

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

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Brompton Lifeco Split Corp. at its head office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, P.O. Box 793, Toronto, Ontario M5J 2T3, or by calling 1-866-642-6001, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

August 22, 2014



\$50,160,000 (Maximum) **Up to 2,850,000 Preferred Shares and 2,850,000 Class A Shares**

This short form prospectus qualifies for distribution up to 2,850,000 preferred shares (“Preferred Shares”) and up to 2,850,000 class A shares (“Class A Shares”) of Brompton Lifeco Split Corp. (the “Company”) at a price of \$10.05 per Preferred Share and \$7.55 per Class A Share (the “Offering”). Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding at all times. The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario. The Company invests in a portfolio (the “Portfolio”) of common shares of the following four Canadian life insurance companies:

Great-West Lifeco Inc.
Industrial Alliance Insurance and
Financial Services Inc.

Manulife Financial Corporation
Sun Life Financial Inc.

The Preferred Shares and the Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbols “LCS.PR.A” and “LCS”, respectively. On August 22, 2014, the closing price on the TSX of the Preferred Shares was \$10.10 and of the Class A Shares was \$7.45. The TSX has conditionally approved the listing of the Preferred Shares and Class A Shares offered hereby. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX on or before November 14, 2014.

Prices: \$10.05 per Preferred Share
\$7.55 per Class A Share

	Price to the Public ⁽¹⁾	Agents' Fee	Net Proceeds to the Company ⁽²⁾
Per Preferred Share	\$10.05	\$0.3015	\$9.7485
Total Maximum Offering ⁽³⁾⁽⁴⁾	\$28,642,500	\$859,275	\$27,783,225
Per Class A Share	\$7.55	\$0.3775	\$7.1725
Total Maximum Offering ⁽³⁾⁽⁴⁾	\$21,517,500	\$1,075,875	\$20,441,625

Notes:

- (1) The offering prices were established by negotiation between the Company and the Agents (as defined below). The offering price per Unit (as defined herein) exceeds the most recently calculated net asset value per Unit as at August 22, 2014 (as adjusted for dividends and certain expenses accrued prior to or upon closing of the Offering), plus the per Unit Agents' fee and the expenses of the Offering.
- (2) Before deducting the expenses of issue which are estimated to be \$225,000. Such expenses, together with the Agents' fee, will be paid out of the proceeds of the Offering, provided however that the expenses of the Offering to be borne by the Company shall not exceed 1.5% of the gross proceeds of the Offering. Any such excess expenses shall be paid for by Brompton Funds Limited, the manager of the Company.

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(continued from cover)

- (3) **There is no minimum amount of funds that must be raised under this Offering. This means that the Company could complete this Offering after raising only a small portion of the Offering amount set out above.**
- (4) The Company has granted the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days from the closing of the Offering, to purchase up to an additional 15% of the number of Preferred Shares and Class A Shares issued at the closing of the Offering on the same terms as set forth above, which additional Preferred Shares and Class A Shares are qualified for sale under this short form prospectus. If the Over-Allotment Option is exercised in full, the total price to the public under the Offering will be \$57,684,000, the Agents’ fee will be \$2,225,423 and the net proceeds to the Company, before expenses of the Offering, will be \$55,458,577. A purchaser who acquires Preferred Shares or Class A Shares forming part of the Agents’ over-allocation position acquires such shares under this short form 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*”.

The following table sets forth certain terms of the Over-Allotment Option, including the maximum size, the exercise period and the exercise price:

Agents’ Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	427,500 Preferred Shares	Within 30 days of Closing	\$10.05 per Preferred Share
Over-Allotment Option	427,500 Class A Shares	Within 30 days of Closing	\$7.55 per Class A Share

RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., GMP Securities L.P., Raymond James Ltd., Canaccord Genuity Corp., Desjardins Securities Inc., Dundee Securities Ltd., Industrial Alliance Securities Inc., Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the “Agents”) conditionally offer the Preferred Shares and the Class A Shares, subject to prior sale, on a best efforts basis, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement and subject to the approval of certain legal matters by Osler, Hoskin & Harcourt LLP, on behalf of the Company, and Wildeboer Dellelce LLP, on behalf of the Agents. Subject to applicable laws, in connection with the distribution of the Preferred Shares and the Class A Shares, the Agents may over-allot or effect transactions as described under “*Plan of Distribution*”.

An investment in the Preferred Shares or the Class A Shares involves a degree of risk. It is important for prospective purchasers to consider the risk factors described in this short form prospectus. See “*Risk Factors*”.

Closing of this Offering is expected to take place on September 3, 2014 but in any event no later than 90 days after a receipt for the final prospectus has been issued. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A purchaser of Preferred Shares or Class A Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares or Class A Shares are purchased.

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GLOSSARY OF TERMS

In this short form prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this short form prospectus are to Canadian dollars.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**Advisor**” means Brompton Funds Limited in its capacity as investment advisor to the Company.

“**Annual Retraction Date**” means the second last Business Day of April.

“**Business Day**” means any day on which the TSX is open for business.

“**cash equivalents**” means, and for the purposes of “cash cover” and “cash covered put option”, “cash” as used therein means:

- (a) cash on deposit at the Company’s custodian;
- (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;
 - (ii) the Government of the United States; or
 - (iii) a Canadian financial institution;provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS 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.

“**CDS Participants**” means participants in CDS.

“**Class A Record Date**” means the last Business Day of each month.

“**Class A Shares**” means the class A shares of the Company.

“**Class J Shares**” means the class J shares of the Company.

“**Company**” means Brompton Lifeco Split Corp., a mutual fund corporation incorporated under the laws of the Province of Ontario.

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

“**DBRS**” means DBRS Limited.

“**Investment Guidelines**” means the investment guidelines of the Company described under “*The Company*” in this short form prospectus.

“**Investment Objectives**” means the investment objectives of the Company described under “*The Company*” in this short form prospectus.

“**Investment Restrictions**” means the investment restrictions of the Company, including without limitation those described under “*The Company*” in this short form prospectus.

“**Lifecos**” means collectively, Great-West Lifeco Inc., Industrial Alliance Insurance and Financial Services Inc., Manulife Financial Corporation and Sun Life Financial Inc.

“**Manager**” means Brompton Funds Limited, in its capacity as manager of the Company, or if applicable, its successor.

“**Management Agreement**” means the management agreement dated as of March 28, 2007 between the Company and the Manager as it may be amended from time to time.

“**Maturity Date**” means April 29, 2019, subject to extension for successive terms of up to five years as determined by the Company’s Board of Directors. See “*The Company – Maturity Date*”.

“**May Offering**” means the public offering of 1,001,100 Class A Shares and 1,264,618 Preferred Shares raising aggregate gross proceeds of approximately \$19.7 million, completed in May 2014.

“**Minister**” means the Minister of Finance (Canada).

“**NAV**” means net asset value.

“**NAV per Unit**” means the NAV of the Company divided by the number of Units then outstanding.

“**NAV of the Company**” means (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company (the Preferred Shares will not be treated as liabilities for these purposes), including any distributions declared and not paid that are payable to Shareholders on or before such date, less (iii) the stated capital of the Class J Shares (\$100) as described in the current annual information form of the Company.

“**NI 81-102**” means National Instrument 81-102 *Mutual Funds*.

“**NI 81-106**” means National Instrument 81-106 *Investment Fund Continuous Disclosure*.

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds*.

“**Offering**” means the offering of up to 2,850,000 Preferred Shares and 2,850,000 Class A Shares as contemplated in this short form prospectus.

“**Over-Allotment Option**” means the over-allotment option granted to the Agents by the Company described under “*Plan of Distribution*” in this short form prospectus.

“**Portfolio**” means the Company’s investment portfolio.

“**Proposed Amendments**” means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister prior to the date hereof.

“**Preferred Share Record Date**” means the last Business Day of January, April, July and October.

“**Preferred Shares**” means the preferred shares of the Company.

“**Rebalancing Criteria**” means the Rebalancing Criteria of the Company described under “*The Company*” in this short form prospectus.

“**Retraction Date**” means the second last Business Day of a month.

“**Retraction Notice**” means a notice delivered by a CDS Participant to CDS (at its office in Toronto) on behalf of a Shareholder who desires to exercise his or her retraction privileges.

“**Retraction Payment Date**” means the day that is on or before the tenth Business Day of the month following the Retraction Date or Annual Retraction Date, as applicable.

“**Shareholder**” means a holder of a Class A Share or a Preferred Share.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as the same may be amended from time to time.

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

“**Unit**” means a notional unit consisting of one Preferred Share and one Class A Share. The number of Units outstanding at any time will be equal to the sum of the number of Preferred Shares and Class A Shares then outstanding divided by two.

“**United States**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

FORWARD LOOKING STATEMENTS

Certain of the statements contained in this short form prospectus may be forward-looking statements. The use of words such as “may,” “will,” “should,” “could,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “potential,” “continue” and similar expressions have been used to identify these forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the Manager believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential subscribers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company and the Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, and Wildeboer Dellelce LLP, counsel to the Agents, provided that the Company qualifies as a mutual fund corporation within the meaning of the Tax Act or if the Preferred Shares or the Class A Shares are listed on a designated stock exchange (which currently includes the TSX), such shares would be a qualified investment under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (“TFSA”). Trusts governed by registered education savings plans should consult their own tax advisors as to eligibility.

Notwithstanding that the Preferred Shares or the Class A Shares may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of the Preferred Shares or the Class A Shares, as the case may be, held in the TFSA, RRSP or RRIF if such shares are a “prohibited investment” within the meaning of the prohibited investment rules in the Tax Act. The Preferred Shares or the Class A Shares will not be a “prohibited investment” under the Tax Act for a TFSA, RRSP or RRIF provided the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, deals at arm’s length with the Company and does not have a “significant interest” (within the meaning of the prohibited investment rules in the Tax Act) in the Company. Prospective purchasers of the Preferred Shares or the Class A Shares should consult with their own tax advisors with respect to the prohibited investment rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference and form an integral part of this short form prospectus:

- (a) the annual information form of the Company dated March 28, 2014 for the year ended December 31, 2013;
- (b) the annual financial statements of the Company dated March 12, 2014, together with the accompanying report of the auditor, for the fiscal year ended December 31, 2013; and
- (c) the management report of fund performance of the Company dated March 12, 2014 for the fiscal year ended December 31, 2013.

Any of the documents of the type referred to above, including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, business acquisition reports and information circulars filed by the Company with a securities commission or similar authority in Canada after the date of this short form prospectus and prior to the termination of the Offering, will be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a

statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

THE COMPANY

The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario on January 19, 2007 with a registered office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street Suite 2930, Toronto, Ontario, M5J 2T3.

In April 2007, the Company completed its initial public offering of 2,920,000 Preferred Shares and 2,920,000 Class A Shares pursuant to a prospectus dated March 28, 2007. Preferred Shares and Class A Shares were issued only on the basis that an equal number of Preferred Shares and Class A Shares (together, a “Unit”) will be issued and outstanding at all times.

Commencing November 6, 2012, Brompton Funds Limited began managing the Company’s portfolio (the “Portfolio”) and options writing strategy.

On February 5, 2014 the Company announced that the dividend rate on the Preferred Shares for the term from May 1, 2014 to April 29, 2019 would be \$0.575 per Preferred Share per annum, payable quarterly, in an amount equal to \$0.14375 per quarter. On February 18, 2014, the Company announced an extension of the maturity date for an additional five (5) year term to April 29, 2019, subject to extension for successive terms of up to five (5) years as determined by the Company’s Board of Directors. The maturity date of the Company, on which date it will redeem all of the Preferred Shares and Class A Shares is currently April 29, 2019.

On May 1, 2014, the Company completed a public offering of 1,001,100 Class A Shares and 1,264,618 Preferred Shares raising aggregate gross proceeds of approximately \$19.7 million (the “May Offering”).

While the Company is technically considered to be a mutual fund under the securities legislation of certain provinces of Canada, the Company is not a conventional mutual fund and has obtained exemptions from certain requirements of NI 81-102 and NI 81-106.

This short form prospectus qualifies for distribution up to 2,850,000 Preferred Shares and up to 2,850,000 Class A Shares of the Company at a price of \$10.05 per Preferred Share and \$7.55 per Class A Share (the “Offering”). The offering price per Unit (i.e. of a matched Preferred Share and Class A Share) was established so as to be non-dilutive to the most recently calculated NAV per Unit of the Company as at August 22, 2014 (as adjusted for dividends and certain expenses accrued prior to or upon closing of the Offering). The Preferred Shares and Class A Shares are listed on the TSX under the symbols LCS.PR.A and LCS, respectively. The attributes of the Preferred Shares and the Class A Shares are described under “*Description of the Shares of the Company*”.

Investment Objectives

The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential quarterly cash distributions in the amount of \$0.14375 per Preferred Share (\$0.575 per annum or 5.7% per annum on the offering price of \$10.05 per share) until April 29, 2019 and to return the original issue price to holders of Preferred Shares at the time of redemption of such shares on the Maturity Date.

The investment objectives for the Class A Shares are to provide their holders with regular monthly cash distributions targeted to be \$0.075 per Class A Share representing a yield on the issue price of the Class A Shares offered hereunder of 11.9% per annum and to provide holders of Class A Shares with the opportunity for growth in net asset value (“NAV”) per Class A Share.

Investment Guidelines

The Company invests in a portfolio, on an approximately equal weight basis, of common shares of Canada’s 4 largest publicly-listed life insurance companies: Great-West Lifeco Inc., Industrial Alliance Insurance and Financial Services Inc., Manulife Financial Corporation and Sun Life Financial Inc.

The Company may from time to time hold cash and cash equivalents including short term debt instruments issued by the government of Canada or a province, short term commercial paper issued by Canadian financial institutions with

a rating of at least R-1 (mid) by DBRS or the equivalent from another rating organization selected by the Advisor or term deposits.

The Advisor is responsible for maintaining the Portfolio in accordance with the Investment Guidelines and Rebalancing Criteria. The Advisor also, in its discretion, selectively writes covered call options and cash covered put options, from time to time, in respect of the shares included in the Portfolio, in order to generate additional distributable income for the Company.

Rebalancing Criteria

The Portfolio is rebalanced (i) at least annually, to adjust for changes in the market value of investments; and (ii) to reflect the impact of a merger, acquisition or other significant corporate actions or events of or affecting one or more of the Lifecos in the Portfolio. As a result, the Portfolio may contain the common shares of less than four Lifecos. In addition, between the rebalancing dates, the Company may sell Portfolio securities for working capital purposes or replace Portfolio securities with proceeds from the exercise of covered call options previously written. In order to rebalance the Portfolio, the Manager will, at the time of rebalancing, calculate the market value of the Portfolio, less any amount to be used for working capital purposes, and divide such resultant amount by the number of issuers to be included in the Portfolio. Rebalancing transactions will be effected as soon as is reasonably practicable thereafter. As a result of changes in market prices of the shares in the Portfolio between rebalancing dates, it is not expected that the issuers included in the Portfolio will be exactly equally weighted at any given time. The Portfolio may also be rebalanced in the event of any future offering of shares by the Company.

Investment Restrictions

The Company is subject to the Investment Restrictions that, among other things, limit the equity securities and other securities that the Company may acquire for the Portfolio. The Company's Investment Restrictions may not be changed without the approval of the holders of the Preferred Shares and Class A Shares, each voting separately as a class by an extraordinary resolution, at a meeting called for such purpose.

In addition, but subject to the Investment Restrictions, the Company has adopted the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time) other than in respect of exemptions therefrom that it has obtained.

Current Portfolio

The following table sets forth unaudited information relating to the composition of the Portfolio as of July 31, 2014:

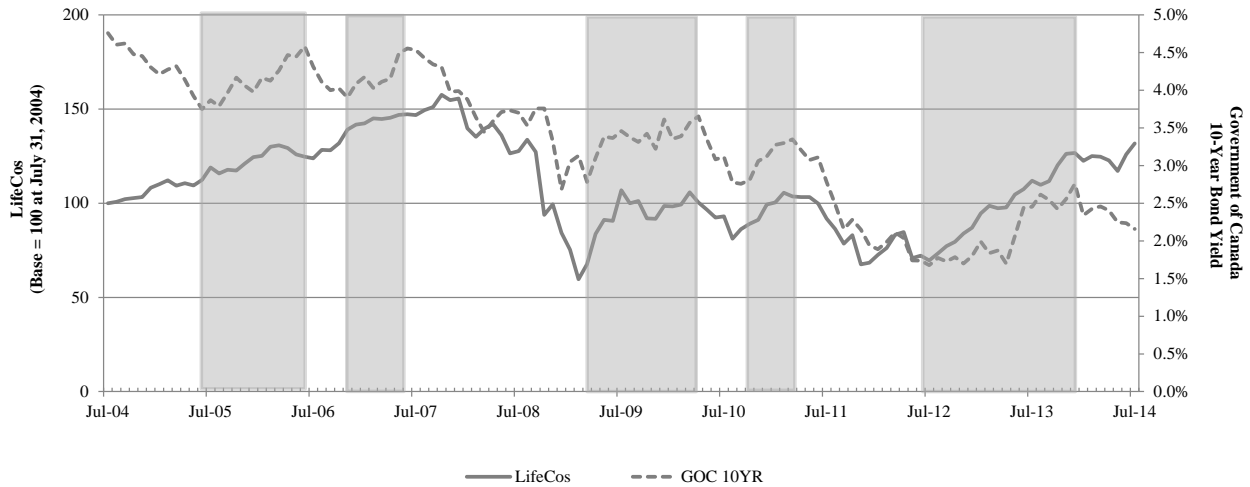
	<u>% of Portfolio</u>
Industrial Alliance Insurance and Financial Services Inc.	25.8%
Sun Life Financial Inc.	25.0%
Manulife Financial Corporation	24.9%
Great-West Lifeco Inc.	24.2%
Cash and short-term investments	0.1%
	<hr/> 100.0%

INVESTMENT OVERVIEW

The Manager believes the North American business cycle is entering a phase of higher economic growth which will result in tighter monetary policy and lead to higher long-term interest rates.

The Lifecos have historically delivered strong positive returns during periods of rising long-term interest rates. The following chart shows the historical performance of the Lifecos that are included in the Portfolio against the Government of Canada 10 year bond yield. Periods when the Government of Canada 10 year bond yield increased by more than 0.50% are highlighted in the shaded sections below.

Historical Performance of Lifecos in Rising Rate Periods



<u>Rising Rate Period</u>		<u>GOC 10-Year Bond Rate</u>			<u>Total Return</u>
<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Change</u>	<u>LifeCos</u>
30-Jun-05	30-Jun-06	3.8%	4.6%	0.8%	10.9%
30-Nov-06	29-Jun-07	3.9%	4.6%	0.7%	5.9%
31-Mar-09	30-Apr-10	2.8%	3.7%	0.9%	48.4%
30-Sep-10	31-Mar-11	2.8%	3.4%	0.6%	20.2%
31-Jul-12	31-Dec-13	1.7%	2.8%	1.1%	81.7%

Note:

(1) Performance is based on an equal weight portfolio that is rebalanced annually. Returns are not annualized.
Source: Bloomberg as at July 31, 2014.

Capital levels for the Lifecos are currently well in excess of the regulatory minimum capital level that is imposed by the Office of the Superintendent of Financial Institutions (OSFI). The Manager believes that the Lifecos will continue returning excess capital to shareholders through dividend increases and share repurchases which should result in increased shareholder value. On February 13, 2014, Industrial Alliance Insurance and Financial Services Inc. announced a 6% increase to its quarterly dividend and on August 7, 2014, Manulife Financial Corporation announced a 19% increase to its quarterly dividend. The Manager expects dividend increases to be announced by the other Lifecos within the next year.

Furthermore, the Manager expects that Lifecos will benefit from their growing wealth management businesses, which are more profitable, faster growing and consume less capital than the traditional insurance business. The Manager believes that this should support higher valuations for the Lifecos over the long-term.

The following table shows the performance of the Class A Shares and Preferred Shares relative to the S&P/TSX Capped Financials TR Index and the S&P/TSX Composite TR Index for the period ended July 31, 2014. The Company uses the S&P/TSX Capped Financials TR Index and the S&P/TSX Composite TR Index as its benchmark because the Portfolio is made up of issuers included in the S&P/TSX Capped Financials TR Index and the S&P/TSX Composite TR Index.

	1-Year	3-Year	5-Year	Since Inception (April 18, 2007)
LCS Class A Shares ⁽¹⁾	44.9%	33.1%	8.2%	-4.9%
LCS Preferred Shares ⁽¹⁾	6.8%	6.3%	6.5%	5.9%
LCS Units ⁽¹⁾	19.6%	14.5%	7.2%	0.3%
S&P/TSX Capped Financials TR Index	30.3%	17.4%	12.5%	6.3%
S&P/TSX Composite TR Index	26.4%	9.0%	10.4%	4.6%

Note:

(1) Performance is based on market price and assumes that all distributions are reinvested in additional Preferred Shares or Class A Shares, as applicable.

Source: Bloomberg as at July 31, 2014. All performance figures are annualized.

CONSOLIDATED CAPITALIZATION

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class J Shares. The holders of Class J Shares are not entitled to receive dividends and are entitled to one vote per share. The Class J Shares are redeemable and retractable at a price of \$1.00 per share. The Class J Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Company. There are 100 Class J Shares issued and outstanding. A trust established for the benefit of the holders from time to time of the Preferred Shares and the Class A Shares owns all of the issued and outstanding Class J Shares.

The Preferred Shares are rated Pfd-4 (high) by DBRS. Preferred shares rated Pfd-4 are speculative, where the degree of protection afforded to dividends and principal is uncertain, particularly during periods of economic adversity. Companies with preferred shares rated Pfd-4 generally coincide with entities that have senior bond ratings ranging from the lower end of the BBB category through the BB category. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by DBRS.

	Authorized	Outstanding as at December 31, 2013 ¹	Outstanding as at December 31, 2013 after giving effect to the maximum Offering and the May Offering ¹
Preferred Shares	Unlimited	\$16,930,310 (1,693,031 Preferred Shares)	\$55,441,310 (5,544,131 Preferred Shares)
Class A Shares	Unlimited	\$11,859,385 (1,693,031 Class A Shares)	\$37,569,013 ² (5,544,131 Class A Shares)
Class J Shares	Unlimited	\$100 (100 Class J Shares)	\$100 (100 Class J Shares)
Total Capitalization		\$28,789,795	\$93,010,423

Note:

(1) NAV based on closing prices.

(2) After deducting expenses of this Offering and the May Offering.

USE OF PROCEEDS

The estimated net proceeds to be received by the Company from this Offering will be \$47,999,850 after deducting the Agents' fee and the expenses of the Offering, estimated to be \$225,000. The Company intends to use the net proceeds of the Offering in accordance with the Investment Objectives, Investment Strategies and Investment Restrictions set forth above.

DESCRIPTION OF THE SHARES OF THE COMPANY

Certain Provisions of the Preferred Shares

Distributions

Holders of record of Preferred Shares at 5:00 p.m. (Toronto time) on the last Business Day of January, April, July and October (a “Preferred Share Record Date”) will be entitled to receive fixed, cumulative preferential quarterly cash distributions of \$0.14375 per share (\$0.575 per annum or 5.7% on the offering price of \$10.05 per share) until April 29, 2019 and will be paid on or before the tenth Business Day in the month following the end of the period in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Preferred Shares.

All cash distributions will be paid through CDS’ book-entry only system or paid in such other manner as may be agreed to by the Company. Each holder of Preferred Shares will be mailed annually, no later than February 28, information necessary to enable such Shareholder to complete an income tax return with respect to amounts paid or payable by the Company in respect of the preceding calendar year. See “*Book Entry Only System*” and “*Canadian Federal Income Tax Considerations*”.

Redemptions

All Preferred Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding. Notice of redemption will be given to CDS Participants holding Preferred Shares on behalf of the beneficial owners thereof at least 30 days prior to the Maturity Date.

Retraction Privileges

Monthly

Preferred Shares may be surrendered at any time for retraction to Equity Financial Trust Company, the Company’s registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Preferred Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Preferred Shares on the Retraction Payment Date in respect of such Retraction Date.

Except as noted below, holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to 96% of the lesser of (i) the NAV per Unit determined as of such Retraction Date, less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share. If the NAV per Unit is less than \$10.00, plus any accrued and unpaid distributions on the Preferred Shares, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Preferred Shares may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Retraction Date, at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction on the tenth Business Day prior to the Annual Retraction Date. Payment of

the proceeds of retraction will be made on or before the tenth Business Day of the month following the Annual Retraction Date.

Non-Concurrent Retraction Right

On April 29, 2019 and upon any subsequent maturity date as determined by the Company's Board of Directors, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days notice to holders of Preferred Shares of such right. The redemption price payable by the Company for a Preferred Share pursuant to the non-concurrent retraction right will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding.

General

Any and all Preferred Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "*Book-Entry Only System*". Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Preferred Shares that are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Preferred Share retraction request at any time prior to the Retraction Payment Date.

Any Retraction Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with the Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or to the Shareholder. The Manager has the right to suspend retractions in certain circumstances as described in the Company's annual information form.

Priority

The Preferred Shares rank in priority to the Class A Shares and the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

Certain Provisions of the Class A Shares

Distributions

The Company intends to pay monthly non-cumulative distributions to the holders of Class A Shares in an amount targeted to be \$0.075 per Class A Share representing a yield on the issue price of the Class A Shares offered hereunder of 11.9% per annum. Such distributions will be paid on or before the tenth Business Day of the month following the month in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Class A Shares.

The current weighted average dividend yield of the securities comprising the Portfolio is approximately 3.12%. Without giving effect to the Offering, the Portfolio would be required to generate an additional return of 6.84% per annum in order to allow the Company to pay Preferred Share and targeted Class A Share distributions and to maintain a stable NAV. If the additional return generated by the Portfolio is less than this amount and Class A Share distributions are nevertheless paid, this will result in a portion of the capital of the Company being returned to holders of Class A Shares and, accordingly, the NAV would be reduced.

No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) in respect of a cash distribution, if after payment of the distribution by the Company, the NAV per

Unit would be less than \$15.00. In addition, the Company will not pay distributions in excess of \$0.10 per month, on the Class A Shares if, after payment of the distribution, the NAV per Unit would be less than \$25.00 unless the Company would need to make such distributions so as to fully recover refundable taxes. Subject to the dividend entitlement of the holders of the Preferred Shares, the Board of Directors of the Company shall allocate return of capital distributions first to holders of the Class A Shares before paying distributions representing return of capital to holders of the Preferred Shares.

The Company may, at its option, make a special year end capital gains distribution in certain circumstances, including where the Company has net realized capital gains, in Class A Shares and/or cash. Any capital gains distribution payable in Class A Shares will increase the aggregate adjusted cost base to holders of Class A Shares of such shares. Immediately following payment of such a distribution in Class A Shares, the number of Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after such distribution will be equal to the number of Class A Shares outstanding immediately prior to such distribution. Non-resident shareholders may be subject to withholding tax and therefore the consolidation may result in such non-resident holding fewer Class A Shares than prior to the distribution and consolidation.

Distributions are payable to holders of Class A Shares of record at 5:00 p.m. (Toronto time) on the last Business Day of each month (the "Class A Record Date"). All cash distributions are paid through CDS' book-entry only system or paid in such other manner as may be agreed to by the Company. Each holder of Class A Shares will be mailed annually, no later than February 28, information necessary to enable such Shareholder to complete an income tax return with respect to amounts paid or payable by the Company in respect of the preceding calendar year. See "*Book-Entry Only System*" and "*Canadian Federal Income Tax Considerations*".

Redemptions

All Class A Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit determined on that date minus \$10.00 plus any accrued and unpaid distributions on the Preferred Share, and (ii) nil. Notice of redemption will be given to CDS Participants holding Class A Shares on behalf of the beneficial owners thereof at least 30 days prior to the Maturity Date.

Retraction Privileges

Monthly

Class A Shares may be surrendered at any time for retraction to Equity Financial Trust Company, the Company's registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Class A Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the monthly Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Class A Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Shares on the Retraction Payment Date in respect of such Retraction Date.

Except as noted below, holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the NAV per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. If the NAV per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Class A Shares may concurrently retract an equal number of Class A Shares and Preferred Shares on the Annual Retraction Date, at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Class A Shares and the Preferred Shares must both be surrendered on the tenth Business Day prior to the Annual Retraction Date. Payment of the proceeds will be made on or before the tenth Business Day of the month following the Annual Retraction Date.

Non-Concurrent Retraction Right

On April 29, 2019 and upon any subsequent maturity date as determined by the Company's Board of Directors, a holder of Class A Shares may retract such Class A Shares. The Company will provide at least 60 days notice to holders of Class A Shares of such right. The redemption price payable by the Company for a Class A Share pursuant to the non-concurrent retraction right will be equal to the greater of (i) the NAV per Unit determined on that date minus \$10.00 plus any accrued and unpaid distributions on the Preferred Share, and (ii) nil.

General

Any and all Class A Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "*Book-Entry Only System*". Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Class A Share retraction request at any time prior to the Retraction Payment Date.

Any Retraction Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with the Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or to the Shareholder. The Manager has the right to suspend retractions in certain circumstances as described in the Company's annual information form.

Priority

The Class A Shares rank subsequent to the Preferred Shares but in priority to the Class J Shares with respect to the payment of distributions and the repayment of capital out of the Portfolio on the dissolution, liquidation or winding up of the Company.

Book-Entry Only System

An owner of Preferred Shares or Class A Shares who desires to exercise retraction privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice of the owner's intention to retract such shares, no later than 5:00 p.m. (Toronto time) on the relevant notice date. An owner who desires to retract Preferred Shares or Class A Shares should ensure that the CDS Participant is provided with a Retraction Notice sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. The form of Retraction Notice will be available from a CDS Participant or Equity Financial Trust Company, the registrar and transfer agent of the Company. Any expense associated with the preparation and delivery of Retraction Notices will be for the account of the owner exercising the retraction privilege.

By causing a CDS Participant to deliver to CDS a notice of the owner's intention to retract Preferred Shares or Class A Shares, an owner shall be deemed to have irrevocably surrendered such shares for retraction and appointed such

CDS Participant to act as his exclusive settlement agent with respect to the exercise of the retraction privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Meetings of Shareholders and Acts Requiring Shareholder Approval

Meetings of Shareholders

Except as required by law or set out below, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders of the Company.

Acts Requiring Shareholder Approval

The following may only be undertaken with the approval of the holders of Preferred Shares and Class A Shares, each voting separately as a class, by an ordinary resolution, unless a greater majority is required by law, passed at a meeting called for the purpose of considering such ordinary resolution:

- (a) a reorganization with, or transfer of assets to, another mutual fund corporation, if
 - (i) the Company ceases to continue after the reorganization or transfer of assets; and
 - (ii) the transaction results in Shareholders becoming securityholders in the other mutual fund corporation;
- (b) a reorganization with, or acquisition of assets of, another mutual fund corporation, if
 - (i) the Company continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the other mutual fund corporation becoming Shareholders of the Company; and
 - (iii) the transaction would be a significant change to the Company;
- (c) a change of the auditors of the Company; and
- (d) a change of the Manager to the Company, other than a change resulting in an affiliate of such person assuming such position.

The following may only be undertaken with the approval of holders of Preferred Shares and Class A Shares, each voting separately as a class, by an extraordinary resolution:

- (a) a change in the fundamental Investment Objectives, Investment Guidelines, Rebalancing Criteria or Investment Restrictions of the Company, 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) a change of the Maturity Date;
- (c) any change in the basis of calculating fees or other expenses that are charged to the Company that could result in an increase in charges to the Company;
- (d) any change in the frequency of determining the NAV per Unit to less often than weekly;
- (e) any issue of Units for net proceeds per Unit less than the most recently determined NAV per Unit prior to the date of the setting of the subscription price by the Company;
- (f) any material change in the Management Agreement, other than its termination; and

- (g) any amendment, modification or variation in the provisions or rights attaching to the Preferred Shares, Class A Shares or Class J Shares.

Each Preferred Share and each Class A Share will have one vote at such a meeting. If at any such meeting the holders of at least 10% of the Preferred Shares and Class A Shares, voting separately as a class, are not present in person or represented by proxy within one-half hour after the time appointed for such meeting then, subject to applicable law, the meeting will be adjourned to such fixed time and place as may be designated by the chairman of the Board of the Company. At such adjourned meeting, the holders of Preferred Shares and Class A Shares, voting separately as a class, then present in person or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at such meeting will constitute approval of the holders of the Preferred Shares and Class A Shares. Except as required by law or set out above, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meetings of Shareholders of the Company.

Notwithstanding the foregoing, in certain circumstances, the Company's reorganization with, or transfer of assets to, another mutual fund may be carried out without the prior approval of Shareholders provided that the Independent Review Committee (the "IRC") approves the transaction pursuant to NI 81-107, the reorganization or transfer complies with certain requirements of NI 81-102 and NI 81-107, as applicable, and Shareholders are sent written notice at least 60 days before the effective date of the change.

Reporting to Shareholders

The Company will deliver to Shareholders annual and interim financial statements of the Company as may be required by applicable law.

DISTRIBUTION HISTORY

The Company has declared aggregate dividends on the Preferred Shares of \$3.84 per share, representing 28 quarterly dividends of \$0.13125 per Preferred Share (\$0.15042 per Preferred Share for the first dividend) and 1 quarterly dividend of \$0.14375 per Preferred Share declared since the commencement of investment operations in April 2007.

During the same period, the Company has declared aggregate distributions on the Class A Shares of \$2.73 per share, representing 36 monthly distributions of \$0.075 per Class A Share (\$0.1075 per Class A Share for the first distribution).

EARNINGS COVERAGE RATIOS

The Company's dividend requirements on all of its Preferred Shares, after giving effect to the maximum issue of the Preferred Shares in this Offering and the Preferred Shares issued under the May Offering amounted to \$2,923,018 for the 12-month period ended December 31, 2013. The Company's net income available for the payment of dividends on the Preferred Shares for such period was \$582,731 which represents 0.20 times the aggregate dividend requirements on the Preferred Shares for such period, after giving effect to the maximum issue.

If the net proceeds of the maximum Offering and the net proceeds of the May Offering had been invested for the 12 month period described below, the Company's net income available for the payment of dividends on the Preferred Shares for the 12-month period ended December 31, 2013 would have been \$1,841,164, which represents 0.63 times the aggregate dividend requirements on the Preferred Shares for such period.

TRADING PRICES AND VOLUMES

The following table sets forth the reported high and low sale prices and the trading volume for the Preferred Shares and the Class A Shares on the TSX and the high and low NAV of the Class A Shares for each of the months indicated.

	NAV ¹ - Class A Shares		Market Price - Class A Shares			Market Price - Preferred Shares		
	Low	High	Low	High	Volume	Low	High	Volume
2014								
August 1-22	6.52	6.95	7.22	7.87	178,668	10.10	10.24	72,968
July	6.48	6.88	7.16	7.66	276,470	10.19	10.35	107,915
June	5.69	6.29	6.00	7.30	139,017	10.11	10.25	108,995
May	5.32	6.09	6.69	7.00	136,453	10.00	10.28	600,821
April	5.78	6.54	6.84	7.78	116,005	9.99	10.11	220,488
March	6.27	6.60	7.45	7.90	58,052	10.09	10.14	91,263
February	6.13	6.87	7.27	7.88	53,987	10.01	10.10	60,060
January	6.56	7.17	7.32	7.77	86,273	9.99	10.18	49,780
2013								
December	6.48	7.04	7.19	7.75	111,743	9.97	10.05	30,065
November	6.25	7.27	6.05	7.99	277,518	9.99	10.19	67,479
October	5.18	6.25	5.50	6.20	61,739	10.00	10.20	31,414
September	5.27	5.52	5.25	6.22	61,076	10.05	10.20	23,700
August	5.04	5.78	5.35	5.98	46,002	10.02	10.17	25,205

Note:

(1) NAV based on closing prices.

Source: Thomson

On August 22, 2014, the closing prices of the Class A Shares and Preferred Shares on the TSX were \$7.45 and \$10.10, respectively and the most recently calculated NAV per Unit was \$16.93. As of August 22, 2014, Units were trading at a 3.6% premium to NAV and have traded at an average 6.2% premium to NAV year to date.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of August 22, 2014 (the “Agency Agreement”) among the Manager, the Company and the Agents, the Agents have agreed to offer the Preferred Shares and the Class A Shares for sale, as agents of the Company, on a best efforts basis, if, as and when issued by the Company. The offering prices for the Preferred Shares and the Class A Shares were established by negotiation between the Company and the Agents. The Agents will receive a fee equal to \$0.3015 (3.0%) for each Preferred Share sold and \$0.3775 (5.0%) for each Class A Share sold, and will be reimbursed for out of pocket expenses incurred. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fee. While the Agents have agreed to use their best efforts to sell the Preferred Shares and the Class A Shares offered under this short form prospectus, the Agents will not be obligated to purchase Preferred Shares or Class A Shares which are not sold.

The Company has granted to the Agents the Over-Allotment Option, which is exercisable for a period of 30 days from the closing to purchase up to 15% of the aggregate number of Preferred Shares and Class A Shares issued on date of closing on the same terms as set out above. To the extent the Over-Allotment Option is exercised, the additional Preferred Shares and Class A Shares will be sold at \$10.05 per Preferred Share and \$7.55 per Class A Share and the Agents will be paid a fee of \$0.3015 per Preferred Share sold and \$0.3775 per Class A Share sold. If the Over-Allotment Option is exercised in full, the total price to the public under the Offering will be \$57,684,000, the Agents’ fee will be \$2,225,423 and the net proceeds to the Company, before expenses of the Offering, will be \$55,458,577. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Preferred Shares and Class A Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Preferred Shares or Class A Shares forming part of the Agents’ over-allocation position acquires such shares under this short form prospectus, regardless of whether the Agents’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. Subscriptions for Preferred Shares and Class A Shares 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. Closing is expected to occur on September 3, 2014, but in any event no later than 90 days after a receipt for the final prospectus has been issued.

The TSX has conditionally approved the listing of the Preferred Shares and Class A Shares offered hereby. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX on or before November 14, 2014.

The Agents may not, throughout the period of distribution, bid for or purchase the Preferred Shares or the Class A Shares. The foregoing restriction is subject to certain exemptions, as long as 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 Preferred Shares or the Class A Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable stock exchanges relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with the Offering, the Agents may over-allot or effect transactions in connection with their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

The Preferred Shares and the Class A Shares have not been and will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Agents have agreed that they will not offer for sale or sell or deliver the Preferred Shares or the Class A Shares within the United States or to U.S. persons.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, and Wildeboer Dellelce LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who, for purposes of the Tax Act and at all relevant times, are resident or are deemed to be resident in Canada, hold their Preferred Shares or Class A Shares as capital property, and deal at arm's length with and are not affiliated with the Company. This summary is based upon the facts set out in this short form prospectus, the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), and counsel's understanding of the current published administrative policies and practices of the CRA and relies, as to certain factual matters, on certificates of officers of the Company and lead Agent. This summary is based on the assumption that the Class A Shares or the Preferred Shares will at all times be listed on the TSX. This summary is based on the assumption that the Company complies at all times with the conditions prescribed in the Tax Act and the Regulations to qualify as a "mutual fund corporation" as defined in the Tax Act. This summary is based upon the assumption that the investment restrictions and permitted investments will at all relevant times be as set out under the heading "*Investments Objectives*" and "*Investment Restrictions*" and that the Company will at all times comply with such investment restrictions and hold only permitted investments.

This summary is based on the assumption that the issuers of securities held by the Company will not be foreign affiliates of the Company or a shareholder of the Company. This summary also takes into account Proposed Amendments and assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will become law as proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, in particular, does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire Preferred Shares and Class A Shares. This summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which might differ from the federal considerations described herein. This summary does not apply to (i) a Shareholder that is a "financial institution" as defined in section 142.2 of the Tax Act, (ii) to a Shareholder an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act, (iii) to a Shareholder that has elected to have the "functional currency" reporting rules in section 261 of the Tax Act apply, or (iv) to a Shareholder who has entered or will enter into a "derivative forward agreement" as defined in subsection 248(1) of the Tax Act with respect to Class A Shares or Preferred Shares.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, prospective investors are advised to consult their own tax advisors with respect to their individual circumstances.

Tax Treatment of the Company

As a mutual fund corporation, the Company is entitled in certain circumstances to a refund of tax paid or payable by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Company is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends (“Capital Gains Dividends”) which are treated as capital gains in the hands of the Shareholders (see “*Tax Treatment of Shareholders*” below). In certain circumstances where the Company has realized a capital gain in a taxation year, it may elect not to pay capital gains dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or qualifying redemptions.

In computing income for a taxation year, the Company will be required to include in income all dividends received by the Company in the year. In computing taxable income, the Company will generally be permitted to deduct all dividends received by it from taxable Canadian corporations. The Company will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations.

The Company has elected in accordance with the Tax Act to have each of its “Canadian securities” treated as capital property. Such an election will ensure that gains or losses realized by the Company on Canadian securities are treated as capital gains or capital losses.

The Company qualifies as a “financial intermediary corporation” (as defined in the Tax Act) and, thus, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Company and is not generally liable to tax under Part VI.1 of the Tax Act on dividends paid by the Company on “taxable preferred shares” (as defined in the Tax Act). As a mutual fund corporation (which is not an “investment corporation” as defined in the Tax Act), the Company is generally subject to a refundable tax of 33 $\frac{1}{3}$ % under Part IV of the Tax Act on taxable dividends received by the Company during the year to the extent that such dividends were deductible in computing the Company’s taxable income for the year. This tax is refundable upon payment by the Company of sufficient dividends other than Capital Gains Dividends (“Ordinary Dividends”).

Premiums received on covered call options and cash covered put options written by the Company that are not exercised prior to the end of the year will constitute capital gains of the Company in the year received, unless such premiums are received by the Company as income from a business of buying and selling securities or the Company has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Company purchases the Portfolio with the objective of earning dividends thereon over the life of the Company, writes covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio and writes cash covered put options to increase returns and to reduce the net cost of purchasing securities upon the exercise of put options. Thus, having regard to the foregoing and in accordance with the CRA’s published administrative policies, transactions undertaken by the Company in respect of shares comprising the Portfolio and options on such shares are treated and reported by the Company as arising on capital account.

Premiums received by the Company on covered call (or cash covered put) options that are subsequently exercised will be added in computing the proceeds of disposition (or deducted in computing the adjusted cost base) to the Company of the securities disposed of (or acquired) by the Company upon the exercise of such call (or put) options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Company in the previous year, such capital gain may be reversed.

With respect to other income of the Company, such as interest, the Company will generally be subject to tax at normal corporate rates subject to permitted deductions for expenses of the Company. The Company is required to compute all amounts, including interest, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses may be affected by changes in the value of foreign currency relative to the Canadian dollar.

Distributions

The policy of the Company is to pay quarterly distributions on the Preferred Shares and monthly distributions on the Class A Shares and, in addition, to pay special year-end distributions to holders of Class A Shares where the Company has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital

gains realized on the writing of options that are outstanding at year end) or where the Company needs to pay a dividend in order to recover refundable tax not otherwise recoverable upon payment of monthly dividends. While the principal sources of income of the Company are expected to include taxable capital gains as well as dividends from taxable Canadian corporations, to the extent that the Company earns net income, after expenses, from other sources, including dividends from non-Canadian sources and interest income upon interim investment of its reserves, the Company will be subject to income tax on such income and no refund of such tax will be available.

Given the investment and dividend policy of the Company and taking into account the deduction of expenses and taxable dividends on shares of taxable Canadian corporations, the Company does not expect to be subject to any significant amount of non-refundable Canadian income tax.

Tax Treatment of Shareholders

Shareholders must include in income Ordinary Dividends paid to them by the Company. For individual Shareholders, Ordinary Dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations, including, if applicable, the enhanced gross-up and credit for Ordinary Dividends designated by the Company as eligible dividends. For corporate Shareholders, other than “specified financial institutions” (as defined in the Tax Act), Ordinary Dividends will normally be deductible in computing the taxable income of the corporation.

In the case of a Shareholder that is a specified financial institution, Ordinary Dividends received on the Preferred Shares or Class A Shares will be deductible in computing its taxable income only if either (a) the specified financial institution did not acquire such shares in the ordinary course of its business, or (b) at the time of the receipt of the dividends by the specified financial institution, such shares are listed on a designated stock exchange in Canada, and dividends are received in respect of not more than 10% of the issued and outstanding Preferred Shares or Class A Shares, as the case may be, by (i) the specified financial institution, or (ii) the specified financial institution and persons with whom it does not deal at arm’s length (within the meaning of the Tax Act). For these purposes, a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner’s share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

Ordinary Dividends received by a corporation (other than a “private corporation” or a “financial intermediary corporation”, as defined in the Tax Act) on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Tax Act to the extent that such dividends are deductible in computing the corporation’s taxable income.

A Shareholder that is a private corporation or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on Ordinary Dividends received on the Preferred Shares and Class A Shares to the extent that such dividends are deductible in computing the Shareholder’s taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a Shareholder, the rate of Part IV tax payable by the Shareholder is reduced to 23 $\frac{1}{3}$ %.

The amount of any Capital Gains Dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

The amount of any payment received by a Shareholder from the Company as a return of capital on a Preferred Share or Class A Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant share to the Shareholder. To the extent that the adjusted cost base to the Shareholder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain at that time and the Shareholder’s adjusted cost base will be increased by the amount of such deemed capital gain. See “*Disposition of Shares*” below.

Having regard to the dividend policy of the Company, the tax-deferred contribution to the Company of securities in the Portfolio by certain Shareholders and the adjusted cost base of other securities currently held by the Company, a

person acquiring Shares may become taxable on income or capital gains accrued or realized before such person acquired such Shares.

Disposition of Shares

Upon the redemption, retraction or other disposition of a Preferred Share or Class A Share, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the share exceed (or are less than) the aggregate of the adjusted cost base of the share and any reasonable costs of disposition. If the Shareholder is a corporation, any capital loss arising on the disposition of a Preferred Share or Class A Share may in certain circumstances be reduced by the amount of any Ordinary Dividends received on the share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. The adjusted cost base of each Preferred Share or Class A Share will generally be the weighted average of the cost of such share acquired by a Shareholder at a particular time and the aggregate adjusted cost base of any other share of that class held immediately before the particular time.

One-half of a capital gain (a taxable capital gain) is included in computing income and one-half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Tax Act. A Shareholder that is a Canadian-controlled private corporation will be subject to an additional refundable tax on aggregate investment income, which includes an amount in respect of taxable capital gains.

Generally the Preferred Shares and Class A Shares will qualify as “Canadian securities” for purposes of making an irrevocable election under the Tax Act to deem Canadian securities held by the investor to be capital property and to deem all dispositions of Canadian securities held by the investor to be dispositions of capital property for the purposes of the Tax Act. This election is not available to all taxpayers under all circumstances and therefore investors considering making such an election should consult their tax advisors.

RISK FACTORS

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

Performance of the Portfolio Companies and Other Considerations

The NAV per Unit varies as the value of the securities in the Portfolio changes. The Company has no control over the factors that affect the value of the securities in the Portfolio. Factors unique to each company included in the Portfolio, such as changes in its management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies and other events, may affect the value of its securities in the Portfolio. A substantial drop in equities markets could have a negative effect on the Company and could lead to a significant decline in the value of the Portfolio and the value of the Preferred Shares or Class A Shares. Preferred Shares or Class A Shares of the Company may trade in the market at a discount to their NAV and there can be no assurance that such shares will trade at a price equal to their NAV.

Recent and Future Market Conditions

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful or these economies will not be adversely affected by the inflationary pressures resulting from such efforts or central banks' efforts to slow inflation. Further, continued market concerns about the European sovereign debt crisis and matters related to the US government debt limits, may

adversely impact global equity markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Company and the value of the Portfolio. A substantial decline in equities markets could be expected to have a negative effect on the Company and the market prices of the Preferred Shares and/or Class A Shares.

Concentration Risk

The Company will be invested at all times in up to four issuers in the insurance industry. As a result, the Company's holdings are concentrated and less diversified and the NAV per Unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Class A Shares and the Preferred Shares.

No Assurances on Achieving Objectives

There is no assurance that the Company will be able to achieve its distribution objective or will return to investors an amount equal to or in excess of the original issue price of the Preferred Shares or the Class A Shares. There is no assurance that the Company will be able to pay quarterly distributions on the Preferred Shares or monthly distributions on the Class A Shares. The funds available for distributions to Shareholders will vary according to, among other things, the dividends and distributions paid on all of the securities in the Portfolio, the level of option premiums received and the value of the securities comprising the Portfolio. As the dividends and distributions received by the Company may not be sufficient to meet the Company's objectives in respect of the payment of distributions, the Company may depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

Changes in Legislation and Regulatory Risk

There can be no assurance that certain laws applicable to the Company, including securities legislation, will not be changed in a manner which adversely affects the Company or Shareholders. If such laws change, such changes could have a negative effect upon the value of the Company, the Shares and upon the investment opportunities available to the Company.

Sensitivity to Interest Rates

The market prices of the Preferred Shares and Class A Shares may be affected by the level of interest rates prevailing from time to time. A rise in interest rates may have a negative impact on the market prices of the Preferred Shares and Class A Shares and increase the cost of borrowing of the Company, if any. Shareholders who wish to redeem or sell their Preferred Shares or Class A Shares prior to the Maturity Date will therefore be exposed to the risk that the market prices of the Preferred Shares and Class A Shares may be negatively affected by interest rate fluctuations.

Greater Volatility of the Class A Shares

An investment in the Class A Shares represents a leveraged investment by virtue of the fact that the Preferred Shares are entitled to a fixed amount upon the termination or winding-up of the Company. This leverage amplifies the potential return to investors of Class A Shares in so far as returns in excess of the amounts payable to holders of Preferred Shares accrue to the benefit of the holders of Class A Shares. Conversely, any losses incurred by the Portfolio accrue to the detriment of the holders of the Class A Shares since the Preferred Shares rank prior to the Class A Shares in respect of distributions and proceeds upon the winding-up of the Company.

Changes in Credit Rating

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There can be no assurance that the Preferred Shares will maintain their rating by DBRS for any given period of time or that the rating will not be lowered or withdrawn entirely by DBRS if in DBRS' judgment circumstances so

warrant. A lowering or withdrawal of the rating of the Preferred Shares may have a negative effect on the market value of the Preferred Shares.

Reliance on the Manager

The Manager is responsible for providing, or managing for the provision of, management and administrative services including investment and Portfolio management services required by the Company. Investors who are not willing to rely on the Manager should not invest in Shares.

Reliance on the Advisor

The Advisor will manage the Portfolio in a manner consistent with the Investment Objectives, Investment Guidelines and Rebalancing Criteria of the Company. The employees of the Advisor who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios and writing covered call and cash covered put options in connection with managing such investment portfolios. There is no certainty that the employees of the Advisor who will be primarily responsible for the management of the Portfolio will continue to be employees of the Advisor throughout the term of the Company.

Use of Options and Other Derivative Instruments

The Company is subject to the full risk of its investment position in the securities comprising the Portfolio, including those securities that are subject to outstanding call options and those securities underlying put options written by the Company, should the market price of such securities decline. In addition, the Company will not participate in any gain on the securities that are subject to outstanding call options above the strike price of the options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Company to write covered call options or cash covered put options or purchase put options on desired terms or to close out option positions should the Advisor desire to do so. The ability of the Company to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Company is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Company will be obligated to acquire a security at the strike price which may exceed the then current market value of such security.

In purchasing call or put options or selling call or writing put options, the Company 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.

Sensitivity to Volatility Levels

The Company intends to sell call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. By selling call options, the Company will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Advisor or the Company.

Securities Lending

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

Taxation

In determining its income for tax purposes, the Company treats option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out such options as capital gains and capital losses, as the case may be, in accordance with its understanding of the CRA's published administrative policy. Gains or losses on the disposition of shares, including the disposition of shares held in the Portfolio upon exercise of a call option, are treated as capital gains or losses. The CRA's practice is not to grant an advance income tax ruling on the characterization of items as capital gains or income and no advance ruling has been requested or obtained.

If, contrary to the CRA's published administrative policy, some or all of the transactions undertaken by the Company in respect of options are treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company could be subject to non-refundable income tax from such transactions and the Company could be subject to penalty taxes in respect of excessive capital gains dividend elections.

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Company or the Company's investments, or that such tax rules will not be administered in a way that is less advantageous to the Company or its Shareholders.

Significant Retractions

If a significant number of Preferred Shares or Class A Shares are retracted, the trading liquidity of the Preferred Shares and Class A Shares could be significantly reduced. In addition, the expenses of the Company would be spread among fewer Preferred Shares and Class A Shares resulting in a potentially lower NAV.

Non-Concurrent Retraction

Holders of Class A Shares and Preferred Shares will be offered a non-concurrent retraction right on April 29, 2019 and upon any subsequent extension of the maturity date as determined by the Company's Board of Directors. To the extent that there are unmatched numbers of Class A Shares and Preferred Shares tendered for retraction, the Class A Shares or Preferred Shares, as the case may be, may be called by the Company for redemption on a *pro rata* basis in order to maintain the same number of Class A Shares and Preferred Shares outstanding. The number of retractions by holders of Class A Shares and Preferred Shares may be influenced by the performance of the Company, the management expense ratio, and the trading discount to NAV, among other things.

Accrued Gains

The adjusted cost base to the Company for tax purposes of shares of certain securities in the Portfolio may be less than their fair market value. Accordingly, all Shareholders may be liable for tax on capital gains attributable to such securities to the extent such capital gains tax is not refundable to the Company and such capital gains are therefore distributed as a capital gains dividend.

FEES AND EXPENSES

Offering Expenses

The expenses of the offering (including the costs of printing and preparing this short form prospectus, legal expenses of the Company, marketing expenses and legal and other out of pocket expenses incurred by the Agents and certain other expenses) will, together with the Agents' fees, be paid by the Company from the gross proceeds of the offering. The offering expenses are estimated to be \$225,000, but will not exceed 1.5% of the gross proceeds of the offering.

Management Fee

The Manager receives an annual management fee (the “**Management Fee**”) from the Company equal to 0.60% per annum of NAV, calculated and payable monthly in arrears, plus any applicable taxes for providing management, administrative and investment advisory services to the Company.

Service Fee

The Company pays to the Manager a service fee (the “**Service Fee**”) at the end of each calendar quarter equal to 0.40% per annum plus applicable taxes of the value of Class A Shares. The Service Fee will be applied by the Manager to pay a Service Fee in an equivalent aggregate amount, plus any applicable taxes to dealers, for the ongoing administration and servicing of client accounts, based on the number of Class A Shares held by clients of such dealer at the end of the relevant quarter. For these purposes, the value of a Class A Share will be the NAV per Unit less \$10.00 plus any accrued and unpaid distributions on the Preferred Share. The Company 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.

Ongoing Expenses

The Company also pays for all expenses incurred in connection with its operation and administration, including, without limitation, all costs of Portfolio transactions, fees payable to the Manager, debt service costs, the Service Fee, custodial fees, legal, audit and valuation fees and expenses, fees and expenses of the directors of the Manager, fees and expenses of the non-management directors of the Company, fees of the members of the IRC, expenses related to compliance with NI 81-107, reasonable fees and expenses relating to the voting of proxies by a third party, premiums for directors’ and officers’ insurance coverage for the directors and officers of the Manager and the Company and the members of the IRC, costs of reporting to Shareholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Company and investor relations, fees and expenses relating to any services provided by third parties, taxes, brokerage commissions, costs and expenses relating to the issue of shares, 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, extraordinary expenses that the Company may incur and all amounts paid on account of indebtedness of the Company. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Advisor, the Custodian and/or any of their respective officers, directors, the IRC members, employees, consultants or agents is entitled to indemnity by the Company. The Company will also pay for all expenses incurred in connection with its termination on or about the Maturity Date.

The Manager estimates that ongoing expenses, exclusive of the Management Fee, the Service Fee, debt service costs, offering expenses and brokerage expenses related to Portfolio transactions, are approximately \$145,000 per year.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Osler, Hoskin & Harcourt LLP on behalf of the Company and Wildeboer Dellelce LLP on behalf of the Agents. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP as a group, and the partners and associates of Wildeboer Dellelce LLP as a group, each own less than one percent of the outstanding Class A Shares or Preferred Shares of the Company.

The auditor of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, who have prepared an independent auditor’s report dated March 12, 2014 in respect of the financial statements of the Company as at and for the years ended December 31, 2013 and 2012. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

TRANSFER AGENT AND REGISTRAR, CUSTODIAN AND AUDITOR

Equity Financial Trust Company is the registrar and transfer agent for the Class A Shares and Preferred Shares.

RBC Investor Services Trust is the Company's custodian and is responsible for certain aspects of the day-to-day administration of the Company and provides safekeeping and custodial services in respect of the Company's assets. The address of the Custodian is 155 Wellington Street West, Toronto, Ontario, M5V 3L3.

The auditor of the Company is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. 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 the 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 any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY AND THE MANAGER

Dated: August 22, 2014

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

Brompton Lifeco Split Corp.

(signed) Mark A. Caranci
President and Chief Executive Officer

(signed) Craig T. Kikuchi
Chief Financial Officer

On behalf of the Board of Directors

(signed) Christopher S.L. Hoffmann
Director

(signed) Raymond R. Pether
Director

**Brompton Funds Limited
(as Manager)**

(signed) Mark A. Caranci
President and Chief Executive Officer

(signed) Craig T. Kikuchi
Chief Financial Officer

On behalf of the Board of Directors

(signed) Christopher S.L. Hoffmann
Director

(signed) Raymond R. Pether
Director

CERTIFICATE OF THE AGENTS

Dated: August 22, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada

RBC DOMINION SECURITIES INC.

**CIBC WORLD
MARKETS INC.**

**SCOTIA CAPITAL
INC.**

(signed) Edward V. Jackson

(signed) Michael D. Shuh

(signed) Farooq N.P. Moosa

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

(signed) Robin G. Tessier

(signed) Timothy Evans

GMP SECURITIES L.P.

RAYMOND JAMES LTD.

(signed) Andrew Kiguel

(signed) J. Graham Fell

CANACCORD GENUITY CORP.

(signed) Ron Sedran

**DESJARDINS SECURITIES
INC.**

**DUNDEE SECURITIES
LTD.**

**INDUSTRIAL ALLIANCE
SECURITIES INC.**

**MACKIE RESEARCH
CAPITAL
CORPORATION**

**MANULIFE SECURITIES
INCORPORATED**

(signed) Beth A. Shaw

(signed) Aaron Unger

(signed) Frederic Paquette

(signed) David Keating

(signed) William Porter

BROMPTON

LIFECO

SPLIT CORP.

