the Fund as at May 29, 2012. Our report is dated May 29, 2012.

Toronto, Ontario
May 29, 2012

(signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants, Licensed Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholder and the Trustee of Taylor North American Equity Opportunities Fund (the Fund)

We have audited the accompanying statement of net assets (the financial statement) of the Fund as at May 29, 2012 and the related notes which are comprised of a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Fund as at May 29, 2012 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
May 29, 2012

(signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants, Licensed Public Accountants

TAYLOR NORTH AMERICAN EQUITY OPPORTUNITIES FUND

STATEMENT OF NET ASSETS

As at May 29, 2012

Assets

Cash.....\$10

Unitholder's Equity

Unitholder's Equity (Note 1).....\$10

The accompanying notes are an integral part of this statement of net assets.

Approved on behalf of Taylor North American Equity Opportunities Fund
By: Brompton Funds Limited

(Signed) PETER A. BRAATEN
Director

(Signed) RAYMOND R. PETHER
Director

TAYLOR NORTH AMERICAN EQUITY OPPORTUNITIES FUND

NOTES TO STATEMENT OF NET ASSETS

As at May 29, 2012

1. ORGANIZATION AND UNITHOLDER'S EQUITY

Taylor North American Equity Opportunities Fund (the “**Fund**”) is a closed-end investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of January 1, 2012. The beneficiaries of the Fund will be the holders of transferable, redeemable units of the Fund (each, a “**Unit**”). Equity Financial Trust Company is trustee of the Fund.

The Fund's investment objective is to seek long term capital appreciation by investing in an actively managed portfolio consisting primarily of North American exchange-listed equity securities.

The Fund is authorized to issue an unlimited number of Units, each of which consists of one transferable, redeemable Unit, which represents an equal undivided interest in the net assets of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

This financial statement has been prepared in accordance with Canadian generally accepted accounting principles (“**GAAP**”). In applying Canadian GAAP, management may make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statement.

Issue Costs: Issue costs incurred in connection with the offering are charged to equity.

Cash and Cash Equivalents: Cash is stated at fair value.

Valuation of Units for Transaction Purposes: Net asset value per Unit on any day will be obtained by dividing the net asset value on such day by the number of Units then outstanding.

3. REDEMPTION OF UNITS

Units may be redeemed annually on the second last business day of January, commencing in 2014 (each, an “**Annual Redemption Date**”), subject to certain conditions. In order to effect such redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the last business day of December. A holder of Units (each, a “**Unitholder**”) whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the net asset value per Unit on that date (less any costs and expenses associated with the redemption, including brokerage costs, and less any net realized capital gains to the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption).

In addition, Units may also be redeemed on the second last business day of each month other than an Annual Redemption Date (each, a “**Monthly Redemption Date**”), subject to certain conditions. Unitholders surrendering a Unit for redemption will receive a redemption price equal to the lesser of (i) 94% of the Market Price (as defined below) of a Unit, and (ii) 100% of the Closing Market Price (as defined below) of a Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs, being the “**Monthly Redemption Amount**”. For the purposes hereof, the “**Market Price**” in respect of a Unit on a Monthly Redemption Date means the weighted average trading price on the Toronto Stock Exchange (or such other stock exchange on which such Unit is listed), for the 10 trading days immediately preceding such Monthly Redemption Date, and the “**Closing Market Price**” in respect of a Unit on a Monthly Redemption Date means the closing price of such Unit on the Toronto Stock Exchange on such Monthly Redemption Date (or such other stock exchange on which such Unit is listed) or, if there was no trade on the relevant Monthly Redemption Date, the average

of the last bid and the last ask prices of the Unit on the Toronto Stock Exchange on such Monthly Redemption Date (or such other stock exchange on which such Unit is listed).

4. **MANAGEMENT, SERVICE AND PERFORMANCE FEE**

Brompton Funds Limited (the “**Manager**”) will receive a management fee from the Fund equal in the aggregate to 1.00% per annum of the net asset value of the Fund. The Manager is responsible for paying the fees payable to the portfolio manager out of the management fee. A service fee equal to 0.50% per annum of the net asset value of the Fund will also be paid to the Manager and will be used by the Manager to pay a service fee in an equivalent aggregate amount, plus applicable taxes, to CDS participants based on the number of Units held by clients of such CDS participants at the end of the relevant quarter.

An annual performance fee (the “**Performance Fee**”) will also be paid to the Manager equal to 10% of the appreciation in the net asset value per Unit in excess of 105% (or the pro rata portion of a 5% hurdle rate in the event that the calculation period is less than a full year, such as the period between Closing and December 28, 2012) of the High Water Mark (as defined below) multiplied by the number of Units outstanding on such Determination Date (before giving effect to any redemption of Units on such date). The appreciation in the net asset value per Unit is calculated by subtracting the High Water Mark of the Units from the Adjusted Net Asset Value per Unit (as defined below) on the relevant Determination Date (as defined below). The “High Water Mark” of the Units on any date is the greater of: (i) \$10.00; and (ii) the Adjusted Net Asset Value per Unit as of the last Determination Date on which a Performance Fee was paid in respect of the Units. The High Water Mark for Units will be appropriately adjusted in the event of a consolidation or subdivision of Units. The “Adjusted Net Asset Value per Unit” of the Units is the net asset value per Unit on the relevant Determination Date, excluding any accrual for the Performance Fee that would otherwise be included in the net asset value per Unit calculation on such date, plus the amount of any distribution declared by the Fund per Unit since the date as of which the High Water Mark was set.

Notwithstanding the foregoing, if any Units are redeemed in a calendar year prior to the relevant Determination Date, the amount of any accrued Performance Fee in respect of such redeemed Units will be paid to the Manager immediately following such redemption as if the date on which the Units are redeemed was a Determination Date in respect of such Units.

In the event that, after closing of the Fund’s initial public offering, new Units, other than Units issued in connection with a distribution for tax purposes or pursuant to a distribution reinvestment plan, if any, (“**New Units**”) are issued on any date (a “**New Unit Issue Date**”) during a year and immediately prior to such New Unit Issue Date the appreciation in the net asset value per Unit is in excess of the 5% hurdle rate (pro rated for the period commencing January 1 and ending on the day prior to the New Unit Issue Date (the “**Interim Period**”) if the Performance Fee was paid in respect of the preceding year), a Performance Fee will be calculated and paid for such period. If the appreciation in the net asset value per Unit is not in excess of the 5% hurdle rate (pro rated for the Interim Period if the Performance Fee was paid in respect of the preceding year), no Performance Fee will be paid in respect of the Interim Period, in which case, only in respect of the next Determination Date on which a Performance Fee is earned, (i) the Performance Fee as calculated in accordance with the second paragraph above will apply in respect of Units outstanding prior to the New Unit Issue Date and (ii) in respect of the New Units, the Manager will receive a Performance Fee as calculated in the second paragraph above but based on the appreciation in the net asset value per New Unit calculated based on a High Water Mark equal to the greater of the High Water Mark and the New Unit issue price.

5. **INITIAL OFFERING**

The Fund, the Manager and Taylor Asset Management Inc., have entered into an agency agreement with CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Macquarie Private Wealth Inc., Raymond James Ltd., Desjardins Securities Inc., Dundee Securities Ltd., Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the “**Agents**”) dated as of May 29, 2012 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public a minimum of 2,000,000 Units and a maximum of 10,000,000 Units at \$10.00 per Unit. In consideration for their services in connection with the offering, the Agents will

be paid a fee of \$0.525 per Unit (5.25%) out of the proceeds of the offering. In addition, expenses of the initial offering at an amount not to exceed 1.5% of the gross proceeds of the offering will be paid out of the gross proceeds of the offering.

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: May 29, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada.

BROMPTON FUNDS LIMITED

as Manager and on behalf of

TAYLOR NORTH AMERICAN EQUITY OPPORTUNITIES FUND

By: *(Signed)* MARK A. CARANCI
Chief Executive Officer

By: *(Signed)* CRAIG T. KIKUCHI
Chief Financial Officer

On behalf of the Board of Directors
of

BROMPTON FUNDS LIMITED

By: *(Signed)* PETER A. BRAATEN
Director

By: *(Signed)* RAYMOND R. PETHER
Director

BROMPTON FUNDS LIMITED

as Promoter

By: *(Signed)* MARK A. CARANCI
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: May 29, 2012

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada.

CIBC WORLD MARKETS INC.
By: *(Signed)* MICHAEL D. SHUH

RBC DOMINION SECURITIES INC.
By: *(Signed)* CHRISTOPHER BEAN

BMO NESBITT BURNS INC.
By: *(Signed)* ROBIN G.
TESSIER

NATIONAL BANK
FINANCIAL INC.
By: *(Signed)* TIMOTHY
EVANS

SCOTIA CAPITAL INC.
By: *(Signed)* BRIAN
MCCHESNEY

TD SECURITIES INC.
By: *(Signed)* CAMERON
GOODNOUGH

CANACCORD GENUITY
CORP.
By: *(Signed)* RON SEDRAN

GMP SECURITIES L.P.
By: *(Signed)* NEIL SELFE

MACQUARIE PRIVATE
WEALTH INC.
By: *(Signed)* BRENT
LARKAN

RAYMOND JAMES LTD.
By: *(Signed)* J. GRAHAM
FELL

DESJARDINS SECURITIES
INC.
By: *(Signed)* BETH A.
SHAW

DUNDEE SECURITIES LTD.
By: *(Signed)* AARON
UNGER

MACKIE RESEARCH
CAPITAL CORPORATION
By: *(Signed)* DAVID J.
KEATING

MANULIFE SECURITIES
INCORPORATED
By: *(Signed)* DAVID
MACLEOD

TAYLOR / North American
Equity Opportunities Fund