

This Amended and Restated Confidential Offering Memorandum (“Offering Memorandum”) constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may lawfully be offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or an advertisement for a public offering of these securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered in this Offering Memorandum nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence.

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



PICTON MAHONEY ARBITRAGE FUND (formerly, Vertex Arbitrage Fund)

Class B, Class F, Class V and Class I Units

PICTON MAHONEY ARBITRAGE PLUS FUND (formerly, Vertex Arbitrage Plus Fund)

Class A (formerly Class B), Class F, Class V and Class I Units

AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM

June 1, 2024

The distribution of trust units (“Units”) of the Picton Mahoney Arbitrage Fund (“Arbitrage Fund”) and the Picton Mahoney Arbitrage Plus Fund (“Arbitrage Plus Fund”) (each a “Fund” and, collectively, the “Funds”) pursuant to this Offering Memorandum is exempt from the requirement that the Funds prepare and file prospectuses with securities regulatory authorities. Accordingly, any resale of the Units (as defined below) permitted by the Trust Agreement (as defined below) must be made in accordance with applicable securities laws and may be subject to resale restrictions. As there is no market for these Units, it may be difficult or even impossible for investors to sell their Units. The securities, however, may be redeemed in accordance with the provisions of the Trust Agreement as described in this Offering Memorandum. Purchasers are advised to seek legal advice prior to any resale of the Units.

Potential investors should pay particular attention to the information under the heading “Certain Risk Factors” in this Offering Memorandum. An investment in the Funds requires the financial ability and willingness to accept certain risks. No assurance can be given that the investment objectives of the Funds will be achieved or that investors will receive a return of their capital.

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SUMMARY

The following is a summary of the terms and conditions of an investment in the Picton Mahoney Arbitrage Fund (“Arbitrage Fund”) and the Picton Mahoney Arbitrage Plus Fund (“Arbitrage Plus Fund”) (each a “Fund” and, collectively, the “Funds”). This summary is qualified in its entirety by the more detailed information contained in this Offering Memorandum and the information contained in the Trust Agreement (as defined below). Prospective investors are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Funds. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

The Funds are open-ended trusts governed under the laws of the Province of Ontario. The Arbitrage Fund was formed on October 31, 2013 and the Arbitrage Plus Fund was formed on February 27, 2017. The Funds are governed by an amended and restated Master Declaration of Trust dated August 17, 2020, as amended on January 25, 2021 and January 24, 2022, as may be amended, restated or supplemented from time to time (the “Trust Agreement”). Picton Mahoney Asset Management acts as the trustee (the “Trustee” or “Picton Mahoney”) of the Funds pursuant to the Trust Agreement. Picton Mahoney Asset Management acts as the manager (the “Manager” or “Picton Mahoney”) of the Funds pursuant to the Trust Agreement. The Funds are permitted to issue trust units (“Units”) in an unlimited number of classes pursuant to exemptions from the prospectus requirements under Canadian securities laws.

Investment Approach

The Manager utilizes a risk arbitrage strategy, which is a highly specialized investment approach designed to profit from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. See “Investment Approach, Objectives and Strategies – Investment Approach”.

Investment Objective

The investment objective of each of the Funds is to provide consistent, positive returns, with low volatility and low correlation to equity markets.

Investment Strategies

The investment strategy of the Funds is to invest in securities in Canada, the United States and other foreign jurisdictions. In attempting to achieve its investment objectives, the Manager plans on using a risk arbitrage strategy, which is a highly specialized investment approach designed to profit from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations.

There are a number of risk arbitrage techniques that may be used depending on the characteristics of the individual transaction being arbitrated. The most commonly employed risk arbitrage activity involves purchasing the shares of an announced acquisition target company at a discount to their expected value upon completion of the acquisition. When a take-over bid, amalgamation or arrangement involving cash consideration or securities of the acquiring company is announced, the value of the securities and/or cash to be received may be higher or lower than the market price of the securities of the target company for which they are to be exchanged. If the Manager believes that it is probable that the proposed transaction or a higher value transaction will be consummated, the Fund may purchase shares of the target company.

The Manager uses investment strategies designed to minimize market exposure, including short selling and purchasing and selling options. In particular, the Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares and/or other securities. If a transaction is consummated, the Fund will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received. Alternatively, where cash is being offered as consideration, shares of the target company purchased in the open market will normally be tendered as cash to the acquiring company. Transactions in listed stock options may also be used to hedge long and short positions. These hedging transactions are intended to reduce the risk of loss to the Fund in certain exchange offers and mergers. If, after a Fund has established a position, it appears that the transaction is proceeding contrary to expectations, the Fund may take its profits or losses or attempt to minimize potential losses by liquidating its long

positions and covering any short positions. Additionally, a Fund may engage in short selling of the target company's shares if the Manager determines that there is a likelihood that the merger or other transaction will fail to be consummated. A portion of the Funds' holdings may be in the form of cash or cash equivalents, and from time to time the Funds may invest the majority of its assets in cash or cash equivalents.").

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies to take advantage of profitable opportunities in the capital markets. These additional strategies are discussed below.

Put and Call Options

The Funds may purchase and sell options on fixed instruments, commodities and common shares and may also use them for hedging purposes. The use of puts and calls implies the use of leverage through the use of margin.

Fund Investments

The Funds may invest in securities of other funds ("Underlying Funds"), including but not limited to funds for which the Manager is the manager and/or portfolio manager, that employ a variety of strategies. The amounts invested from time to time in an Underlying Fund for which the Manager is the manager and/or portfolio manager may exceed 20% of either the votes attaching to the outstanding units of another Underlying Fund for which the Manager is the manager and/or portfolio manager or the outstanding units of that Underlying Fund for which the Manager is the manager and/or portfolio manager, may only be made if the Manager determines that an investment in an Underlying Fund for which the Manager is the manager and/or portfolio manager is consistent with the investment objectives, investment strategies and investment restrictions of the Fund and in the best interests of the Funds. The investment by the Funds in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees and performance fees to the Funds or the investors of the Funds and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Funds.

To the extent that the Funds invest in Underlying Funds for which the Manager is the manager and/or portfolio manager, they will invest in Class I Units of each Underlying Fund which will be charged no management or performance fee. As such, investments by a Fund in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees or performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Fund.

Investing Long in Securities

Making long investments in securities of issuers identified as attractive investment candidates by the Manager's investment process. Eligible securities include equities, units of special purpose acquisition companies ("SPACs"), subscription rights, warrants, participation units, global depository receipts, American depository receipts, master limited partnerships, other securities with equity characteristics, forward contracts, options and other derivatives, investment funds, and exchange-traded funds.

Short Selling Securities

Short selling of securities of issuers identified as unattractive investments by the Manager's investment process and/or to hedge the market exposure of long positions, whether held directly or indirectly. Eligible securities to include equities, units of SPACs, subscription rights, warrants, participation units, global depository receipts, American depository receipts, master limited partnerships, other securities with equity characteristics, forward contracts, options and other derivatives, investment funds, and exchange-traded funds.

Pairs Trading

Taking short positions from time to time in securities of one issuer while taking a long position in securities of another issuer in an attempt to gain from the relative valuation differences between the two issuers. A pairs trade will be made when the Manager feels the long position will appreciate in value when compared to the short position.

Private Placements and IPOs

The Funds will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. The Funds may transact in these types of securities when an active non-listed “grey” market exists.

Derivatives

The Funds may use derivatives to reduce or hedge against various risks including currency exchange risk associated with its foreign investments, and to obtain investment exposures on positions consistent with its investment objective, strategies and risk management. The derivatives that the Funds may use in this regard include options, and forward contracts. The Funds may also use option strategies that include both long and short positions to reduce portfolio risk and hedge against adverse market events.

Leverage

The Funds are authorized to borrow in order to increase their investment leverage. On a position by position basis, margin requirements of the applicable exchange will be adhered to by the Funds. The Funds may also use leverage in order to implement certain investment strategies which may employ derivatives in order to achieve the needed leverage as opposed to direct borrowing.

Leverage – Arbitrage Fund:

Arbitrage Fund’s use of leverage will not exceed 30% of its net asset value, measured at the time of investment.

Leverage – Arbitrage Plus Fund:

Arbitrage Plus Fund’s use of leverage will not exceed 160% of its net asset value, measured at the time of investment.

Special Situations

Taking long and short positions in securities impacted by event driven situations, such as mergers, divestitures, restructurings or other issuer events.

Other Investments

The Funds may make long or short investments in special purpose acquisition companies and fixed income securities, including preferred shares, convertible securities, and corporate and sovereign debt securities.

Convertible Arbitrage

The Funds may utilize a convertible arbitrage strategy by investing in convertible securities that are trading at discounts to their fundamental values and attempt to mitigate the various risks associated with investing in such convertible securities. The Funds may, at times, short convertible securities that are trading at premiums to their fundamental values and will attempt to mitigate various risks associated with the short position (for example, by buying common shares into which the convertible security is convertible). There are risks associated with using a convertible arbitrage strategy, due in part, to the nature of a convertible security.

Special Purpose Acquisition Companies

The Manager may also employ a variety of additional investment strategies to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies (“SPACs”), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

Investment Restrictions

In implementing the investment objectives of the Funds, the Manager will adhere to the following investment restrictions:

Single Issuer

Single Issuer – Arbitrage Fund:

No investment in a single issuer will exceed 15% of the net asset value of the Fund. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

Single Issuer – Arbitrage Plus Fund:

No investment in a single issuer will exceed 30% of the net asset value of the Fund. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

Foreign Currency

Foreign Currency – Arbitrage Fund:

Unhedged foreign currency investments will be limited to no more than 10% of the net asset value of the Fund.

Foreign Currency – Arbitrage Plus Fund:

Unhedged foreign currency investments will be limited to no more than 20% of the net asset value of the Fund.

Price

Units will be offered at the net asset value per Unit of a Class (the “Class Net Asset Value per Unit”) calculated as of the applicable Valuation Date (as defined herein). Fractional Units will be issued up to four decimal points.

The Manager

Effective January 13, 2020, the Manager has been appointed the Manager of the Funds following its acquisition from Vertex One Asset Management Inc. of the rights to manage the Funds pursuant to an agreement of purchase and sale dated October 21, 2019. As the Manager of the Funds, Picton Mahoney is responsible for the day-to-day business of the Fund, including the management of the Fund’s investment portfolio. The Manager is registered with applicable securities regulatory authorities as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager. The Manager carries out its advisory activities from Toronto, Canada.

The Manager was formed as a general partnership under the laws of Ontario in 2004 to provide investment management services to the Canadian marketplace. Two of the Manager’s principals, David Picton and Michael Mahoney, were also founding partners at Synergy Asset Management Inc. in 1997 which was purchased by CI Investments Inc. in 2003.

The Trustee

Picton Mahoney is the Trustee of the Funds.

Units

An investment in a Fund is represented by Units. The Funds are permitted to have an unlimited number of classes of Units (each, a “Class”) having such terms and conditions as the Manager may determine. Additional Classes may be offered in future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels. Each Unit of a Class represents an undivided ownership interest in the net assets of the Fund attributable to that Class of Units. The Funds will consult with their tax advisors prior to the establishment of

each new Class to ensure that the issuance of Units of the Class will not have adverse Canadian tax consequences. Three (3) Classes of Units are offered for each of the Funds under this Offering Memorandum.

Class A Units (formerly, Class B Units of the Picton Mahoney Arbitrage Plus Fund) are designed for investors investing \$25,000 or more who are not eligible to purchase Class F Units.

Class B Units of the Picton Mahoney Arbitrage Fund are designed for investors investing \$25,000 or more who are not eligible to purchase Class F Units.

Class F Units are designed for investors investing \$25,000 or more who have fee-based accounts with registered dealers ("Dealers") who have been approved by the Manager to sell Class F Units.

Class V Units are designed for investors previously held Class F Units through managed accounts at Vertex One Asset Management Inc. (the former manager of the Funds) or, at the discretion of the Manager, for clients of a dealer investing \$25,000 or more and which dealer has obtained consent from the Manager to offer Class V units.

Class I Units are designed for other investment funds managed by the Manager, institutional investors and other investors on a case-by-case basis, all at the discretion of the Manager. The minimum investment amount for a third party is \$1,000,000.

Expenses

The Manager pays for the costs of offering the Units, including the fees and expenses of counsel and the Funds' auditors.

Each Fund will pay for all routine and customary expenses relating to its operation, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of Units including securities filing fees (if any), expenses relating to providing financial and other reports to unitholders of a Fund ("Unitholders") and convening and conducting meetings of Unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. In addition, the Funds will pay for expenses associated with ongoing investor relations and education relating to the Funds.

Management Fee

For providing its services to the Funds, the Manager receives a management fee (the "Management Fee") from each Fund attributable to the Class B Units, Class F Units and Class V Units, respectively. Each Class of Units is responsible for the Management Fee attributable to that Class.

Management Fee - Arbitrage Fund

The Class B Units are charged a Management Fee equal to 1/12 of 1.5 % per month (1.5% per annum) of the net asset value of the Class B Units of the Fund on the last business day of the month.

The Class F Units are charged a Management Fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class F Units of the Fund on the last business day of the month.

The Class V Units are charged a Management Fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class V Units of the Fund on the last business day of the month.

The Class I Units are designed for institutional investors and other investors determined by the Manager in its sole discretion and are subject to management and performance fees as negotiated between the Manager and the investor. Where Class I Units are issued to other funds managed by the Manager, no management or incentive fees will be charged.

Other Classes of the Fund are charged such management fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Management Fee - Arbitrage Plus Fund

The Class A Units (formerly, Class B Units) are charged a Management Fee equal to 1/12 of 2% per month (2% per annum) of the net asset value of the Class B Units of the Fund, plus applicable taxes, on the last business day of the month.

The Class F Units are charged a Management Fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class F Units of the Fund, plus applicable taxes, on the last business day of the month.

The Class V Units are charged a Management Fee equal to 1/12 of 1% per quarter (1.00% per annum) of the net asset value of the Class V Units, plus applicable taxes, plus applicable taxes, on the last business day of the month.

The Class I Units are designed for institutional investors and other investors determined by the Manager in its sole discretion and are subject to management and performance fees as negotiated between the Manager and the investor. Where Class I Units are issued to other funds managed by the Manager, no management or incentive fees will be charged.

Other Classes of the Fund are charged such management fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Performance Fee

The Manager receives a performance fee (the “Performance Fee”) from the Funds attributable to the Class A, Class B Units, Class F Units, and Class V Units, respectively. Each Class of Units is responsible for the Performance Fee, if any, attributable to that Class. Each Class is charged a performance fee equal to 15% of the amount by which the performance of the Fund exceeds the previous High Water Mark for each applicable Class. The Performance Fee shall be calculated and accrued on monthly and shall be payable at the end of each calendar quarter. In addition, the Manager may negotiate a Performance Fee in connection with the issuance of Class I Units to third parties. The Manager will pay an amount equal to a portion of the Performance Fee, if any, to certain Dealers. See “Performance Fee”.

Dealer Compensation

A service fee will be paid to qualified Dealers and brokers for on-going advice and service provided by the Dealers or brokers to their clients who have invested in a Fund. Service fees will be calculated and payable by the Manager at least semi-annually to qualified Dealers or brokers for salespersons of the qualified dealer or broker with client assets invested in a Fund having an aggregate net asset value of not less than \$100,000.

Service Fees – Arbitrage Fund

Service fees will be based on the aggregate value of the clients’ investments in Arbitrage Fund at the end of each month equal to 1/12 of 0.75% (0.75% per annum) of the net asset value of the Class B Units and 1/12 of 0.40% (0.40% per annum) of the net asset value of the Class V Units held by the clients on the last Business Day of that month. No service fees are paid for Class F or Class I Units. Service fees may be modified or discontinued by the Manager at any time.

Service Fee – Arbitrage Plus Fund

Service fees will be based on the aggregate value of the clients’ investments in Arbitrage Plus Fund at the end of each month equal to 1/12 of 1.00% (1.00% per annum) of the net asset value of the Class A Units and 1/12 of 0.40% (0.40% per annum) of the net asset value of the Class V Units held by the clients on the last Business Day of that month. No service fees are paid for Class F or Class I Units. Service fees may be modified or discontinued by the Manager at any time.

Purchase of Units

Investors may be admitted to the Fund or may acquire additional Units on a monthly basis as of the last business day (any day on which the Toronto Stock Exchange (“TSX”) is open for trading, hereinafter referred to as “Business Day”) of each calendar month. The Units are being offered using the mutual fund order entry system FundSERV. Subscriptions for Units may be made directly through the Manager (in jurisdictions where it is registered to sell the securities) or from a distributor on the FundSERV network. Units are offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date.

Minimum Investment

The minimum initial investment in Class A Units, Class B Units, Class F Units and Class V Units of the Fund is \$25,000 and the Manager has the discretion to accept a lesser initial subscription, provided, in each case, that the issuance of Units in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation. The minimum initial investment in Class I units by third parties is \$1,000,000. Additional investments in the Fund are generally permitted, provided that the Unitholder’s initial investment was equal to a minimum of \$150,000 and the additional investment is for the same class as the initial investment and the Unitholder, as at the date of the subsequent trade, holds securities of the Fund that have an acquisition cost of not less than \$150,000 or a net asset value of not less than \$150,000. The minimum additional subscription for Class A Units, Class B Units, Class F Units and Class V Units is \$1,000 or such greater amount as may be otherwise required to comply with applicable securities laws or as may be prescribed by the Manager. The minimum additional subscription amount for Class I Units by a third party is \$500,000 or such other amount as may be prescribed by the Manager in its sole discretion. See “Investing in Units”.

Redemptions

Units may be surrendered to the Manager for redemption at any time. A Unitholder may have his or her Units redeemed on any Valuation Date at the Class Net Asset Value per Unit as of that Valuation Date. Under certain circumstances, the Manager is entitled to suspend or restrict rights of redemption. See “Redemption of Units”.

Transfers of Units

No transfers of Units may be made other than by operation of law or with the consent of the Manager. Units will also be subject to certain resale restrictions under applicable securities laws.

Valuation

A Fund’s net asset value (the “Net Asset Value”) is calculated as the value of the Fund’s assets, less its liabilities, computed on a particular date in accordance with the Trust Agreement. RBC Investor Services Trust in its capacity as the administrator of the Funds (or such other person or entity designated by the Manager) will calculate the Net Asset Values of the Funds as of the last Business Day of each month, at the close of regular trading on the TSX, normally 4:00 p.m. (Eastern time) (each, a “Valuation Date”).

The Class Net Asset Value per Unit on a Valuation Date is obtained by dividing the value of the assets of the Fund less the amount of its liabilities, in each case attributable to that Class, by the total number of Units of the Class outstanding at the close of business on the Valuation Date and adjusting the result to a maximum of three decimal places.

See “Determination of Net Asset Value”.

Distributions

The Funds intend to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each calendar year to ensure that the Funds are not liable for income tax under Part I of the *Income Tax Act* (Canada) (the “Tax Act”), after taking into account any loss carry forwards and capital gains refunds. All distributions (other than

Fee Distributions described in “Fees and Expenses”) will be made on a *pro rata* basis within each Class to each registered Unitholder determined as of the close of business on the last Valuation Date prior to the date of the distribution. See “Distributions”.

Tax Consequences

A prospective Unitholder should consider carefully all of the potential tax consequences of an investment in the Units and should consult with their tax advisor before subscribing for Units. For a discussion of certain income tax consequences of this investment, see “Certain Canadian Federal Income Tax Considerations”.

Eligibility for Investment

The Funds qualify as “mutual fund trusts” as defined in the Tax Act and are expected to continue to so qualify effective at all material times. Provided a Fund qualifies as a “mutual fund trust” for purposes of the Tax Act, Units of that Fund will be qualified investments for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan (“DPSP”), a registered education savings plan (“RESP”), a registered disability savings plan (“RDSP”), first home savings accounts (“FHSA”) and a tax-free savings account (“TFSA”) (each, a “Registered Plan”).

Notwithstanding the foregoing, the holder of a TFSA, FHSA or RDSP, the annuitant of an RRSP or RRIF, or the subscriber of an RESP (each, a “Plan Holder”) will be subject to a penalty tax in respect of Units held in such account, plan or fund if such Units are a “prohibited investment” for the purposes of the Tax Act. Plan Holders should consult their own tax advisors with respect to whether Units would be “prohibited investments” for their TFSAs, FHSA, RRSPs, RRIFs, RESPs, or RDSPs and the tax consequences of Units being acquired or held by trusts governed by such accounts, plans or funds.

See “Eligibility for Investment”.

Risk Factors

The Funds are subject to various risk factors. See “Certain Risk Factors”.

Fiscal Year

The Funds’ fiscal years will end on December 31st of each year.

Reports

Unitholders will be sent audited annual financial statements within 90 days of the Fund’s fiscal year-end and unaudited semi-annual financial statements within 60 days of June 30th, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager. The Funds may enter into other agreements with certain Unitholders which may entitle such Unitholders to receive additional reporting. Unitholders will receive the applicable required tax form(s) within the time required by applicable law to assist Unitholders in making the necessary tax filings.

SECTION 1 – DESCRIPTION OF THE FUNDS

The Funds are open-ended trusts governed under the laws of the Province of Ontario. The Arbitrage Fund was formed on October 31, 2013 and the Arbitrage Plus Fund was formed on February 27, 2017. The Funds are governed by an amended and restated Master Declaration of Trust dated August 17, 2020, as amended on January 25, 2021 and January 24, 2022, and as the same may be amended, restated or supplemented from time to time (the “Trust Agreement”). Picton Mahoney Asset Management acts as the trustee (the “Trustee” or “Picton Mahoney”) of the Funds pursuant to the Trust Agreement. Picton Mahoney Asset Management acts as the manager (the “Manager” or “Picton Mahoney”) of the Funds pursuant to the Trust Agreement. The office of the Trustee, Funds and of the Manager is located at 33 Yonge Street, Suite 320, Toronto, Ontario, Canada M5E 1G4. The Funds are permitted to issue Units in an unlimited number of classes pursuant to the Trust Agreement. The description of provisions of the Trust Agreement contained herein is subject to and qualified in its entirety by the Trust Agreement.

SECTION 2 – INVESTMENT APPROACH, OBJECTIVE AND STRATEGIES

2.1 Investment Approach

The Manager utilizes a risk arbitrage strategy, which is a highly specialized investment approach designed to profit from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations.

There are a number of risk arbitrage techniques that may be used depending on the characteristics of the individual transaction being arbitrated. The most commonly employed risk arbitrage activity involves purchasing the shares of an announced acquisition target company at a discount to their expected value upon completion of the acquisition. When a take-over bid, amalgamation or arrangement involving cash consideration or securities of the acquiring company is announced, the value of the securities and/or cash to be received may be higher or lower than the market price of the securities of the target company for which they are to be exchanged. If the Manager believes that it is probable that the proposed transaction or a higher value transaction will be consummated, the Funds may purchase shares of the target company.

2.2 Investment Objective and Strategies

Investment Objective

The investment objective of each of the Funds is to provide consistent, positive returns, with low volatility and low correlation to equity markets.

Investment Strategies

The investment strategy of the Funds is to invest in securities in Canada, the United States and other foreign jurisdictions. The Manager uses investment strategies designed to minimize market exposure, including short selling and purchasing and selling options. In particular, the Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares and/or other securities. If the transaction is consummated, the Fund will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received. Alternatively, where cash is being offered as consideration, shares of the target company purchased in the open market will normally be tendered as cash to the acquiring company. Transactions in listed stock options may also be used to hedge long and short positions. These hedging transactions are intended to reduce the risk of loss to the Fund in certain exchange offers and mergers. If, after a Fund has established a position, it appears that the transaction is proceeding

contrary to expectations, the Fund may take its profits or losses or attempt to minimize potential losses by liquidating its long positions and covering any short positions. Additionally, the Funds may engage in short selling of the target company's shares if the Manager determines that there is a likelihood that the merger or other transaction will fail to be consummated. A portion of the Funds' holdings may be in the form of cash or cash equivalents, and from time to time the Funds may invest the majority of their assets in cash or cash equivalents.

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies to take advantage of profitable opportunities in the capital markets. These additional strategies are discussed below.

Put and Call Options

The Funds may purchase and sell options on fixed instruments, commodities and common shares and may also use them for hedging purposes. The use of puts and calls implies the use of leverage through the use of margin.

Fund Investments

The Funds may invest in securities of, or otherwise gain exposure to, other funds ("Underlying Funds"), including funds for which the Manager is the manager and/or portfolio manager, that employ a variety of strategies. The amounts invested from time to time in an Underlying Fund for which the Manager is the manager and/or portfolio manager may exceed 20% of either the votes attaching to the outstanding units of another Underlying Fund for which the Manager is the manager and/or portfolio manager or the outstanding units of that Underlying Fund for which the Manager is the manager and/or portfolio manager, may only be made if the Manager determines that an investment in an Underlying Fund for which the Manager is the manager and/or portfolio manager is consistent with the investment objectives, investment strategies and investment restrictions of the Funds and in the best interests of the Funds. The investment by the Funds in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees and performance fees to the Funds or the investors of the Funds and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Funds.

To the extent that the Funds invest in Underlying Funds for which the Manager is the manager and/or portfolio manager, they will invest in Class I Units of each Underlying Fund which will be charged no management or performance fee. As such, the investment by a Fund in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees or performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Fund.

Investing Long in Securities

Making long investments in securities of issuers identified as attractive investment candidates by the Manager's investment process. Eligible securities include equities, units of special purpose acquisition companies ("SPACs"), subscription rights, warrants, participation units, global depository receipts,

American depository receipts, master limited partnerships, other securities with equity characteristics, forward contracts, options and other derivatives, investment funds, and exchange-traded funds.

Short Selling Securities

Short selling of securities of issuers identified as unattractive investments by the Manager's investment process and/or to hedge the market exposure of long positions, whether held directly or indirectly. Eligible securities include equities, units of SPACs, subscription rights, warrants, participation units, global depository receipts, American depository receipts, master limited partnerships, other securities with equity characteristics, forward contracts, options and other derivatives, investment funds, and exchange-traded funds.

Pairs Trading

Taking short positions from time to time in securities of one issuer while taking a long position in securities of another issuer in an attempt to gain from the relative valuation differences between the two issuers. A pairs trade will be made when the Manager feels the long position will appreciate in value when compared to the short position.

Private Placements and IPOs

The Funds will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. The Funds may transact in these types of securities when an active non-listed "grey" market exists.

Derivatives

The Funds may use derivatives to reduce or hedge against various risks including currency exchange risk associated with its foreign investments, and to obtain investment exposures on positions consistent with its investment objective, strategies and risk management. The derivatives that the Funds may use in this regard include options and forward contracts. The Funds may also use option strategies that include both long and short positions to reduce portfolio risk and hedge against adverse market events.

Leverage

The Funds are authorized to borrow in order to increase their investment leverage. On a position by position basis, margin requirements of the applicable exchange will be adhered to by the Funds. The Funds may also use leverage in order to implement certain investment strategies which may employ derivatives in order to achieve the needed leverage as opposed to direct borrowing.

Leverage – Arbitrage Fund

Arbitrage Fund's use of leverage will not exceed 30% of its net asset value, measured at the time of investment.

Leverage – Arbitrage Plus Fund

Arbitrage Plus Fund's use of leverage will not exceed 160% of its net asset value, measured at the time of investment.

Special Situations

Taking long and short positions in securities impacted by event driven situations, such as mergers, divestitures, restructurings or other issuer events.

Convertible Arbitrage

The Funds may utilize a convertible arbitrage strategy by investing in convertible securities that are trading at discounts to their fundamental values and attempts to mitigate the various risks associated with investing in such convertible securities. The Funds may, at times, short convertible securities that are trading at premiums to their fundamental values and will attempt to mitigate various risks associated with the short position (for example, by buying common shares into which the convertible security is convertible). There are risks associated with using a convertible arbitrage strategy, due in part, to the nature of a convertible security.

Special Purpose Acquisition Companies

The Manager may also employ a variety of additional investment strategies to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies (“SPACs”), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

Other Investments

The Funds may invest in fixed income securities, including preferred shares, convertible securities, and corporate and sovereign debt securities.

2.3 Statutory Caution

The foregoing disclosure of the Manager’s investment strategies and intentions may constitute “forward-looking information” for the purpose of Canadian securities legislation, as it contains statements of the Manager’s intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager’s officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager’s intended strategies as well as its actual course of conduct. Investors are urged to read “Certain Risk Factors” below for a discussion of other factors that will impact the operations and success of the Fund.

SECTION 3 – INVESTMENT RESTRICTIONS

3.1 Investment Restrictions

The investment activities of the Funds are conducted in accordance with certain restrictions, which include the following:

Sole Undertaking

The Funds will not engage in any undertaking other than the investment of the Fund’s assets in accordance with the Fund’s investment objective and investment strategies.

Interest of Manager

Except in accordance with applicable securities law and with regulatory orders it has obtained, the Funds will not purchase securities from, or sell securities to, the Manager or any of its affiliates or any individual who is a partner, director or officer of any of them, any employee of the Manager or any portfolio managed by the Manager. The Funds may invest in Class I Units of the Underlying Funds and purchase units of other funds managed by the Manager.

Commodities

The Funds will not purchase any physical commodity.

Control Restrictions

Except as described herein and as may be permitted by applicable securities laws or regulatory relief therefrom, a Fund will not purchase a security of an issuer if, immediately after the purchase, the Fund would hold securities representing more than:

- a) in the case of Arbitrage Fund, 15%; and
- b) in the case of Arbitrage Plus Fund, 30%

of either the votes attaching to the outstanding securities of that issuer or the outstanding equity securities of that issuer, or purchase a security for the purpose of exercising control over or management of the issuer of the security. If a Fund acquires a security other than as the result of a purchase and the acquisition results in the Fund exceeding its limit described in this paragraph, the Fund will, as quickly as is commercially reasonable (and in any event within 90 days of the acquisition), reduce its holdings of those securities so that it does not hold securities exceeding such limits. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

Foreign Investment Restrictions

A Fund will not invest in (i) an interest in a trust (or partnership which holds such interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to section 94.2 of the Income Tax Act (Canada) (the “Tax Act”), or (ii) the securities of any non-resident corporation, trust or other non-resident entity if the Fund would be required to include an amount in income pursuant to section 94.1 of the Tax Act (or amendments to such provisions as enacted into law or successor provisions thereto).

SIFT Trust

A Fund will not invest in any property to the extent that such an investment would result in the Fund being a “SIFT trust” as defined in the Tax Act (or amendments to such provisions as enacted into law or successor provisions thereto).

Unhedged Foreign Currency

Unhedged Foreign Currency – Arbitrage Fund

Unhedged foreign currency investments by Arbitrage Fund will be limited to no more than 10% of its net asset value.

Unhedged Foreign Currency – Arbitrage Plus Fund

Unhedged foreign currency investments by Arbitrage Plus Fund will be limited to no more than 20% of its net asset value.

SECTION 4 - MANAGEMENT OF THE FUND

4.1 The Manager

Effective January 13, 2020, the Manager has been appointed the Manager of the Funds following its acquisition from Vertex One Asset Management Inc. of the rights to manage the Funds pursuant to an agreement of purchase and sale dated October 21, 2019. As the Manager of the Funds, Picton Mahoney is responsible for the day-to-day business of the Funds, including the management of the Funds' investment portfolio. The Manager was formed as a general partnership under the laws of Ontario in 2004, to provide investment management services to the Canadian marketplace. Two of the Manager's principals, David Picton and Michael Mahoney, were founding partners at Synergy Asset Management Inc. in 1997 which was purchased by CI Investments in 2003.

With approximately \$10.3 billion in assets under management in sub-advisory, hedge fund and mutual fund assets as at April 30, 2024, Picton Mahoney is 100% employee owned. The Manager is registered with applicable securities regulatory authorities as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager, and Commodity Trading Manager. The Manager carries out its advisory activities from 33 Yonge Street, Suite 320, Toronto, Ontario, Canada M5E 1G4.

Pursuant to the Trust Agreement, the Manager has authority to manage the business and affairs of the Fund and has authority to bind the Fund. The Manager will be responsible for managing the assets of the Fund, will have complete discretion to invest and reinvest the Fund's assets, and will be responsible for executing all portfolio transactions. The Manager may delegate its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund and to exercise the care, diligence and skill of a reasonable prudent person in comparable circumstances. Among its other powers, the Manager may establish the Fund's operating expense budgets and authorize the payment of operating expenses.

The Trust Agreement provides that the Manager and certain affiliated parties have a right of indemnification from the Fund for legal fees, judgments and amounts paid in settlement incurred in carrying out their duties under the Trust Agreement, except in certain circumstances, including where there has been negligence or willful misconduct on the part of the Manager or the Manager has failed to fulfill its standard of care as set out in the Trust Agreement. In addition, the Trust Agreement contains provisions limiting the liability of the Manager.

Pursuant to the Trust Agreement, the Manager may resign its role as regards a Fund upon 60 days' written notice to the Unitholders of the Fund ("Unitholders"). If no successor Manager is appointed or if Unitholders fail to approve a successor the Fund shall be terminated.

Officers and Directors of the Manager

The name, municipality of residence, position with the Manager and principal occupation of each of the directors and officers of the Manager are set out below:

| Name and Municipality of Residence | Office | Principal Occupation(s) |
|---|---|---|
| David Picton Toronto, Ontario | Member of the Executive Committee, President, Chief Executive Officer and Ultimate Designated Person | Member of the Executive Committee, President, Chief Executive Officer and Portfolio Manager |
| Arthur Galloway Toronto, Ontario | Member of the Executive Committee, Chief Financial Officer, Chief Operating Officer and Corporate Secretary | Member of the Executive Committee, Chief Financial Officer, Chief Operating Officer and Corporate Secretary |
| Catrina Duong Toronto, Ontario | Chief Compliance Officer | Chief Compliance Officer |

David Picton

David Picton, President and Chief Executive Officer of Picton Mahoney Asset Management, is a founding partner of the firm and lead Portfolio Manager responsible for the Canadian equity market neutral, long short, and long only strategies. Mr. Picton has been a prominent presence in the Canadian investment industry for several decades, including launching Synergy Asset Management Inc. in 1997, working as its lead Canadian momentum portfolio manager and spending eight years as Head of Quantitative Research at RBC Dominion Securities Inc. where he was one of the top ranked analysts in his sector. Mr. Picton holds an Honours Bachelor of Commerce degree from the University of British Columbia. He also received a Leslie Wong Fellowship from the University of British Columbia's prestigious Portfolio Management Foundation.

Arthur Galloway

Arthur Galloway, Chief Financial Officer, Chief Operating Officer and Corporate Secretary of Picton Mahoney Asset Management, is responsible for firm-wide financial operations, internal financial control and internal and external financial reporting. He is also responsible for the financial oversight and administration of Picton Mahoney's alternative investment funds. Before joining Picton Mahoney, he spent 10 years with Investors Financial Services, holding the position of Director upon his departure, where his clients included numerous global asset management firms. He holds a Bachelor of Business degree in Finance from Brock University and is a CFA charterholder.

Catrina Duong

Catrina Duong, Chief Compliance Officer, is responsible for the monitoring and oversight of Picton Mahoney Asset Management's compliance program. Ms. Duong joined the firm in June 2017. Prior to joining the firm, she was most recently at BlackRock Asset Management Canada Limited, with experience across a broad array of investment products and strategies, including exchange-traded funds, mutual funds,

exempt market products and managed accounts. She holds a Bachelor of Arts (Hons) from the University of Toronto, a law degree from Queen's University and is a member of the Bar of the Province of Ontario.

Each of the above officers, directors and/or substantial securityholder of the Manager may each individually, or together in the aggregate, have a significant interest in an Underlying Fund through investments made in units of such Underlying Fund. In addition, each officer and/or director of the Manager may also be a substantial securityholder of the Manager.

4.2 The Trustee

Picton Mahoney acts as the Trustee of the Funds pursuant to the Trust Agreement. The Trustee has those powers and responsibilities in respect of the Funds as described in the Trust Agreement. The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Funds and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to the Trust Agreement, the Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Trust Agreement may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If the Manager fails to appoint a new trustee within 30 days of the date of notice provided by the Trustee, the Unitholders may elect, by a majority of the votes cast, a successor trustee at a meeting of Unitholders to be held by the Manager for such purpose within 30 days thereafter. If no successor Trustee is appointed within 90 days of the date of notice of the Trustee's resignation, the Fund shall be terminated.

The Trust Agreement provides that the Trustee and its affiliates have a right of indemnification from, jointly and severally, the Fund and the Manager for any claims arising out of the execution of its duties as trustee, except in cases of gross negligence, willful default or dishonesty on the part of the Trustee. In addition, the Trust Agreement contains provisions limiting the liability of the Trustee.

4.3 Conflicts of Interest

Services of the Manager not Exclusive to the Funds

The services of the Manager and its partners, and their respective directors, officers, employees, agents and associates are not exclusive to the Funds. The Manager and its partners, and any of their respective directors, officers, employees, agents and associates may, at any time, engage in the promotion, management or portfolio management of any other fund or trust (including any Underlying Funds) and provide similar services to other investment funds and other clients and engage in other activities. While the Manager and its partners and their respective directors, officers, employees, agents and associates devote as much of their respective time and resources to the activities of the Funds as in their respective judgment is reasonably required, they will not be devoting their time exclusively to the affairs of the Funds. The Manager and its partners and their respective directors, officers, employees, agents and associates will therefore have conflicts of interest in allocating management time, services and functions among the Funds and such other persons for which it provides services (including any Underlying Funds). However, at all times, the Manager will ensure a fair and equitable allocation of its management time, services and functions between the Funds and any other such persons to whom it provides services.

Allocation of Investment Opportunities

Investment decisions for the Funds will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may make the same investment for the Funds and for one or more of its other clients (including any Underlying Funds). If the Funds and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will generally be effected on an equitable basis. However, the Manager may determine from time to time that some investment opportunities are appropriate for certain investment management clients and not others, including the Funds, due to differing objectives, time horizons, liquidity needs or availability, tax consequences and assessments of general market conditions and of individual securities. The Manager may also occasionally determine it to be necessary to allocate limited investment opportunities among the Funds and any other funds or managed accounts under its responsibility (including any Underlying Funds), on a basis deemed appropriate by the Manager. Certain funds or managed accounts may therefore show a gain or a loss that would otherwise not be present within other funds or accounts managed by the Manager.

Conflicts of Interest Policy

The Manager is an Exempt Market Dealer, an Investment Fund Manager, a Portfolio Manager and a Commodity Trading Manager. Additionally, the Funds may invest in securities of the Underlying Funds for which the Manager is the manager and/or portfolio manager in accordance with applicable securities laws and with any regulatory orders it has obtained. As a result, there are potential conflicts of interest that could arise in connection with the Manager acting in its capacities as Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager and as the manager and/or portfolio manager of both the Fund and the Underlying Funds.

The Manager has adopted a conflict of interest policy to address and minimize those potential conflicts of interest. The policy states that the Manager will deal fairly, honestly and in good faith with all clients (including the Funds and any Underlying Funds) and not advantage one client over another. Canadian securities laws require registered securities dealers (“Dealers”) and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require Dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of Canadian securities law for the particulars of these rules and their rights or consult with a legal advisor. The Fund is a related issuer and a connected issuer of the Manager within the meaning of applicable Canadian securities legislation.

Interest of the Manager and Responsible Persons of Manager in Underlying Funds

The Manager and its partners, and their respective directors, officers, employees, agents and associates of the Manager who have access to, or participate in formulating and making decisions on behalf of the Funds or advice to be given to the Funds (each, a “Responsible Person”) or affiliates of such Responsible Persons are also partners, directors or officers of other investment funds which may be Underlying Funds.

A Fund’s investment in an Underlying Fund creates a potential conflict of interest for the Manager relating to the voting of the units of the Underlying Fund held by the Fund in that certain officers and directors of the Manager may be a substantial security holder of the Manager and also may have a significant interest in the Underlying Fund. The Manager intends to address this potential conflict of interest by not voting any units of the Underlying Fund held by a Fund (should the requirement for a vote arise) or the Manager may

make arrangements to permit Unitholders of the Fund to exercise the votes attaching to the Fund's investment in the Underlying Fund.

The investment by a Fund in units of an Underlying Fund will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund to be purchased by the Fund. In executing a subscription agreement for Units, investors will acknowledge the multiple roles of the Responsible Persons and consent to the investment by a Fund in the units of any Underlying Funds.

SECTION 5 – UNITS

5.1 Classes of Units

An investment in a Fund is represented by Units. The Funds are permitted to have an unlimited number of classes of Units (each, a “Class”) having such terms and conditions as the Manager may determine. Additional Classes may be offered in future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels. Each Unit of a Class represents an undivided ownership interest in the net assets of the Fund attributable to that Class of Units. The Funds will consult with their tax advisors prior to the establishment of each new Class to ensure that the issuance of Units of the Class will not have adverse Canadian tax consequences. For each Fund, four (4) Classes of Units are offered under this Offering Memorandum.

Class A Units of the Picton Mahoney Arbitrage Plus Fund (formerly, Class B Units) are designed for investors investing \$25,000 or more who are not eligible to purchase Class F Units.

Class B Units of the Picton Mahoney Arbitrage Fund are designed for investors investing \$25,000 or more who are not eligible to purchase Class F Units.

Class F Units are designed for investors investing \$25,000 or more that have fee-based accounts with Dealers who have been approved by the Manager to sell Class F Units.

Class V Units are designed for investors previously held Class F Units through managed accounts at Vertex One Asset Management Inc. (the former manager of the Funds) or, at the discretion of the Manager, for clients of a dealer investing \$25,000 or more and which dealer has obtained consent from the Manager to offer Class V units.

Class I Units are designed for other investment funds managed by the Manager, institutional investors and other investors on a case-by-case basis, all at the discretion of the Manager. The minimum investment amount for a third party is \$1,000,000.

Class A Units, Class B Units, Class F Units, Class V Units and Class I, together with each future Class, are referred to collectively as the “Classes.”

Although the money invested by investors to purchase Units of any Class of a Fund is tracked on a Class by Class basis in the Fund's administration records, the assets of all Classes of the Fund will be combined into a single pool to create one portfolio for investment purposes.

All Units of the same Class have equal rights and privileges. Each whole Unit of a particular Class of a Fund is entitled to one vote at a meeting of Unitholders of the Fund where all Classes vote together, or to one vote at a meeting of Unitholders where that particular Class of Unitholders of the Fund votes separately as a Class.

The Manager, in its discretion, determines the number of Classes of Units and establishes the attributes of each Class, including investor eligibility, the designation and currency of each Class, the initial closing date and initial offering price for the first issuance of Units of the Class, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Class, sales or redemption charges payable in respect of the Class, redemption rights, convertibility among classes and any additional Class specific attributes. The Manager may add additional Classes of Units at any time without prior notice to or approval of Unitholders. No Class of Units will be created for the purpose of giving any Unitholder a percentage interest in the property of a Fund that is greater than the Unitholder's percentage interest in the income of the Fund.

All Units of the same Class of a Fund are entitled to participate *pro rata*: (i) in any payments or distributions (other than Fee Distributions described in "Fees and Expenses") made by the Fund to the Unitholders of the same Class; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Class of net assets of the Fund attributable to the Class remaining after satisfaction of outstanding liabilities of such Class. Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Manager. To dispose of Units, a Unitholder must have them redeemed.

Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights) in the proportion which they bear to a whole Unit. Outstanding Units of any Class may be subdivided or consolidated in the Manager's discretion on 90 days' prior written notice to the Trustee. Units of a Class may be re-designated by the Manager as Units of any other Class having an aggregate equivalent Class Net Asset Value (as described in "Determination of Net Asset Value").

SECTION 6 – FEES AND EXPENSES

6.1 Expenses

The Manager pays for the costs of offering the Units, including the fees and expenses of legal counsel and the Funds' auditors.

Each Fund will pay for all routine and customary expenses relating to the Fund's operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of Units including securities filing fees (if any), expenses relating to providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, expenses related to the independent review committee of a Fund, all taxes, assessments or other governmental charges levied against the Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. In addition, each Fund will pay for expenses associated with ongoing investor relations and education relating to the Fund.

Each Class of Units is responsible for the expenses specifically related to that Class and a proportionate share of expenses that are common to all Classes of Units. The Manager shall allocate expenses to each Class of Units in its sole discretion as it deems fair and reasonable in the circumstances.

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

The Manager uses certain brokerage fees otherwise payable as soft dollars to purchase research to support its investment decision-making process. The Manager does not use soft dollars for any purpose other than

for research services which are determined to be in the best interests of the Unitholders of the Funds. Soft dollars represent a modest amount of the Manager's overall trading commissions, and the annual soft dollar budget is reviewed and approved by the Manager's Chief Operating Officer and/or Chief Compliance Officer. The Manager monitors trade executions to ensure that all commissions, including soft dollar arrangements, are at competitive levels to satisfy its requirement to seek the best execution for all trades.

6.2 Management Fee

For providing its services to the Funds, the Manager receives a management fee (the "Management Fee") from each Fund attributable to the Class A, Class B Units, Class F Units, Class V Units, and Class I, respectively. Each Class of Units is responsible for the Management Fee attributable to that Class.

Management Fee - Arbitrage Fund

The Class B Units are charged a Management Fee equal to 1/12 of 1.5 % per month (1.5% per annum) of the net asset value of the Class B Units of the Fund, plus applicable taxes, on the last business day of the month.

The Class F Units are charged a Management Fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class F Units of the Fund, plus applicable taxes, on the last business day of the month.

The Class V Units are charged a Management fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class V Units of the Fund, plus applicable taxes, on the last business day of the month.

The Class I Units are designed for institutional investors and other investors determined by the Manager in its sole discretion and are subject to management and performance fees as negotiated between the Manager and the investor. Where Class I Units are issued to other funds managed by the Manager, no management or incentive fees will be charged.

Other Classes of Arbitrage Fund are charged such management fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Management Fee - Arbitrage Plus Fund

The Class A Units (formerly, Class B Units) are charged a Management Fee equal to 1/12 of 2% per month (2% per annum) of the net asset value of the Class B Units of the Fund, plus applicable taxes, on the last business day of the month.

The Class F Units are charged a Management Fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class F Units of the Fund, plus applicable taxes, on the last business day of the month.

The Class V Units are charged a Management Fee equal to 1/12 of 1% per month (1.00% per annum) of the Net Asset Value of the Class V Units, plus applicable taxes, on the last business day of the month.

The Class I Units are designed for institutional investors and other investors determined by the Manager in its sole discretion and are subject to management and performance fees as negotiated between the Manager and the investor. Where Class I Units are issued to other funds managed by the Manager, no management or incentive fees will be charged.

Other Classes of the Arbitrage Fund Plus are charged such management fee, if any, as described in the applicable offering document or agreement relating to such Classes.

6.3 Performance Fee

The Manager receives a performance fee (the “Performance Fee”) in respect of each of the Class A Units, Class B Units, Class F Units, Class V Units, and Class I Units. The Performance Fee in respect of Class A Units, Class B Units, Class F Units and Class V Units shall be equal to 15% of the amount by which the performance of the Fund exceeds the previous High Water Mark (as defined herein) for each applicable Class. The performance fee is accrued monthly and is payable for each calendar quarter, provided that the High Water Mark is exceeded, as referred to below. The Performance Fee will be payable by the Fund within 10 business days from the quarter-end. Upon the redemption of Units of a particular Class, the accrued portion of the performance fee allocated to the redeemed Units for that Class will be payable by the Fund within 10 business days of the end of the month in which the Units were redeemed.

The highest quarter-end net asset value per Unit for each Class from time to time establishes a High Water Mark for each Class which must be exceeded in subsequent quarters for the performance fee applicable to each Class to be payable. The Performance Fee is subject to applicable taxes, such as HST.

The Performance Fee in respect of each of the Class A Units, Class B Units, Class F Units and Class V Units, as the case may be, on a particular Valuation Date (as defined herein) shall be equal to the product of (a) 15% of the positive difference between (i) the adjusted Class Net Asset Value per Unit on the Valuation Date (as defined herein), (ii) the greatest Class Net Asset Value per Unit on any previous Valuation Date (or the date Units of the Class were first issued, where no Performance Fee liability has previously arisen in respect of Units of the Class) (the “High Water Mark”); and (b) the number of Units outstanding on the applicable Valuation Date on which the Performance Fee is determined, plus applicable taxes. As used herein, Adjusted Class Net Asset Value per Unit on a Valuation Date means the Class Net Asset Value per Unit on the Valuation Date, without giving effect to any Performance Fee determined on such Valuation Date.

The Manager may make such adjustments to the Adjusted Net Asset Value per Unit of a Class and/or the applicable “High Water Mark” as are determined by the Manager to be necessary to account for the payment of any distributions on Units, any Unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of Performance Fee. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.

In addition, the Manager may negotiate a Performance Fee in connection with the issuance of Class I Units to third parties.

6.4 Fee Rebates

To encourage large investments in the Funds and to be able to offer fees which are competitive for investments of that size, and in certain other circumstances, the Manager may from time to time reduce the Management Fee and/or the Performance Fee that it otherwise would be entitled to receive with respect to such an investor’s investment in a Fund provided that the amount of the fee reduction is distributed (a “Fee Distribution”) to such Unitholder. Fee Distributions of the Funds, where applicable, will be computed on each Valuation Date and shall be payable quarterly, or at such other times as the Manager may determine, first out of net income and the net capital gains of the Fund and thereafter out of capital. Any such reduction in Management Fees and/or Performance Fees in respect of a large investment in a Fund will be negotiated by the Manager and the investor or the investor’s Dealer and will be based primarily on the size of the investor’s investment in the Fund and the total amount of services provided to the investor with respect to their investment in the Fund. The Manager may also reduce its fees to encourage investors to invest in a new fund. A qualified investor can choose to receive the Fee Distribution in cash or in additional Units. The amount of any Fee Distribution is income to the Unitholder receiving it, to the extent it is paid out of

net income or net taxable capital gains of the Fund. See “Certain Canadian Federal Income Tax Considerations” and “Distributions”.

6.5 Fees and Expenses of the Underlying Funds

For providing its services to the respective Underlying Funds, the Manager receives a management fee and a performance fee from the respective Underlying Funds attributable to the certain classes of units of the applicable Underlying Funds. However, any investment by a Fund into Class I Units of the respective Underlying Funds will not result in any duplication of management fees or performance fees to the Fund or the investors of the Fund as any investment by the Fund in the respective Underlying Funds will only be in Class I Units of the applicable Underlying Fund that carry no management fees and performance fees. For greater certainty, the Manager will not receive any management fees or performance fees in respect of the Class I Units of the Underlying Funds to be purchased by the Funds. In addition, no sales charges or redemption fees are payable by the Funds in relation to its purchase or redemption of class I units of the Underlying Fund.

Each Underlying Fund will pay for all routine and customary expenses relating to the Underlying Fund’s operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of units of the Underlying Fund including securities filing fees (if any), expenses relating to providing financial and other reports to unitholders of the Underlying Fund and convening and conducting meetings of unitholders of the Underlying Fund, expenses related to the independent review committee of the Underlying Fund, all taxes, assessments or other governmental charges levied against the Underlying Funds, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Underlying Fund. In addition, the Underlying Fund will pay for expenses associated with ongoing investor relations and education relating to the Underlying Fund.

The Class I Units of the Underlying Fund purchased by a Fund will be responsible for the above expenses specifically related to that class of units of the Underlying Fund and a proportionate share of expenses that are common to all classes of units of the Underlying Fund. As a result, Unitholders that invest in Underlying Funds will indirectly bear a proportionate share of such expenses of such Underlying Funds.

Copies of the offering memorandum, the most recent audited annual financial statements and the most recent unaudited semi-annual financial statements of the Underlying Funds in which a Fund is invested in will be made available to Unitholders free of charge upon request and may be inspected at the principal office of the Funds during normal business hours.

SECTION 7 – DEALER COMPENSATION

Units will be distributed in the Offering Jurisdictions (as described below) through Dealers, including the Manager (in jurisdictions where it is registered to sell the securities), and such other persons as may be permitted by applicable law. In the event of such distribution, Dealers (other than the Manager) will be entitled to the compensation described below.

7.1 Sales Commissions

No selling commissions or fees will be paid by the Funds or Manager in connection with the sale of Units under this Offering Memorandum.

Sales Charge Option

Under the sales charge option for Class A Units and Class B Units (the “Sales Charge Option”), a sales charge is deducted from the amount of the subscription and paid to the investor’s registered dealer. The remaining amount is divided by the net asset value per Unit for the class of Units subscribed for, as described under “Investing in Units”, to determine the number of Units purchased. Sales charges are negotiable between investors and their Dealers. The maximum sales charge for the Funds is 2% of the total amount invested. No sales charge applies to additional Units issued through the automatic reinvestment of distributions.

7.2 Service Fees

A service fee will be paid to qualified Dealers and brokers for on-going advice and service provided by the Dealers or brokers to their clients who have invested in a Fund. This service fee is a portion of the Manager’s management fee that is shared with a qualified dealer or broker. The service fee is payable by the Manager for as long as such broker’s or dealer’s clients’ investments remain in a Fund. Qualified brokers or Dealers will not charge the investor a commission or fee on the redemption of Units.

Service fees will be calculated and payable by the Manager at least semi-annually to qualified Dealers or brokers for salespersons of the qualified dealer or broker with client assets invested in a Fund having an aggregate net asset value of not less than \$100,000.

Service Fees - Arbitrage Fund

Service fees will be based on the aggregate value of the clients’ investments in Arbitrage Fund at the end of each month equal to 1/12 of 0.75% (0.75% per annum) of the net asset value of the Class B Units and 1/12 of 0.40% (0.40% per annum) of the net asset value of the Class V Units held by the clients on the last business day of that month. No service fees are paid for Class F and Class I Units. Service fees may be modified or discontinued by the Manager at any time.

Service Fee – Arbitrage Plus Fund

Service fees will be based on the aggregate value of the clients’ investments in Arbitrage Plus Fund at the end of each month equal to 1/12 of 1.00% (1.00% per annum) of the net asset value of the Class A Units and 1/12 of 0.40% (0.40% per annum) of the net asset value of the Class V Units held by the clients on the last business day of that month. No service fees are paid for Class F and Class I Units. Service fees may be modified or discontinued by the Manager at any time.

SECTION 8 – INVESTING IN UNITS

8.1 Purchase of Units

Investors may be admitted to a Fund or may acquire additional Units on a monthly basis as of the last business day (any day on which the Toronto Stock Exchange (“TSX”) is open for trading is hereinafter referred to as a “Business Day”) of each calendar month. The Units are being offered using the mutual fund order entry system FundSERV. Subscription for Units may be made directly through the Manager (in jurisdictions where it is registered to sell the securities) or from a distributor on the FundSERV network.

The subscription price is payable upon subscription, by cheque or by bank draft. No financing of the subscription price will be provided by the Manager. As of the date of this Offering Memorandum, the minimum subscription price for initial investments in Class A Units, Class B Units, Class F Units and Class

V Units is \$25,000. The minimum initial investment in Class I Units of the Fund is \$1,000,000. The Manager may in its discretion waive these minimum investment amounts established by it, accept investments in other minimum amounts permitted under applicable securities laws, or require higher minimum investment amounts.

Each prospective and qualified investor who desires to subscribe for Units must:

- (a) complete and sign the form of subscription agreement in substantially the form provided by the Manager, specifying the number of Units being subscribed for either directly or through Dealers or other persons permitted by applicable securities laws to sell Units; and
- (b) deliver to the Manager, in trust, either a copy of a void cheque or direct deposit form for the subscription amount to be withdrawn from the prospective investor's bank account, or a wire transfer through a financial institution utilizing the instructions of the Funds.

Subscriptions will be received subject to prior sale and acceptance of the investor's subscription, in whole or in part (subject to compliance with applicable securities laws), by the Manager on behalf of the Funds. Funds in respect of any subscription will be payable by investors at the time of the subscription.

The subscription funds, subscription agreements and other documents received by the Manager will be held in trust and released upon closing. Where required pursuant to National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106"), the subscription amount will be held in trust until the earlier of: (i) the time the purchase is processed; or (ii) midnight on the second Business Day after the investor signs a subscription agreement. Closings will occur on a continuous basis at the end of each month in which subscriptions are received.

Units will be offered at the Class Net Asset Value per Unit (as described in "Determination of Net Asset Value") calculated as of the applicable Valuation Date. The Class Net Asset Value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Eastern time) on the last Business Day of a month will be calculated as of the Valuation Date for that month. Subscriptions which are received and accepted by the Manager after 4:00 p.m. (Eastern time) on the last Business Day of a month will be calculated as of the Valuation Date for the following month (see "Determination of Net Asset Value"). All subscriptions for Units are to be forwarded by Dealers, without charge, the same day that they are received, to the Manager or purchased using the FundSERV network, as applicable.

The Manager reserves the right to accept or reject orders, whether made through the Manager or entered on the FundSERV network, within 30 days of their receipt by the Manager, and any monies received with a rejected order will be refunded forthwith, without interest, other compensation or deduction, after such determination has been made by the Manager. The Manager shall not accept subscriptions from and shall not direct the issuance or transfer of Units to: (a) any person who is or would be a "designated beneficiary" of the Fund, as such term is defined in Part XII.2 of the Tax Act, if, as a consequence thereof, the Fund would be liable for tax under Part XII.2 of the Tax Act; (b) a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, if the Fund itself would be deemed to be a "financial institution" under such rules as a result of such subscription/issuance of Units; or (c) a non-resident of Canada, if in the opinion of the Manager, the issuance or transfer of a Unit to such person could create a material risk that the Fund could lose its status as a mutual fund trust under the Tax Act. If at any time the Manager becomes aware that Units are beneficially owned by one or more entities described above, the Fund may redeem all or such portion of the Units on such terms as the Manager deems appropriate in the circumstances. All subscriptions for and/or transfers of Units shall, if required by the Manager, be accompanied by evidence satisfactory to the Manager confirming that the investor making the subscription

or transfer is not and will not be a “designated beneficiary” of the Fund. All subscriptions will be irrevocable. Fractional Units will be issued up to four decimal points.

A book-based system of registration is maintained for the Fund. Unit certificates will not be issued. The register for the Units is kept at the office of the Administrator (as defined herein). Following each purchase or redemption of Units, Unitholders will receive a written confirmation from the Trustee indicating details of the transaction including the class, number and dollar value of the Units purchased or redeemed, the net asset value per Unit and the class, number and dollar value of Units held by the Unitholder following such purchase or redemption.

8.2 Minimum Investment

The minimum initial investment in the Funds is \$25,000 for any Class A Units, Class B Units, Class F Units and Class V Units. The minimum initial investment in Class I Units of the Fund is \$1,000,000. The Manager has the discretion to accept a lesser initial subscription, provided, in each case, that the issuance of Units in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation.

The minimum additional subscription for Class A Units, Class B Units, Class F Units and Class V Units is \$1,000 or such greater amount as may be otherwise required to comply with applicable securities laws or as may be prescribed by the Manager in its sole discretion. The minimum additional subscription for Class I Units for a third party is \$500,000 or such other amount that may be prescribed by the Manager in its sole discretion.

8.3 Distribution of Units

Units are offered to investors resident in the provinces and territories of Canada, (the “Offering Jurisdictions”) pursuant to applicable exemptions from the prospectus requirements of the securities laws in the Offering Jurisdictions.

Subscriptions will be accepted from an investor who is: (i) an “accredited investor” as described in applicable securities legislation; or (ii) an entity (i.e., not an individual) who is purchasing Units with a minimum investment of \$150,000, paid in cash (other than in Alberta where this exemption is not available), subject to applicable securities legislation. An investor who purchases as an “accredited investor” is required to notify the Manager if such investor’s status changes.

SECTION 9 – REDEMPTION OF UNITS

9.1 How to Redeem Units

Units may be surrendered to the Manager for redemption at any time. A Unitholder may have his or her Units redeemed as of the last business day of each month (the “Redemption Date”) at the Class Net Asset Value per Unit as of the Redemption Date provided the Manager has received a notice of redemption in respect of such Units prior to the close of business twenty Business Days (or such shorter period as is approved by the Manager) prior to the Valuation Date on which the Units are intended to be redeemed, otherwise such Units will be redeemed on the next Valuation Date that is at least twenty Business Days after the date when the notice was received (or such later Valuation Date as may be specified in the redemption request). Requests for redemption made to the Manager must be made in writing with the signature guaranteed by a Dealer, Canadian chartered bank, trust company, a member of a recognized stock exchange in Canada or otherwise guaranteed to the satisfaction of the Manager. If Units are registered in the name of an intermediary such as a Dealer, clearing agency or its nominee, redemption orders must be

made through such intermediary. Requests for redemption will be accepted in the order in which they are received.

Where the Units which are the subject of the notice of redemption were purchased from a distributor on the FundSERV network, a request for redemption may also be entered on the FundSERV system in the calendar month in which the Redemption Date occurs, and payment of the redemption proceeds will be made using the FundSERV network. Where the Units which are the subject of the notice of redemption were purchased through the Manager, payment of the redemption proceeds will generally be made by cheque, bank draft or wire transfer. Subject to applicable law, redemption proceeds may be made in kind in the Manager's discretion. The Manager shall within three Business Days following the determination of the Class Net Asset Value per Unit for the applicable Redemption Date distribute an amount equal to the Class Net Asset Value per Unit determined as of the relevant Redemption Date. See "Determination of Net Asset Value". Any payment referred to above, unless such payment is not honoured, will discharge the Fund, the Trustee, the Manager and their agents from all liability to the redeeming Unitholder in respect of the payment and the Units redeemed. In no event shall the Fund, the Trustee or the Manager be liable to a Unitholder for interest or income on the proceeds of any redemption pending the payment thereof.

If Unitholders submit notices to redeem more than 25% of the Net Asset Value of a Fund in aggregate in any given month then their individual redemptions will be prorated so as to limit the total amount redeemed to 25%.

SECTION 10 – RESALE RESTRICTIONS

Units are not transferable except by operation of law or with the consent of the Manager. Such consent may be withheld by the Manager at its discretion, and in any case will be withheld if such a transfer is not permitted by applicable laws. There is no formal market for the Units and none is expected to develop. Furthermore, this offering of Units is not qualified by way of prospectus and consequently, the resale of Units will be subject to restrictions under applicable securities legislation. A Fund will be entitled to require and may require, as a condition of allowing any transfer of any Unit, the transferor or transferee, at their expense, to furnish to the Fund evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Fund) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto. Unitholders may not be able to resell Units and may only be able to redeem them. Redemptions of Units may be subject to the limitations described under "Redemption of Units" and "Purchase of Units". Investors are advised to seek legal advice prior to any resale of the Units.

No Unitholder may assign or transfer, or offer to sell, assign, or transfer all or any of its Units to a U.S. Person (as defined in Rule 902 of Regulation S under the U.S. Securities Act, which definition generally includes a natural person resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) without the prior written consent of the Fund (which consent may be withheld for any reason) other than by will or the laws of intestacy and distribution. No U.S. Person transferee of Units will be admitted to a Fund without agreeing to the terms of the Trust Agreement and receiving the consent of the Fund, which consent may be withheld in the Fund's sole and absolute discretion. No purported transferee shall have any right to any profits, losses or distributions of the Fund. **Any attempt by a Unitholder to make any assignment or transfer in violation of the terms described in this section shall be null and void ab initio and of no legal force or effect whatsoever.**

SECTION 11 – DETERMINATION OF NET ASSET VALUE

11.1 Valuation Dates

A Fund's net asset value (the "Net Asset Value"), the net asset value of a class of a Fund (the "Class Net Asset Value") and the net asset value per Unit of a Class (the "Class Net Asset Value per Unit") is calculated as the value of the Fund's assets, less its liabilities, computed on a particular date in accordance with the Trust Agreement. The Administrator (or such other person or entity designated by the Manager) will calculate the Net Asset Value of the Fund as of the last Business Day of each month, and such other days as the Trustee may determine, at the close of regular trading on the TSX, normally 4:00 p.m. (Eastern time) (each, a "Valuation Date"). The Funds will also be valued, for reporting purposes only, on the last Business Day of the month on which the TSX is open for business, at the close of regular trading, normally 4:00 p.m. (Eastern time).

The Class Net Asset Value per Unit on a Valuation Date is obtained by dividing the value of the assets of the Fund less the amount of its liabilities, in each case attributable to that Class, by the total number of Units of the Class outstanding at the close of business on the Valuation Date and adjusting the result to a maximum of three decimal places.

The Net Asset Value of a Fund, Class Net Asset Value and Class Net Asset Value per Unit established by the Manager in accordance with the provisions of this Section shall be conclusive and binding on all Unitholders.

11.2 Valuation Principles

The Manager shall determine and calculate or cause the Administrator to determine and calculate the Net Asset Values, Class Net Asset Values and Class Net Asset Values per Unit on a particular Valuation Date on behalf of the Funds in accordance with generally accepted accounting principles as follows:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager or Administrator determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager or Administrator determines to be the reasonable value thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of bid and ask prices on a Valuation Date at such times as the Manager or Administrator, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Date or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of a Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Manager or Administrator;

- (e) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (f) purchased or written clearing corporation options, options on futures, over-the-counter options, debt like securities and listed warrants shall be valued at the current market value thereof;
- (g) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value of a Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (h) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (i) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (j) all securities, property and assets of a Fund valued in a foreign currency and all liabilities and obligations of a Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the applicable rate of exchange obtained by the Manager in accordance with the Trust Agreement;
- (k) all expenses or liabilities (including fees payable to the Manager) of the Funds shall be calculated on an accrual basis; and
- (l) the value of any security or property to which, in the opinion of the Manager or Administrator, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Manager or Administrator from time to time provides.

The Net Asset Values of the Funds and each Class is calculated in Canadian dollars. The Net Asset Values of the Funds and each Class are reported in Canadian currency. The Net Asset Values of the Funds and each Class may be reported in such other currencies as the Manager or Administrator may from time to time determine, based on the current end of day rate or rates of exchange, as the case may be, reported by any report in common use.

The Manager and Administrator are entitled to rely on any values or quotations supplied by a third party, or each other, and are not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Manager or Administrator acts in accordance with its standard of care, it shall be held harmless by the Funds and shall not be responsible for any losses or damages resulting from relying on such information.

SECTION 12 – DISTRIBUTIONS

The Funds intend to distribute sufficient net income (including net realized capital gains, if any) to Unitholders in each taxation year to ensure that the Funds are not liable for income tax under Part I of the Tax Act, after taking into account any loss carry forwards and capital gains refunds. **All distributions (other than Fee Distributions) will be made on a pro rata basis within each Class to each registered Unitholder determined as of the close of business (prior to any subscriptions or redemptions) on the last Valuation Date prior to the date of the distribution.**

Each distribution period, each Fund will normally distribute to Unitholders all of the net income of the Fund for such distribution period. The Manager may, however, upon providing written notice of no less than 10 Business Days to the Trustee, direct an amount less than all of the net income of a Fund to be distributed to Unitholders. The distributions of the net income of each distribution period are payable on the distribution date for the period to Unitholders of record on the valuation date immediately prior to that distribution date.

Subject to applicable securities legislation, all distributions made by the Funds (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units or fractions of Units at the Class Net Asset Value per Unit. **Potential investors should keep this policy in mind when determining whether or not an investment in the Fund is suitable for their particular circumstances. The Manager reserves the right to change such policy, and may elect to have distributions paid in cash. Distributions paid in cash are expected to be paid within three Business Days after they have been declared.**

The Manager may make such designations, determinations and allocations for tax purposes of amounts or portions of amounts which a Fund has received, paid, declared payable or allocated to Unitholders as distributions or redemption proceeds.

The costs of distributions, if any, will be paid by the Funds.

SECTION 13 – CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this Offering Memorandum, a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds Units as capital property.

Generally, Units will be considered to be capital property to a holder provided the holder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units, and all other "Canadian securities" owned or subsequently owned by them, treated as capital property by making an irrevocable election under subsection 39(4) of the

Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

This summary assumes that none of the issuers of securities held by a Fund will be a foreign affiliate of the Fund or any Unitholder for the purposes of the Tax Act or a non-resident trust that is not an “exempt foreign trust” as defined in section 94 of the Tax Act. This summary also assumes that (i) the Funds will not be “SIFT trusts” for the purposes of the Tax Act, (ii) the Funds will, at all material times, constitute “mutual fund trusts” for the purposes of the Tax Act, and (iii) the Funds will not be required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

This summary is based on the provisions of the Tax Act and the regulations promulgated thereunder (the “Regulations”), along with an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”), all as of the date of this Offering Memorandum, and all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to that date (the “Proposed Amendments”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units, and does not describe the income tax consequences relating to the deductibility of interest paid on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor’s particular circumstances, including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor.

Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their own particular circumstances.

13.1 Taxation of the Funds

The Funds will be subject to tax in each taxation year under Part I of the Tax Act on the amount of their income for the year, including net realized taxable capital gains, less the portion thereof that they claim in respect of the amount paid or payable to Unitholders in the year. Each Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under “Distributions”, it will generally not be liable in such year for any tax on its net income under Part I of the Tax Act.

The Funds generally intend to account for gains and losses realized on most periodic transactions in derivatives on income account. However, the Funds may report certain share option transactions on capital account. Gains and losses realized on the disposition of shares held in long positions will generally be reported as capital gains and capital losses. Whether gains and losses realized by the Fund are on income or capital account will depend largely on factual considerations. The Funds have elected under subsection 39(4) of the Tax Act such that all gains and losses realized by the Funds on “Canadian securities” will be deemed to be capital gains and losses.

Each of the Funds will be required to include in income for each taxation year all interest that accrues to it during the taxation year or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing the Fund’s income for a preceding taxation year. Where

a Fund transfers a debt security to a transferee who becomes entitled to interest that accrued on the security prior to the transfer, such accrued interest will generally be included as interest in computing the Fund's income. The Funds will also be required to include in income any taxable dividends received on shares of corporations and generally any other income earned on their investments.

To the extent that a Fund invests in one or more Underlying Funds and subsequently disposes of its units of an Underlying Fund, the Fund will be subject to tax in respect of any income, including net taxable capital gains, arising as a result of the disposition of the units of the Underlying Fund in the taxation year in which the disposition occurs. The Funds intend to make distributions to Unitholders in the amount of any income arising on the disposition of units of Underlying Funds in the year of any such disposition, such that they will generally not be liable for any tax under Part I of the Tax Act as a result of any such disposition.

In computing its income for tax purposes, a Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest payable by the Fund on money borrowed to purchase securities. A Fund may generally deduct the costs and expenses of the offering of Units under this Offering Memorandum that are paid by the Fund at a rate of 20% per year, pro-rated where a Fund's taxation year is less than 365 days.

A Fund's portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Funds may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Funds may be subject to the "straddle loss" rules contained in the Tax Act, which generally defer the realization of any loss on the disposition of a "position" to the extent of any unrealized gain on an offsetting "position". For the purposes of these rules, a "position" held by a Fund includes any interest in personal properties such as shares, trust interests, commodities, derivatives, and certain debt obligations. An offsetting "position" is any similar interest that has the effect of eliminating all or substantially all of a Fund's risk of loss and opportunity for gain in respect of the underlying "position".

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

Losses incurred by a Fund cannot be allocated to Unitholders but may be deducted by the Fund in future years in accordance with the Trust Agreement and the Tax Act. In the event a Fund would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will generally be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the Fund during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset a Fund's tax liability for the taxation year arising in connection with the transfer of property in kind to redeeming unitholders on the redemption of Units.

All or a portion of any capital gain realized by a Fund in connection with a redemption of Units may, at the discretion of the Trustee, be treated as capital gains paid to, and designated as capital gains of, the redeeming Unitholder. The full amount of the capital gain so designated will reduce the redeeming Unitholder's proceeds of disposition. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and will be deductible by the Fund in computing its income, except to the extent that the amount of capital gain so designated were to exceed the Unitholder's accrued gain on those Units.

13.2 Taxation of Unitholders

A Unitholder will generally be required to include, in computing the Unitholder's income for a taxation year, the amount of a Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. Net income (or losses) including capital gains (or capital losses) realized by a Fund in a taxation year in respect of a particular Class of Units must be netted against losses (or gains) or capital losses (or gains) realized by the Fund in that year in respect of all other classes of Units, in accordance with the rules provided in the Tax Act, to determine the net income and net capital gains of the Fund as a whole for that year. This netting may result in income and/or capital gains allocations to a particular Class of Units that differ from those that would result if such Units had been issued by a separate trust having only one class and series of units. The non-taxable portion of a Fund's net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of a Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units, except to the extent such amount is the non-taxable portion of a capital gain of a Fund the taxable portion of which was designated to the Unitholder. To the extent that the adjusted cost base to a Unitholder of a Unit would be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the adjusted cost base to the Unitholder of the Unit will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by a Fund, such portion of: (i) the net realized taxable capital gains of the Fund, (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit, and (iii) taxable dividends received by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules contained in the Tax Act will apply.

The Class Net Asset Value per Unit for a Fund will reflect any income and gains of the Fund that have accrued at the time Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund that represents an amount that is otherwise required to be included in the Unitholder's income as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base to a Unitholder of Units of a particular Class, the cost of newly acquired Units will be averaged with the adjusted cost base to a Unitholder of all Units of the Class owned by the Unitholder as capital property before the acquisition. If a Fund distributes property in kind, a Unitholder's proceeds of disposition would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition.

Based on published administrative positions of the CRA, a re-designation of a particular Class of Units of a Fund to another Class of Units of the same Fund denominated in the same currency should not result in a disposition of the Units.

Currently, one-half of any capital gain (“taxable capital gain”) realized on the disposition of Units will be included in the Unitholder’s income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

Proposed Amendments released on April 16, 2024 as part of Canada’s 2024 Federal Budget propose to generally increase the proportion of a capital gain that would be included in income as a taxable capital gain, or the proportion of a capital loss that would constitute an allowable capital loss, from one-half to two-thirds, effective for dispositions on or after June 25, 2024 (the “Budget Proposal”). The Budget Proposal provides that the one-half inclusion of capital gains will continue to apply to individuals (other than trusts) up to a maximum of \$250,000 of net capital gains per year. The Budget Proposal also contemplates adjustments of carried forward or carried back allowable capital losses to account for changes in the relevant inclusion rates. However, no draft legislation to implement the Budget Proposal has yet been publicly announced by the Minister of Finance (Canada), and many aspects of how the Tax Act will be amended in connection with the Budget Proposal remain unclear, including with respect to how the changes would be applied for capital gains earned through a trust.

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

SECTION 14 – INTERNATIONAL TAX INFORMATION REPORTING

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the “IGA”), and related Canadian legislation, the Funds and/or registered dealers are required to report to the CRA certain information with respect to Unitholders who are U.S. tax residents or U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA, unless the investment is held within a Registered Plan. The CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS”), the Funds and/or registered dealers are required under Canadian legislation to identify and report to the CRA certain information relating to certain unitholders in the Fund who are tax residents in a country outside of Canada and the U.S., unless the investment is held within a Registered Plan (other than a FHSA) The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral exchange with Canada under the CRS. Proposed Amendments included in Bill C-59, which received its second reading in March 2024, would exempt FHSAs from due diligence and reporting obligations imposed under Part XIX of the Tax Act, which implements the CRS; however, there can be no assurance that such Proposed Amendments will be enacted as proposed.

SECTION 15 – ELIGIBILITY FOR INVESTMENT

The Funds qualify as “mutual fund trusts” as defined in the Tax Act and are expected to continue to so qualify effective at all material times. For the purposes of this summary, it is assumed that the Funds will continue to qualify as “mutual fund trusts” at all material times. In the event that a Fund did not qualify as a “mutual fund trust” at all material times, the income tax considerations would in some respects be materially different from those described below.

Provided that the Funds qualify as a mutual fund trusts as described above, the Units will be “qualified investments” as defined in the Tax Act for Registered Plans such as RRSPs, RRIFs, RESPs, DPSPs, RDSPs, FHSAs and TFSAs.

Notwithstanding the foregoing, if Units are “prohibited investments” for a Registered Plan, the holder of a TFSA, FHSA or RDSP, the annuitant of an RRSP or RRIF, or the subscriber of a RESP (each, a “Plan Holder”) will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes (but is not limited to) a unit of a trust which does not deal at arm’s length (for purposes of the Tax Act) with the Plan Holder, or in which the Plan Holder, either alone or together with persons with whom the Plan Holder does not deal at arm’s length (for purposes of the Tax Act), owns Units that have a value equal to 10% or more of the value of the trust’s outstanding units.

Plan Holders should consult their own tax advisors with respect to whether Units are “prohibited investments” for their TFSAs, FHSAs, RRSPs, RRIFs, RDSPs, or RESPs and the tax consequences of Units being acquired or held by trusts governed by such accounts, plans or funds.

SECTION 16 – CERTAIN RISK FACTORS

There are certain risks associated with investments in the Funds. Investors should consider the following risk factors in evaluating the merits and suitability of an investment in a Fund.

No Assurance of Achieving Investment Objectives

There is no assurance that the Fund will be able to accomplish its objectives. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Arbitrage Risk

Investments may be purchased pursuant to a risk arbitrage strategy in order to take advantage of the difference between the current market values of securities and their anticipated values in the event of a merger, restructuring, acquisition, or other corporate transaction (see “Business of the Fund – Investment Objective, Strategies, Policies and Restrictions”). Securities purchased or sold short pursuant to the Funds’ risk arbitrage strategy may not perform as intended, which may result in a loss to the Funds. Additionally, predicted corporate events may not proceed as expected or may fail, which may result in significant losses.

Call Risk

The Funds may invest, directly or indirectly, in callable securities. During periods of falling interest rates, an issuer of a callable security may “call” or repay a security before its stated maturity, which may result in the Funds having to reinvest the proceeds at lower interest rates, resulting in a decline in their respective income.

Concentration Risk

The Funds may concentrate their investments in securities of a small number of issuers, sectors, or countries. A relatively high concentration of assets in a small number of investments may reduce the diversification of the Funds’ portfolios. The Funds may be unable to satisfy redemption requests if they cannot sell these investments in a timely and orderly manner. The Funds’ performance may be more volatile due to the impact of the changes in value of these investments on the Funds.

Unlike many mutual funds, the Funds are not subject to applicable securities laws that require them to diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one industry or group of industries.

Convertible Securities Risk

A convertible security is a debenture or a preferred security that the holder may exchange for common stock at a pre-specified conversion rate. Because of the option to convert the security into common stock, the convertible security pays a lower coupon or preferred dividend than a comparable non-convertible debt or preferred stock issued by the company. Convertible securities are usually sold by issuing companies at discounts to their fundamental values. Due to their lower level of liquidity relative to listed equities, they often trade at discounts in the secondary market. The market value of a convertible security performs like that of a regular debt security, that is, if market interest rates rise, the value of a convertible security usually falls. In addition, a convertible security is subject to the risk that the issuer will not be able to pay interest or dividends when due, and its market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock. Further, the holding period for an investment in a convertible security may be longer than one year and could be several years for some investments.

Credit Risk

An issuer of a bond or other fixed income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. For example, the risk of default is quite low for most government and high-quality corporate securities. Where this risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where this risk is considered to be lower. This risk could increase or decline during the term of the fixed income investment.

Companies and governments that borrow money, as well as their debt securities, may be rated by specialized rating agencies. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value. Other factors can also influence a debt security's market value, such as the level of liquidity of the security or a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security and the underlying assets, if any. Lower rated debt instruments such as an instrument that has a credit rating below investment grade or may not be rated at all (sometimes referred to as "high yield"), generally offer a better yield than higher-grade debt instruments, but have the potential for substantial loss as compared to higher grade instruments. High yield securities may also be subject to greater levels of credit or default risk and may be traded on markets that are less liquid as compared to higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions such as an economic downturn or a period of rising interest rates and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, as well as being more difficult to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms, to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets.

The Funds may invest, from time to time, in unsecured debt obligations of small capitalization companies. In the event of a default in the repayment of these obligations, the Funds' investment in such indebtedness may be lost in whole or in part.

Fixed Income Investment Risk

Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of such securities. Since the Funds' unit prices are based on the value of their investments, an overall decline in the value of their fixed income investments will reduce the value of the Funds and therefore, the value of an investment. However, an investment will be worth more if the value of the fixed income investments in the portfolio increases.

Investment in the Funds should be made with an understanding that the value of the debt securities in the Funds' portfolios will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. The value of the bonds held in the Funds' investment portfolios will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness.

High Yield Securities Risk

The Fund may invest, directly or indirectly, in high yield securities that are, at the time of purchase, rated below investment grade. High yield securities risk is the risk that securities rated below investment grade by a rating agency and/or determined by the Manager may be more volatile than higher-quality securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk and may be traded on markets that are less liquid as compared to higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, and more difficult to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms, to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets.

Interest Rate Risk

The Funds may invest, directly or indirectly, in fixed income securities, such as bonds, and money market instruments, and, as a result, are sensitive to changes in interest rates. In general, when interest rates are rising, the value of these investments tends to fall. When rates are falling, fixed income securities tend to increase in value. Fixed income securities with longer terms to maturity are generally more sensitive to changes in interest rates. Certain types of fixed income securities permit issuers to repay principal before the security's maturity date. There is a risk that an issuer will exercise this prepayment right after interest rates have fallen and a Fund holding these fixed income securities will receive payments of principal before the expected maturity date of the security and may need to reinvest these proceeds in securities that have lower interest rates.

Equity Investment Risk

Companies issue equity securities, or stocks, to help pay for their operations and to finance future growth. Equity securities carry several risks and a number of factors may cause the price of a specific equity security to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where

the company operates. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of the equity securities it holds will reduce the value of the Fund and, therefore, the value of an investment in the Fund. However, if the price of the equity securities in a Fund's portfolio increases, an investment in the Fund will be worth more. Equity funds (such as the Funds) generally tend to be more volatile than fixed income funds, and the value of their units can vary widely. Funds that invest in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, will have varying degrees of risk depending on the sector and the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors.

European Market Exposure Risk

Investing in European countries may expose the Funds to the economic and political risks associated with Europe in general and the specific European countries in which it invests. The economies and markets of European countries are often closely connected and interdependent, and events in one country in Europe can have an adverse impact on other European countries. The Funds may make direct or indirect investments in securities of issuers that are domiciled in, or have significant operations in, member countries of the European Union. A number of countries within the EU are also members of the Economic and Monetary Union (the "eurozone") and have adopted the euro as their currency. Eurozone membership requires member countries to comply with restrictions on inflation rates, deficits, interest rates, debt levels, and fiscal and monetary controls, each of which may significantly affect every country in Europe. Changes in import or export tariffs, changes in governmental or European Union regulations on trade, changes in the exchange rate of the euro and other currencies of certain European Union countries which are not in the eurozone, the default or threat of default by a European Union member country on its sovereign debt, and/or an economic recession in a European Union member country may have a significant adverse effect on the economies of European Union member countries and their trading partners. Although certain European countries are not in the eurozone, many of these countries are obliged to meet the criteria for joining the eurozone. Consequently, these countries must comply with many of the restrictions noted above. The European financial markets have experienced volatility and adverse trends in recent years due to concerns about economic downturns, rising government debt levels and the possible default of government debt in several European countries, including, but not limited to, Austria, Belgium, Cyprus, France, Greece, Ireland, Italy, Portugal, Spain and Ukraine. In order to prevent further economic deterioration, certain countries, without prior warning, can institute "capital controls". Countries may use these controls to restrict volatile movements of capital entering and exiting their country. Such controls may negatively affect investments of the Funds. A default or debt restructuring by any European country would adversely impact holders of that country's debt and sellers of credit default swaps linked to that country's creditworthiness, which may be located in countries other than those listed above. In addition, the credit ratings of certain European countries were downgraded in the past. These events have adversely affected the value and exchange rate of the euro and may continue to significantly affect the economies of every country in Europe, including countries that do not use the euro and non-EU member countries. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not produce the desired results, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and other entities of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far reaching, and could adversely impact the value of the Funds' investments in the region.

Foreign Market Exposure Risk

The Funds will, at any time, include securities established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to similar Canadian and U.S. issuers, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. issuer. Other risks include the application of foreign tax law, changes in governmental administration or economic or monetary policy, and the effect of local market conditions on the availability of public information. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Foreign Currency Exposure Risk

Securities included in the Funds may be valued in or have exposure to currencies other than the Canadian dollar and, accordingly, each Class Net Asset Value will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. However, the Manager may hedge the Canadian dollar exposure to the foreign currency in whole or in part. There can be no assurance that gains or losses on currency hedging transactions will be matched in timing or characterization with losses and gains on the securities valued in foreign currencies in which the Funds invests. The use of currency hedging could result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receipt a specified currency.

Hedging against changes in the value of currency does not eliminate fluctuations in the prices of portfolio securities and does not prevent losses if the prices of such securities decline. Hedging may also limit the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for the Funds to enter into transactions which hedge against generally anticipated changes in currencies. The use of currency hedging could result in the Funds incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receipt a specified currency.

Fund on Fund Risk

The Funds may invest directly in, or obtain exposure to, other funds (which may also invest directly in, or obtain exposure to, other funds) as part of their investment strategy. Consequently, the Funds are also subject to the risk of the Underlying Funds and any other funds that the Underlying Funds invest in. Therefore, the returns of the Funds will be affected by the risks described herein associated with an investment not only in the Funds, to the extent applicable, but also in the Underlying Funds and any other funds that the Underlying Funds may invest in. All references to a Fund in this section, shall, as the context requires, also be deemed to be references to an applicable Underlying Fund.

If an Underlying Fund suspends redemptions, a Fund may be unable to value part of its portfolio and may be unable to redeem its investment in the Underlying Fund, which may have an adverse impact on the Fund's ability to satisfy redemption requests from its Unitholders.

Several factors may result in the returns of a Fund associated with Underlying Funds not being equal to the Underlying Funds invested in by the Fund, including, but not limited to, the timing of an investor's investment relative to when the Fund is able to purchase units of the Underlying Fund.

General Economic and Market Conditions Risk

The success of the Funds' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices

and the liquidity of the Fund's investments. Unexpected volatility or illiquidity may impair the Funds' profitability or result in losses. There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Funds or their unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities, both in Canada and internationally, will not be changed in a manner which adversely affects the distributions received by the Funds or by the unitholders.

An outbreak of an infectious respiratory illness, COVID-19, caused by a novel coronavirus that was first detected in China in December 2019 spread globally and resulted in a slowdown of the global economy and volatility in the global financial markets. The coronavirus may also require employees of the Manager or certain key service providers to the Funds to be absent from work or work remotely for prolonged periods of time. The ability of the employees of the Manager and/or other service providers to the Funds to work effectively on a remote basis may adversely impact the day-to-day operations of the Funds. The continuing impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the coronavirus outbreak, and other epidemics and pandemics that may arise in the future, may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the coronavirus, and other epidemics and pandemics that may arise in the future, may be short term or may last for an extended period of time.

Leverage Risk

The Manager is generally making investment decisions for assets that exceed the Net Asset Values of the Funds by borrowing funds. As a result, if the Manager's investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase the Funds' turnover, transaction and market impact costs, interest and securities lending expenses and other costs and expenses.

Hedging Risk

Various hedging techniques may be used in an attempt to reduce certain risks, including hedging options as a means to reduce the risks of both short-selling and taking long positions in certain transactions and hedging currency risks associated with investments denominated in foreign currencies. Recalculations and adjustments to specific position hedges will be performed as market conditions warrant. However, such position hedges entail risks of their own. For example, unanticipated changes in currency exchange rates may result in an overall poorer performance than if currency risks had not been hedged. If market conditions are analyzed incorrectly or a risk reduction strategy is employed that does not correlate well with a Fund's investments, the Fund's risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return.

Derivatives Risk

The Funds' use of derivatives involves risks different from and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that

changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. When the Funds invest in a derivative instrument, they could lose more than the initial amount invested.

The use of options entails certain special risks. Call options will not protect the Funds from declines in the value of the underlying security and may limit the Funds' potential to realize a gain on the value of the underlying security. The Funds may also forego potential returns resulting from any price appreciation of the security underlying the option above the exercise price in favour of the certainty of receiving the option premium. Purchasing call options may expose the Funds to losses if the value of the underlying security has decreased compared to the transaction price at which the Funds may purchase the security. Selling put options may expose the Funds to losses if the value of the underlying security has decreased when compared to the transaction price that the Funds must purchase the security. Purchasing put options on securities exposes the Funds to losses if the value of the underlying security has increased in value when compared to the transaction price at which the Funds may sell the security. Options markets could be illiquid in some circumstances and certain over-the counter options could have no markets. There can be no assurance that a market will exist to permit the Funds to realize their profits or limit their losses by closing out certain positions. If a Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires or the forward contract terminates, as the case may be. The ability of a Fund to close out a position may be affected by exchange imposed daily trading limits on options. The change in volatility of an option may change the value associated with the option and the proceeds that a Fund may receive from the sale of that option.

Risk of Short Sales

Short sales entail certain risks, including the risk that a short sale of a security may expose the Funds to losses if the value of the security increases. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. In addition, a short sale by a Fund requires the Fund to borrow securities in order that the short sale may be transacted. There is no assurance that the lender of the securities will not require the security to be paid back by the Fund before the Fund wants to do so, possibly requiring the Fund to borrow the security elsewhere or purchase the security on the market at an unattractive price. Moreover, the borrowing of securities entails the payment of a borrowing fee. The borrowing fee may increase during the borrowing period, adding to the expense of the short sale strategy. There is also no guarantee that the securities sold short can be repurchased by the Funds due to supply and demand constraints in the equity markets. Finally, in order to maintain the appropriate ratios between the long portfolio and the short portfolio of the Funds, the Manager may be required to buy or sell short securities at unattractive prices.

Operating History and Illiquidity of Units Risk

An investment in the Funds entails a degree of risk and investments in the Funds provide limited liquidity. There is not now, and there is not likely to develop, any market for the resale of the Units. Approval of the transfer by the Manager and satisfaction of certain requirements specified in the Trust Agreement would be required before any transfer may occur.

In addition, the Units are subject to indefinite resale restrictions under applicable securities laws. The Units are offered pursuant to prospectus and registration exemptions and, accordingly may not be transferred unless appropriate exemptions are available.

The Units are subject to limited redemption rights which may be suspended or postponed in certain circumstances. When redemption rights are not suspended or postponed, Unitholders generally may redeem

their Units on the last day of each month and the Manager may take up to five business days after month-end to pay out any such redemption.

Counterparty Risk

The Funds may enter into customized financial instrument transactions that are subject to the risk of credit failure or the inability of, or refusal by, the counterparty to perform its obligations with respect to such customized financial instrument transactions, which could subject the Funds to substantial losses.

Prime Broker Risk

Some or all of the assets of the Funds may be held in one or more margin accounts due to the fact that the Funds may from time to time sell securities short. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the assets of the Funds in such accounts, which may result in a potential loss of such assets. As a result, the assets of the Funds could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Funds may experience losses due to insufficient assets of the prime broker to satisfy the claims of its creditors. In addition, the possibility of adverse market movements while its positions cannot be traded could adversely affect the total return to the Funds. See “Custodial Arrangements.”

Portfolio Turnover Risk

The Manager adjusts the proportions of investments held in the Funds on a relatively frequent basis. In order to do so, the Manager actively trades on a frequent ongoing basis, such that the operation of the Funds may result in a high, annual portfolio turnover rate. The amount of leverage that the Funds operates at also exaggerates the turnover rate of the Funds. The Manager has not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time that they have been held when, in the opinion of the Manager, investment considerations warrant such action. The high rate of portfolio turnover of the Funds involves correspondingly greater expenses than a lower turnover rate (e.g., greater transaction costs such as brokerage fees and market impact costs), and a greater chance that a Unitholder will receive distributions of income or capital gains from the Funds in a year. There is not necessarily a relationship between a high turnover rate and the performance of the Funds.

Liquidity of Investments Risk

A Fund’s investments may be subject to liquidity constraints because of insufficient depth or volume on the trading markets for the securities the Fund is or has invested in, or the securities may be subject to legal or contractual restrictions on their resale. Each securities exchange typically has the right to suspend or limit trading and/or quotations in all of the securities that it lists. A Fund may not be able to trade securities when it wants to do so or to realize what it perceives to be the securities’ fair market value in the event of a trade. The trading of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other trading expenses than do trades of securities that are eligible for trading on securities exchanges or on over-the-counter markets or securities that are listed and hence more liquid. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

SPAC Risk

The Funds may invest a portion of its assets in the stock, warrants, and other securities of SPACs or similar special purpose entities that raise funds for the sole purpose of seeking potential acquisition opportunities. All assets (net of operating expenses) of the SPAC are invested in U.S. Government securities, money market fund securities and/or cash until an acquisition is completed. Once the SPAC identifies a transaction, common holders have the right to vote on the transaction and also to decide whether to roll their equity in the transaction or redeem shares for their pro rata share of the escrow account holdings. Should the SPAC be unable to complete an acquisition that meets its defined requirements within a pre-established period of time, the invested funds are returned to the entity's shareholders. SPACs may have specific risks, including increased volatility, associated with the regions or industries for which they pursue an acquisition. Since a SPAC is a new entity created for the purpose of acquiring another company or entity, it may have limited or no business operating history; this makes the pricing and liquidity of the security dependent on management's ability to source and complete a profitable acquisition. Furthermore, these securities may trade in the over-the-counter market which may have associated issues with price sourcing and illiquidity.

Class Risk

Since the Funds may each have multiple Classes of Units, each Class will be charged, as a separate Class, any expenses such as management fees and servicing commissions that are specifically attributable to that Class. However, all other expenses of a Fund generally will be allocated among the Classes of Units of the Fund by the Manager in a fair and equitable manner, and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund as a whole, even though its claims relate only to a particular Class of Units.

Performance Fee to the Manager Risk

To the extent described in this Offering Memorandum, the Manager receives a Performance Fee in respect of each of the Class A Units, Class B Units, Class F Units and Class V Units of a Fund based upon the appreciation, if any, in the Class Net Asset Value of the Class A Units, Class B Units, Class F Units and Class V Units. However, the Performance Fee theoretically may create an incentive for the Manager to make investments that are riskier than would be the case if such fee did not exist. In addition, because the Performance Fee is calculated on a basis that includes unrealized appreciation of a Fund's assets, it may be greater than if such compensation were based solely on realized gains.

Cyber Security Risk

With the increased use of technology in the course of business, the Funds are susceptible to operational, information security and related risks. Generally, cyber security incidents can result from deliberate attacks or unintentional events that threaten the integrity, confidentiality or availability of a Fund's information resources. A cyber security incident includes, but is not limited to, gaining unauthorized access to the Funds' electronic systems (e.g., through hacking or malicious software) to corrupt data, disrupt business operations or steal confidential or sensitive information, or may involve denial of service attacks which may cause system failures and disrupt business operations. Failures or breaches of the electronic systems of a Fund, the Manager, other service providers (e.g., transfer agent and prime brokers) or the issuers of securities in which a Fund invests have the ability to cause disruptions and negatively impact the Fund's business operations. These disruptions could potentially result in financial losses, interference with a Fund's ability to calculate net asset values, impediments to trading, inability of a Fund to process transactions including redeeming units, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or compensation or additional compliance costs associated with corrective measures. Similar adverse consequences could result from cyber security incidents affecting the

issuers of securities in which a Fund invests and counterparties with which a Fund engages in transactions. In addition, substantial costs may be incurred to prevent any cyber security incidents in the future. While the Funds have established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems and there is no guarantee that such efforts will succeed. Furthermore, the Funds cannot control the cyber security plans and systems of the Funds' service providers or issuers of securities in which the Funds invests.

Cease Trading of Securities Risk

If the securities held directly or indirectly by a Fund are cease-traded by order of a securities regulatory authority or halted from trading by the relevant exchanges, the Fund may halt trading in its Units or temporarily suspend the right to redeem the Units for cash, subject to applicable regulatory approval.

Early Termination Risk

In the event of the early termination of a Fund, the Fund would distribute to the Unitholders *pro rata* their interest in the assets of the Fund available for such distribution, subject to the rights of the Trustee or Manager to retain monies for costs and expenses. Certain assets held by the Fund may be illiquid and might have little or no marketable value. In addition, the securities held by the Fund would have to be sold by the Fund or distributed in kind to the Unitholders. It is possible that at the time of such sale or distribution certain securities held by the Fund would be worth less than the initial cost of such securities, resulting in a loss to the Unitholders.

Large Transaction Risk

If a Unitholder has significant holdings in a Fund, the Fund is subject to the risk that such large Unitholder may request a significant purchase or redemption of Units, which may impact the cash flow of the Fund. Substantial purchases and redemptions by Unitholders within a short period of time could require the Manager to arrange for a Fund's positions to be acquired or liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining Units. Large purchases and redemptions may result in: (a) a Fund maintaining an abnormally high cash balance; (b) large sales of portfolio securities impacting market value; (c) increased transaction costs (e.g., commissions); (d) significant changes to the composition of a Fund's portfolio; (e) purchase and/or sale of investments at unfavourable prices; and/or (f) capital gains being realized which may increase taxable distributions to Unitholders. If this should occur, the returns of Unitholders that invest in the Fund may be adversely affected. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

Conflicts of Interest Risk

The Manager, its directors and officers and affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in securities to be held in the Funds, and may provide similar services to other investment funds with investment objectives and strategies similar to that of the Fund and other funds and clients and engage in other activities. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Funds or the Manager, each will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage (in the case of officers) the business and affairs of the Manager and the Funds.

Investment in a Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of the Manager or its affiliates or associates or to any profit therefrom or to any interest therein. The Manager may have a conflict of interest in carrying out its obligations to the Funds as a result of its involvement in competing activities.

Liability of Unitholders Risk

The Funds are unit trusts and, as such, the Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee therefore, that Unitholders could not be made party to legal actions in connection with the Funds. However, the Trust Agreement provides that no Unitholder, in its capacity as such, will be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with a Fund's property or the obligations or the affairs of the Fund and all such persons shall look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's property only shall be subject to levy or execution. Pursuant to the Trust Agreement, a Fund will indemnify and hold harmless out of its assets each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

In any event, it is considered that the risk of any personal liability of Unitholders is minimal and remote in the circumstances, in view of the anticipated equity of the Funds, and the nature of their activities, and the Manager intends to conduct the Funds' operations in such a way to minimize any such risk. In the event that a Unitholder should be required to satisfy any obligation of a Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

Taxation of the Fund Risk

If a Fund ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Certain Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. If a Fund ceases to qualify as a "mutual fund trust", the Units will cease to be qualified investments for trusts governed by RRSPs, RRIFs, RESPs, DPSPs, RDSPs, FHSAs and TFSAs under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Trust Loss Restriction Rule Risk

The Funds may be subject to loss restriction rules contained in the Tax Act (the "Loss Restriction Rules"). If a Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's net income and net realized capital gains at such time to Unitholders so that the Fund is not liable for income tax on such amounts), and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted.

Generally, a Fund will have a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the Loss Restriction Rules. Generally, a majority-interest beneficiary of a Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of

beneficiaries, of a Fund if the Fund meets certain investment requirements and qualifies as an “investment fund”.

US Regulation and Tax Risk

The offering and sale of the Units has not been registered under the U.S. Securities Act or any similar United States state law, in reliance upon various exemptions therefrom. In addition, the Funds are not registered under the United States Investment Company Act of 1940, as amended (the “U.S. Investment Company Act”). Accordingly, Unitholders will not have the benefits afforded generally by the provisions of the U.S. Investment Company Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company). The Manager is exempt from registration with the United States Securities and Exchange Commission pursuant to the United States Investment Advisers Act of 1940, as amended, and is not subject to the recordkeeping and other requirements thereunder.

An investment in a Fund by a person subject to taxation under the United States Internal Revenue Code of 1986, as amended, may have United States tax consequences not discussed in the summary of “Certain Canadian Federal Income Tax Considerations” contained herein. Such taxpayers should consult their tax advisors about the income tax consequences of acquiring or holding Units.

Securities Regulatory Risk

The investment decisions for the Funds may, at times, be restricted as a result of aggregation limits. For example, corporate and/or regulatory requirements with respect to certain industries and markets may limit the aggregate amount of investment in certain issuers by the Funds and other funds or client accounts managed by Picton Mahoney. Exceeding these limits without reporting or the grant of a license, exemption or other corporate or regulatory consent may result in fines or other adverse consequences to the Manager and/or the Funds. As a consequence of these limits, the ability of a Fund to meet its investment objectives may be affected. In order to avoid exceeding these limits, the Manager may, among other actions, limit purchases, sell existing investments and/or transfer, outsource or limit voting rights in the securities held by the Funds.

Changes in Legislation Risk

There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Funds and their Unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by the Funds or by the Unitholders.

Lack of Separate Counsel

Counsel for the Funds in connection with this offering is also counsel to the Manager. The Unitholders, as a group, have not been represented by separate counsel and counsel for the Funds and the Manager does not purport to have acted for the Unitholders or to have conducted any investigation or review on their behalf.

THE FOREGOING LIST OF “CERTAIN RISK FACTORS” DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN

INVESTMENT IN THE FUNDS. PROSPECTIVE UNITHOLDERS SHOULD READ THE ENTIRE OFFERING MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO SUBSCRIBE.

SECTION 17 – INVESTMENT RISK RATINGS OF THE FUNDS

The methodology used to determine the investment risk level of the Funds for purposes of disclosure in this Offering Memorandum is the historical volatility risk as measured by the standard deviation of fund performance, which is the standard methodology outlined in Appendix F – *Investment Risk Classification Methodology* to National Instrument 81-102 *Investment Funds*.

The investment risk level for a fund with at least 10 years of performance history will be based on such fund's historical volatility, as measured by its 10-year standard deviation of performance. The investment risk level for a fund with less than 10 years of performance history will be based on the historical volatility of a reference index that reasonably approximates such fund's historical performance, as measured by the reference index's 10-year standard deviation of performance.

However, the Manager recognizes that other types of risk, both measurable and non-measurable, may exist and we remind you that the historical performance of a fund (or a reference index used as its proxy) may not be indicative of future returns and that the historical volatility of such fund (or a reference index used as its proxy) may not be indicative of its future volatility.

The risk rating categories of this methodology are:

Low (standard deviation range of 0 to less than 6) – for funds with a level of risk that is typically associated with investments in Canadian fixed-income funds and in money market funds;

Low to Medium (standard deviation range of 6 to less than 11) – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed-income funds;

Medium (standard deviation range of 11 to less than 16) – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/ or international equity securities;

Medium to High (standard deviation range of 16 to less than 20) – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

High (standard deviation range of 20 or greater) – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets, precious metals).

The investment risk level of the Funds is reviewed periodically.

Additionally, just as historical performance may not be indicative of future returns, the historical volatility of the Fund may not be indicative of its future volatility.

The Manager has rated the investment risk of the Arbitrage Fund as “Low” risk and of the Arbitrage Plus Fund as “Low to Medium” risk. As the Funds have less than 10 years of performance history, the Funds’ investment risk level is based on the historical return of the Funds since inception and the return of the

following reference index for the remainder of the 10 year period, Hedge Fund Research's (HFRI) Merger Arbitrage Index. This index is event-driven and equal-weighted, focusing on merger arbitrage globally in U.S. dollars, with a monthly reporting interval.

SECTION 18 – REPORTING TO UNITHOLDERS AND MEETINGS OF UNITHOLDERS

18.1 Reporting to Unitholders

The fiscal year-end of the Funds is December 31st. Unitholders will be sent audited annual financial statements within 90 days of the Funds' fiscal year-end and unaudited semi-annual financial statements within 60 days of June 30th, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager. The Funds may enter into other agreements with certain Unitholders which may entitle such Unitholders to receive additional reporting. Unitholders will receive the applicable required tax form(s) within the time required by applicable law to assist Unitholders in making the necessary tax filings. The Funds are relying on the exemption pursuant to section 2.11 of National Instrument 81-106 *Investment Fund Continuous Disclosure*, not to file its financial statements with the Ontario Securities Commission.

18.2 Meetings of Unitholders

The Funds will not hold regular meetings, however the Manager may convene a meeting of Unitholders, or a Class of Unitholders, as it considers appropriate or advisable from time to time. The Trustee or Manager must also call a meeting of Unitholders or of a Class of Unitholders on the written request of Unitholders holding not less than 50% of the outstanding Units (or Units of a Class with respect to a Class meeting) in accordance with the Trust Agreement, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee or Manager shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting.

Units of a Class shall vote separately as a Class if the notice calling the meeting so provides.

To the extent that a Fund holds Class I Units of any Underlying Fund, the Manager will not vote any such units at a meeting of such Underlying Fund.

Not less than 21 days' notice will be given of any meeting of Unitholders. The quorum at any meeting of a Fund's Unitholders is a majority of the outstanding Units of the Fund or Units of a Class, as applicable, then outstanding present in person or by proxy. If no quorum is present at such meeting when called, the meeting will be adjourned by the Manager to a date and time determined by the Manager, and at the adjourned meeting the quorum for any such adjourned meeting shall be two unitholders, represented in person or by proxy.

Any consent of Unitholders under the Trust Agreement must be given by not less than 50% of the Units or Units of a Class, as applicable.

SECTION 19 – AMENDMENT OF THE TRUST AGREEMENT

Any provision of the Trust Agreement or a schedule thereto may be amended, deleted, expanded or varied by the Manager, provided such amendment, deletion, expansion or variation shall not take effect until after a Valuation Date specified in a notice sent by the Manager to the Unitholders and the Trustee at least thirty days prior thereto and provided that the Trustee must consent in writing to any amendment, deletion, expansion or variation which affects the rights, powers and duties of the Trustee. The notice shall either summarize the effect of the amendment or contain the full text of the amendment. No amendment shall

operate, directly or indirectly, to impair or deprive any Unitholder of the value of its participation in any of the Funds as of the Valuation Date coinciding with or next preceding the day the amendment is effective.

Notwithstanding the foregoing, the Trust Agreement may be amended by the agreement of the Trustee and the Manager if the amendment is not materially adverse to Unitholders in the opinion of counsel to the Funds or, in the opinion of counsel to the Trustee, is necessary or desirable to comply with Applicable Laws and notice of the amendment is given to Unitholders forthwith.

SECTION 20 – AUDITORS

The auditors of the Funds are PricewaterhouseCoopers LLP, or such other party as the Manager may retain.

SECTION 21 – ADMINISTRATOR, RECORD KEEPER, TRANSFER AGENT AND REGISTRAR

RBC Investor Services Trust (the “Administrator”) acts as the recordkeeper and fund administrator of the Funds pursuant to a fund administration services agreement dated August 17, 2020 among the Funds, the Manager and the Administrator.

SECTION 22 – PRIME BROKER

22.1 Prime Broker

TD Securities Inc. (“TDSI”) or such other party as the Manager may retain, acts as the prime broker of the Funds (the “Prime Broker”) pursuant to an amended and restated institutional prime brokerage account agreement made as of January 13, 2020, between the Fund and TDSI.

The Prime Broker does not have any responsibility for the preparation or accuracy of this Offering Memorandum.

Assets of the Funds held in the custody of the Fund’s prime broker are held in Toronto, Ontario. The Prime Broker is a “qualified custodian” under National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registration Exemptions*.

The Manager has entered into a prime brokerage agreement with each party holding assets of the Funds that contains provisions governing the relationship between the parties.

In selecting the parties to act as the prime broker of the Funds’ assets, the Manager considered such factors as: (i) ease of execution and speed of access to the markets on which the assets of the Funds are traded; (ii) the size, financial stability and strength of the Prime Broker; and (iv) the laws and regulations to which the Prime Broker is subject in its principal jurisdiction.

Although the Manager believes that the selection of a large, financially sound and regulated prime broker to hold assets of the Funds substantially reduces the risk of loss or misappropriation of the Funds’ assets is in the best interests of the Funds, the assets of the Funds could nevertheless potentially be at risk of loss in the event of (i) the insolvency of the prime broker or (ii) an error or negligence on the part of the prime broker resulting in a loss to a Fund which is not reimbursable to the Fund under the terms of the applicable prime brokerage agreement.

The Manager monitors its arrangements with the Prime Broker of the Funds and may in the future appoint additional or different prime brokers if the Manager feels this is in the best interests of the Funds and will further reduce the risk of loss or misappropriation of the assets of the Funds.

SECTION 23 – LEGAL COUNSEL

Osler, Hoskin & Harcourt LLP, or such other party as the Manager may retain, will act as the legal counsel of the Funds.

SECTION 24 – MATERIAL CONTRACTS

The material contracts of the Funds are:

- (a) the Trust Agreement; and
- (b) the amended Fund Administration Services Agreement dated August 17, 2020, between Picton Mahoney Asset Management and RBC Investor Services Trust, as amended on January 25, 2021 and as may be further amended from time to time.

A copy of each of the material contracts will be made available to Unitholders upon request and may be inspected at the principal office of the Fund during normal business hours.

SECTION 25 – STATUTORY AND CONTRACTUAL RIGHTS OF ACTION

Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to an offering memorandum with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, if this Offering Memorandum and any amendment to it contains a “misrepresentation”. However, these remedies, or notice with respect to these remedies, must be exercised within the time limits prescribed by applicable securities legislation. The following summaries of rights of action and/or rescission are subject to the express conditions of the applicable legislative provisions, which may be subject to change after the date of this Offering Memorandum, and purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.

Rights of Purchasers in Ontario

Section 130.1 of the *Securities Act* (Ontario) (the “Ontario Act”) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) or any amendment thereto shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation (as defined in the Ontario Act). A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum is being delivered to purchasers in Ontario in reliance on the exemption from the prospectus requirements contained under section 2.3 (the “accredited investor exemption”) and section 2.10 (the “minimum amount exemption”) of NI 45-106. The rights referred to in section 130.1 of the

Securities Act (Ontario) do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

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

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “Saskatchewan Act”) provides that in the event that an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases Units covered by the offering memorandum or any amendment to it has a right of action against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

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

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

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

on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

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

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

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

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

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

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

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

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

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

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

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

Rights for Purchasers in Manitoba

Section 141.1 of the *Securities Act* (Manitoba), as amended (the "Manitoba Act") provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has a right of rescission against the issuer or has a right of action for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum.

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

- (a) if the purchaser chooses to exercise a right of rescission against the issuer, the purchaser shall have no right of action for damages against the parties (i), (ii) and (iii) listed above;
- (b) in an action for damages, a defendant will not be liable for all or any part of the damages that he or she proves do not represent the depreciation in value of the security as a result of the misrepresentation;
- (c) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum; and
- (d) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser had knowledge of the misrepresentation.

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

- (a) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;
- (b) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (c) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

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

Section 141.2 of the Manitoba Act provides that a purchaser of a security to whom an offering memorandum was required to be sent in compliance with Manitoba securities legislation, but was not sent within the prescribed time has a right of action for rescission or damages against the dealer, offeror or issuer who did not comply with the requirement.

Section 141.3 of the Manitoba Act also provides that a purchaser of a security to whom an offering memorandum is required to be sent may rescind the contract to purchase the security by sending a written notice of rescission to the issuer not later than midnight on the second day, excluding Saturdays and holidays, after the purchaser signs the agreement to purchase the securities.

Section 141.4 of the Manitoba Act provides that no action may be commenced to enforce any of the foregoing rights:

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) two years after the day of the transaction that gave rise to the cause of action.

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

Rights for Purchasers in Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the “Nova Scotia Act”). Section 138 of the Nova Scotia Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation (as defined in the Nova Scotia Act), the purchaser will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

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

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

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

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

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

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action for rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) (the “New Brunswick Act”) apply to information relating to an offering memorandum (such as this Offering Memorandum), that is provided to a purchaser of securities in connection with a distribution made in reliance on the prospectus exemption contained in Section 2.3 or Section 2.10 of NI 45-106. The New Brunswick Act provides that where an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). In particular, no person will be liable for a misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action for rescission within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

The foregoing summary is subject to the express conditions of the New Brunswick Act and the regulations promulgated thereunder and specific reference should be made to same. The rights of action for rescission or damages under the New Brunswick Act are in addition to and do not derogate from any other right the purchaser may have at law.

Rights for Purchasers in Prince Edward Island

Section 112 of the *Securities Act* (Prince Edward Island) (the “PEI Act”) provides that a purchaser who purchases, during the distribution period, a security offered by an offering memorandum (such as this Offering Memorandum) and such offering memorandum contains a misrepresentation, such purchaser has, without regard to whether he or she relied on the misrepresentation, a right of action for damages against (a) the issuer, (b) the selling security holder on whose behalf the distribution is made, (c) every director of the issuer at the date of the offering memorandum, and (d) every person who signed the offering memorandum.

If an offering memorandum contains a misrepresentation, a purchaser, as described above, has a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made. If the purchaser elects to exercise a right of action for rescission, the purchaser shall have no right of action for damages.

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

- (a) the offering memorandum was sent to the purchaser without the person’s knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person’s consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, statement or opinion of the expert, or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

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

In an action for damages, the defendant is not liable for any damages that he or she proves do not represent the depreciation in value of the security resulting from the misrepresentation. In addition, the amount recoverable must not exceed the price at which the securities purchased by the purchaser were offered.

Section 121 of the PEI Act provides that no action may be commenced to enforce any of the foregoing rights more than:

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

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

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Rights for Purchasers in Yukon

Securities legislation in the Yukon provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

- (a) a right of action for damages against:
 - (i) the issuer;
 - (ii) the selling security holder on whose behalf the distribution is made;
 - (iii) every director of the issuer at the date of the offering memorandum, and
 - (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against:
 - (i) the issuer; or
 - (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the person's knowledge and consent;

- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the offering memorandum
 - (A) did not fairly represent the report, opinion or statement of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The issuer, and every director of the issuer at the date of the offering memorandum who is not a selling security holder, is not liable if the issuer does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation

- (a) was based on information previously publicly disclosed by the issuer;
- (b) was a misrepresentation at the time of its previous public disclosure; and
- (c) was not subsequently publicly corrected or superseded by the issuer before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

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

- (b) in the case of any action other than an action for rescission,
 - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three years after the date of the transaction giving rise to the cause of action,whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Rights for Purchasers in Northwest Territories

Securities legislation in the Northwest Territories provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

- (a) a right of action for damages against
 - (i) the issuer;
 - (ii) the selling security holder on whose behalf the distribution is made;
 - (iii) every director of the issuer at the date of the offering memorandum, and
 - (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against:
 - (i) the issuer; or
 - (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the person's knowledge and consent;

- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the offering memorandum
 - (A) did not fairly represent the report, opinion or statement of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (b) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The issuer, and every director of the issuer at the date of the offering memorandum who is not a selling security holder, is not liable if the issuer does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation

- (a) was based on information previously publicly disclosed by the issuer;
- (b) was a misrepresentation at the time of its previous public disclosure; and
- (c) was not subsequently publicly corrected or superseded by the issuer before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

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

- (b) in the case of any action other than an action for rescission,
 - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three years after the date of the transaction giving rise to the cause of action,

whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Rights for Purchasers in Nunavut

Securities legislation in Nunavut provides that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation:

- (a) a right of action for damages against
 - (i) the issuer;
 - (ii) the selling security holder on whose behalf the distribution is made;
 - (iii) every director of the issuer at the date of the offering memorandum, and
 - (iv) every person who signed the offering memorandum; and
- (b) a right of rescission against:
 - (i) the issuer; or
 - (ii) the selling security holder on whose behalf the distribution is made.

If the purchaser chooses to exercise a right of rescission against the issuer, the purchaser has no right of action for damages against a person or company referred to above.

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

If a misrepresentation is contained in the offering memorandum, no person is liable if the person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

A person, other than the issuer or selling security holder, is not liable in an action for damages if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the person's knowledge and consent;

- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
 - (i) there had been a misrepresentation, or
 - (ii) the relevant part of the offering memorandum
 - (A) did not fairly represent the report, opinion or statement of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the issuer or selling security holder, is not liable in an action for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

The issuer, and every director of the issuer at the date of the offering memorandum who is not a selling security holder, is not liable if the issuer does not receive any proceeds from the distribution of the securities and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation

- (a) was based on information previously publicly disclosed by the issuer;
- (b) was a misrepresentation at the time of its previous public disclosure; and
- (c) was not subsequently publicly corrected or superseded by the issuer before completion of the distribution of the securities being distributed.

No action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days after the date of the transaction giving rise to the cause of action; or
 - (b) in the case of any action other than an action for rescission,
 - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) three years after the date of the transaction giving rise to the cause of action,
- whichever period expires first.

The rights of action for rescission or damages conferred are in addition to and do not derogate from any other right that the purchaser may have at law.

Rights of Purchasers in Newfoundland and Labrador, British Columbia, Alberta and Québec

Purchasers of securities offered by an offering memorandum (such as this Offering Memorandum) resident in the Provinces of Newfoundland and Labrador, British Columbia, Alberta and Quebec, in consideration of their purchase of securities and upon accepting a purchase confirmation in respect thereof, will be granted a contractual right of action for damages or rescission in circumstances where this Offering Memorandum (or any amendment to it) contains a misrepresentation that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

The rights summarized above are in addition to and without derogation from any other rights or remedy which investors may have at law.

SECTION 26 – DIRECTORY

Additional information as to the Fund and its advisors and agents:

Office of the Funds: Picton Mahoney Arbitrage Fund and Picton Mahoney Arbitrage Plus Fund

33 Yonge Street, Suite 320
Toronto, Ontario M5E 1G4

Manager: Picton Mahoney Asset Management

33 Yonge Street, Suite 320
Toronto, Ontario M5E 1G4
Tel: (416) 955-4108
Toll Free: 1-866-369-4108
Fax: (416) 955-4100
Email: service@pictonmahoney.com

Trustee: Picton Mahoney Asset Management

33 Yonge Street, Suite 320
Toronto, Ontario M5E 1G4

Administrator: RBC Investor & Treasury Services

155 Wellington Street West, 10th Floor
Toronto, Ontario M5V 3L3

Prime Broker: TD Securities Inc.

Ernst & Young Tower, 7th Floor
222 Bay Street
Toronto, Ontario M5K 1A2

Auditors: PricewaterhouseCoopers LLP

18 York Street
Toronto, Ontario M5V 2T6

Legal Counsel: Osler, Hoskin & Harcourt LLP

100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto, Ontario M5X 1B8



c/o RBC Investor & Treasury Services
155 Wellington Street, 10th Floor
Toronto, Ontario
M5V 3L3