PROSPECTUS

Initial Public Offering November 29, 2010

AUSTRALIAN BANC CAPITAL SECURITIES TRUST

Maximum $175,000,000 Class A Units and/or Class F Units
(Maximum 17,500,000 Class A Units and/or Class F Units)

Australian Banc Capital Securities Trust is a non-redeemable investment fund established under the laws of the Province of Ontario. The Fund proposes to offer Class A Units and Class F Units, each at a price of $10.00 per Unit. Class F Units are designed for fee-based accounts and will not be listed on a stock exchange but may be converted into Class A Units on a weekly basis.

Investment Objectives

The Fund's investment objectives are to (i) provide Unitholders with quarterly, tax-advantaged distributions consisting primarily of returns of capital and (ii) provide exposure to a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks (Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation). The return to the Unitholders and the Fund will be dependent upon the return on the Portfolio (or Notional Portfolio) by virtue of one or more forward purchase and sale agreements with the Counterparty. Based on current estimates, the Fund's initial distribution target is expected to be approximately $0.15 per Unit per quarter, consisting primarily of returns of capital, representing an initial yield on the Unit issue price of 6.0% per annum.

The Fund was established to provide investors with high levels of tax-advantaged distributions through exposure, on a low-cost basis, to Capital Securities issued by the Big Four Australian Banks.

Capital Securities are hybrid securities, which is a generic term applied to investment instruments that have characteristics of both debt and equity. These securities are typically issued by corporations, generally in the form of interest-bearing notes or preferred securities, or by an affiliated trust of a corporation, generally in the form of units, subordinated debentures or similarly structured securities. Australian banks have raised significant amounts of capital by issuing Capital Securities.

See "Investment Objectives" and "Risk Factors".

Price: $10.00 per Class A Unit and Class F Unit

	Price to the public[1]	Agents' fee	Net proceeds to the Fund[2]
Per Class A Unit	$10.00	$0.525	$9.475
Per Class F Unit	$10.00	$0.225	$9.775
Minimum total Offering[3][4]	$85,000,000	$4,462,500	$80,537,500
Maximum total Offering[4]	$175,000,000	$9,187,500	$165,812,500

Notes:

(1) The terms of the Offering were established through negotiation between the Agents and the Manager on behalf of the Fund.

(2) Before deducting the expenses of the Offering, estimated to be $675,000 (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fee, will be paid by the Fund from the proceeds of the Offering.

(3) There will be no Closing unless a minimum of 8,500,000 Class A Units are sold. If subscriptions for such minimum have not been received within 90 days after a final receipt for this prospectus is issued, the Offering may not continue without the consent of the Canadian Securities Administrators and those who have subscribed for Units on or before such date.

(4) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer additional Class A Units in an amount up to 15% of the aggregate number of Class A Units sold on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund are estimated to be $201,250,000, $10,565,625 and $190,684,375, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the Agents' over-allocation position acquires such Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Distributions

The Fund will not have a fixed distribution, but intends to make quarterly distributions based on the actual and expected distributions on the Capital Securities less the Fund's estimated expenses. Given that a portion of the Portfolio will be invested in floating rate Capital Securities, distributions will vary with changes in short term interest rates in Australia. Based on current estimates, the Fund's initial distribution target is expected to be approximately $0.15 per Unit per quarter, consisting primarily of returns of capital which are not immediately taxable but which reduce a Unitholder's adjusted cost base of its Units, representing an initial yield on the Unit issue price of 6.0% per annum. Based on the current estimates and assuming (i) an aggregate size of the Offering of $100 million, (ii) the employment of the investment strategy as described under "Investment Strategy", (iii) the use of leverage as described herein, (iv) the fees and expenses described under "Fees and Expenses", and (v) the current price and yield of the Capital Securities included in the Portfolio, it is expected that distributions received on the Capital Securities held in the Portfolio will be sufficient to allow the Fund to pay such distributions at the expected level. See "Investment Objectives", "Basel III Proposals", "Risk Factors" and "Distribution Policy".

Foreign Currency Exposure

The Capital Securities are denominated primarily in Australian dollars and U.S. dollars. The Manager will take currency exposure into account in managing the Portfolio and reserves the right to hedge, from time to time, all or any portion of the value of the Capital Securities back to the Canadian dollar. The Fund intends to use derivative instruments for currency hedging purposes only. See "Investment Strategy".

Redemptions

Class A Units and Class F Units may be redeemed on the second last Business Day of June of each year commencing in 2012, subject to certain conditions, at the Annual Redemption Price. To effect such a redemption, Units must be surrendered by the last Business Day of May in the year of redemption. By virtue of the Forward Agreement, the Annual Redemption Price will be dependent upon the performance of ACS Trust or the Notional Portfolio. See "Redemption of Securities" and "Risk Factors – Risks Relating to Redemptions".

Term and Termination

The Fund will have a term of approximately five years, terminating on or about January 29, 2016, and the Fund's investments will be liquidated prior to such termination at the then prevailing market prices. See "Termination of the Fund" and "Risk Factors – Risks Relating to Redemptions".

Exchange Option

Prospective purchasers may purchase Units either by (i) cash payment or (ii) an exchange of freely tradeable securities of any Exchange Eligible Issuer. Prospective purchasers under the Exchange Option are required to deposit securities of Exchange Eligible Issuers with the Exchange Agent, Computershare Investor Services Inc., prior to 5:00 p.m. (Toronto time) on November 24, 2010, such deposits to be made through CDS. However, such participants may have an earlier deadline for receiving instructions from its clients to deposit securities into the

Exchange Option. Prospective purchasers who deposit securities of Exchange Eligible Issuers that are accepted by the Fund may choose to receive Class A Units or Class F Units. There can be no assurance that the Fund will accept deposits of securities made pursuant to the Exchange Option. See "Purchases of Securities – Method to Purchase Units".

Forward Agreement

The return to the Unitholders and the Fund will be dependent upon the return on the Portfolio (or Notional Portfolio) by virtue of one or more forward purchase and sale agreements with the Counterparty. If the Counterparty hedges its exposure under the Forward Agreement, it may acquire units of ACS Trust, which would be a newly formed trust that would acquire the Portfolio. If the Counterparty does not acquire units in ACS Trust, the Manager will maintain a Notional Portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. There is no assurance that the Counterparty will maintain a hedge or will do so with respect to the full amount or term of the Forward Agreement. The Fund will use the net proceeds of the Offering to pre-pay its purchase obligations under the Forward Agreement. The Fund is fully exposed to the credit risk associated with the Counterparty in respect of the Forward Agreement. The Fund may settle the Forward Agreement in whole or in part prior to the Scheduled Forward Termination Date: (i) to fund distributions on the Units; (ii) to fund redemptions and repurchases of Units from time to time; (iii) to fund operating expenses and other liabilities of the Fund; and (iv) for any other reason. The Forward Agreement will also allow the Fund to leverage its exposure to ACS Trust or the Notional Portfolio by up to 20% of its Total Assets (accordingly, the maximum amount of leverage that the Fund could employ is 1.25:1). This prospectus assumes that the Counterparty will acquire units of ACS Trust. See "Overview of the Investment Structure – The Forward Agreement".

Connor, Clark & Lunn Capital Markets Inc.

Connor, Clark & Lunn Capital Markets Inc. will act as Manager of the Fund and ACS Trust. The Manager will perform or will arrange for the performance of management services for the Fund, including portfolio management services, and will be responsible for the overall undertaking of the Fund. The Manager is a leading provider of investment products, having raised approximately $1.7 billion in assets. The Manager is part of the Connor, Clark & Lunn Financial Group. See "Organization and Management Details of the Fund – The Manager".

Risk Factors

There is no guarantee that an investment in the Fund will earn any positive return in the short or long term nor is there any guarantee that the Net Asset Value per Unit will appreciate or be preserved. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss. There are certain risk factors associated with an investment in Units including: no assurance of achieving investment objectives and no guaranteed rate of return; no guarantee of distributions; Capital Securities (including Innovative Tier 1 Capital securities) risks; risks relating to the performance of the Big Four Australian Banks; Subordinated Debt risks; risks relating to the performance of the Portfolio; concentration and accumulation risks; risks relating to liquidity; counterparty risks; leverage risks; foreign jurisdiction risks; risks relating to the nature of the Capital Securities; foreign exchange rate fluctuations risks; fluctuations in the value of Portfolio securities risks; recent global financial developments risks; exchange option risks; use of derivatives risks; risks relating to reliance on the Manager; risks relating to the trading price of Units; no market for Class F Units, risks relating to the taxation of the Fund; no ownership interest risk; changes in legislation and regulatory risks; risks relating to Basel III proposals; loss of investment risks; conflicts of interest risks; risks relating to the status of the Fund; risks relating to redemptions; operating history risks; risks relating to the Fund not being a trust company; and risks relating to the nature of the Units. There is no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation.

General

The Toronto Stock Exchange has conditionally approved the listing of the Class A Units. Listing is subject to the Fund fulfilling all of the requirements of the Toronto Stock Exchange on or before January 28, 2011. See "Risk Factors".

On Closing, the Fund will enter into the Forward Agreement with the Counterparty (which will be a Canadian chartered bank and an affiliate of one of the Agents, provided that the Counterparty or its guarantor must have an Approved Rating). Accordingly, the Fund may be considered to be a "connected issuer" of such Agent. See "Organization and Management Details of the Fund – The Manager" and "Plan of Distribution".

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

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. All prospective purchasers will be entitled to withdraw their purchase on or before midnight on the second Business Day after receipt or deemed receipt of the final prospectus and any amendment in accordance with applicable securities laws. See "Purchasers' Statutory Rights of Withdrawal and Rescission". The Agents may over-allot or effect transactions as described under "Plan of Distribution". Registrations of interests in and transfers of Units will be made only through the book-entry only system administered by CDS Clearing and Depository Services Inc. Book-entry only certificates representing the Class A Units and Class F Units will be issued in registered form only to CDS or its nominee and will be deposited with CDS on the date of Closing, which is expected to occur on or about December 17, 2010, or such later date as the Fund and the Agents may agree, but in any event not later than February 18, 2011. A purchaser of Units will receive a customer confirmation from the registered dealer from or through which the Units are purchased and will not have the right to receive physical certificates evidencing ownership in the Units.

Although units of ACS Trust are not being offered to the public, the Fund has agreed to obtain a receipt for a prospectus of ACS Trust from the Autorité des marchés financiers. The Fund has also agreed to deliver a copy of such prospectus to purchasers of Units in the Province of Québec prior to the purchase of Units by any person in the Province of Québec.

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

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PROSPECTUS SUMMARY

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

Certain information contained in this prospectus, including with respect to the Australian economy, the Australian banking system and the Capital Securities, is taken from and based solely upon publicly available information. Neither the Manager, the Fund nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

THE FUND

Australian Banc Capital Securities Trust is a non-redeemable investment fund established under the laws of the Province of Ontario and governed by the Fund Trust Agreement. See "Overview of the Structure of the Fund". The Fund proposes to offer Class A Units and Class F Units, each at a price of $10.00 per Unit. Class F Units are designed for fee-based accounts and will not be listed on a stock exchange but may be converted into Class A Units on a weekly basis. See "Purchases of Securities" and "Plan of Distribution".

INVESTMENT OBJECTIVES

The Fund's investment objectives are to (i) provide Unitholders with quarterly, tax-advantaged distributions consisting primarily of returns of capital and (ii) provide exposure to a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The return to the Unitholders and the Fund will be dependent upon the return on the Portfolio (or Notional Portfolio) by virtue of one or more forward purchase and sale agreements with the Counterparty.

The Fund will not have a fixed distribution, but intends to make quarterly distributions based on the actual and expected distributions on the Capital Securities less the Fund's estimated expenses. Given that a portion of the Portfolio will be invested in floating rate Capital Securities, distributions will vary with changes in short term interest rates in Australia. Based on current estimates, the Fund's initial distribution target is expected to be approximately $0.15 per Unit per quarter, consisting primarily of returns of capital, representing an initial yield on the Unit issue price of 6.0% per annum.

See "Overview of the Structure of the Fund".

INVESTMENT STRATEGY

The Fund will seek to achieve its investment objectives through exposure to a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The Fund will gain exposure to Capital Securities that pay both fixed rate and floating rate distributions. The Fund may also invest in other income securities, such as Subordinated Debt and preferred shares, issued by Australian banks and Australian subsidiaries of international banks. See "Description of the Capital Securities".

The Fund may employ leverage of up to 20% of its Total Assets pursuant to the Forward Agreement for the purposes of adding leverage to its exposure to the Portfolio and such other short term funding purposes as may be determined by the Manager from time to time and in accordance with the Investment Strategy. Accordingly, the maximum amount of leverage that the Fund could employ is 1.25:1. Initially, the Fund is expected to employ leverage of approximately 20% of Total Assets. The composition of the Portfolio as between different Capital Securities may change from time to time at the discretion of the Manager.

The Capital Securities are denominated primarily in Australian dollars and U.S. dollars. The Manager will take currency exposure into account in managing the Portfolio and reserves the right to hedge, from time to time, all or any portion of the value of the Capital Securities back to the Canadian dollar. The Fund intends to use derivative instruments for currency hedging purposes only.

OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

Rationale of the Fund

The Fund was established to provide investors with high levels of tax-advantaged distributions through exposure, on a low-cost basis, to Capital Securities issued by the Big Four Australian Banks (Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation) and Australian subsidiaries of global banks. The Fund may also invest in other income securities, such as Subordinated Debt and preferred shares, issued by Australian banks and Australian subsidiaries of international banks.

Australian Economy

The economy of Australia is a developed, modern market economy with a GDP of approximately U.S. $1.0 trillion, which is similar in size to Canada's economy. According to the World Bank, Australia had the 13th largest national economy measured by nominal GDP. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron ore, copper, gold, natural gas, uranium, and renewable energy sources. The Reserve Bank of Australia predicts that a series of major investments, such as the AUD $43 billion Gorgon liquid natural gas project, is expected to significantly expand the resources sector. Australia also has a large services sector and is a significant exporter of natural resources, energy, and food. The Australian economy is dominated by its services sector, representing approximately 68% of Australian GDP. Rich in natural resources, Australia is a major exporter of agricultural products, particularly wheat and beef, minerals such as iron-ore and gold, and energy in the forms of liquefied natural gas and coal. Although agriculture and natural resources constitute only approximately 3% and 7% of GDP, respectively, they contribute approximately 10% and 47%, respectively of the value of Australia's exports. Australia's largest export markets are China (approximately 19%), Japan (approximately 16%), South Korea (approximately 7%), India (approximately 7%) and the United States (approximately 6%).

Australian Banking System

Similarities with the Canadian Banking System

The Australian banking system has many attributes in common with Canada's banking system. Similar to Canada, the domestic banking market in Australia is effectively an oligopoly dominated by the Big Four Australian Banks: Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation. According to S&P, the Big Four Australian Banks control approximately three-quarters of Australia's domestic lending market. The Big Four Australian Banks are large institutions that are similar in size (by market capitalization) to Canada's largest banks. In fact, S&P considers the closest international peers of the Big Four Australian Banks to be the five major Canadian banks, which share important characteristics in terms of their balance sheet size, dominant positions in their respective domestic banking markets, and low credit loss levels. Like their Canadian peers, Australian banks are highly regulated, strongly capitalized, and recognized for their conservative banking practices. In the recently published *World Economic Forum Global Competitiveness Report 2010-2011*, Canada, New Zealand and Australia were ranked as the top three countries in the "Soundness of Banks" category.

Strong Credit Quality and Strong Capital Position

The Big Four Australian Banks are each rated "AA" by S&P, with a stable outlook based on expectations of sound macroeconomic conditions, strong earnings and conservative lending standards. The Big Four Australian Banks are rated higher by S&P than the five major Canadian peers and, in October 2010, based in part on the strength of these ratings, *Global Finance* magazine ranked the Big Four Australian Banks in the top 20 of the world's safest banks, ahead of the majority of Canadian banks. The Australian banking system maintains a strong capital position and the Big Four Australian Banks have each increased dividends to shareholders during the second and third quarters of 2010. The quality of capital held by Australian banks appears to compare favourably with banks in other countries, with an emphasis on common equity and retained earnings which have greater loss absorption characteristics from a regulatory capital perspective. The Australian Prudential Regulation Authority, which regulates banks in Australia, recently subjected Australia's 20 largest financial institutions to a three-year macroeconomic stress test. Based on such tests, the APRA found the adequacy of capital to be resilient, with no institution failing or breaching the current minimum 4% floor in Tier 1 Capital ratios. APRA has generally taken a more conservative approach, as compared with other regulatory authorities, to the proportion of regulatory Tier 1 Capital that should be common equity.

Australian Bank Capital Securities

Australian banks have raised significant amounts of capital by issuing Capital Securities. Domestically, Australian banks have issued several offerings that are listed on the Australian Stock Exchange. These securities are denominated in Australian dollars and typically pay floating rates of interest based on a benchmark rate. As at September 30, 2010, there were 35 Capital Securities listed on the ASX with an aggregate market value of approximately AUD $16 billion. The majority of these securities pay distributions that are reset quarterly based on the prevailing three-month Bank Bill Swap Rate. This benchmark is widely followed and is similar to the London Interbank Offered Rate (LIBOR). As at September 30, 2010, the three-month Bank Bill Swap Rate was 5.01%, versus 3.38% one year earlier. The Big Four Australian Banks, which have more diversified funding sources, have also issued Capital Securities that are primarily fixed rate securities and denominated in foreign currencies, including U.S. dollars, pound sterling and the Euro. Many of these securities are callable with "step ups" in the coupon rate if not called on the first call date.The senior debt ratings of each of the Big Four Australian Banks is "AA", indicating a very strong capacity to meet financial commitments, whereas the Capital Securities issued by the same banks are rated "A+" and generally offer higher yields.

See "Description of the Capital Securities", "Distribution Policy" and "Risk Factors".

DESCRIPTION OF THE OFFERING

The Offering: The Fund is offering Class A Units and Class F Units, each at a price of $10.00 per Unit. The Class F Units are designed for fee-based accounts and differ from the Class A Units in the following ways: (i) Class F Units will not be listed on a stock exchange; and (ii) the Agents' fees payable on the issuance of the Class F Units are lower than the Class A Units. Accordingly, the Net Asset Value per Unit of each class will not be the same as a result of the different fees allocable to each class of Units. See "Purchases of Securities" and "Plan of Distribution" and "Fees and Expenses".

Distributions: The Fund will not have a fixed distribution, but intends to make quarterly distributions based on the actual and expected distributions on the Capital Securities less the Fund's estimated expenses. Given that a portion of the Portfolio will be invested in floating rate Capital Securities, distributions will vary with changes in short term interest rates in Australia. Based on current estimates, the Fund's initial distribution target is expected to be approximately $0.15 per Unit per quarter, consisting primarily of returns of capital which are not immediately taxable but which reduce a Unitholder's adjusted cost base of its Units, representing an initial yield on the Unit issue price of 6.0% per annum. The initial quarterly distribution will be payable to Unitholders of record on January 31, 2011 and will be paid no later than February 28, 2011. The first distribution is expected to reflect the period from the Closing Date to January 31, 2011. Based on the current estimates and assuming (i) an aggregate size of the Offering of $100 million, (ii) the employment of the investment strategy as described under "Investment Strategy", (iii) the use of leverage as described herein, (iv) the fees and expenses described under "Fees and Expenses", and (v) the current price and yield of the Capital Securities included in the Portfolio, it is expected that distributions received on the Capital Securities held in the Portfolio will be sufficient to allow the Fund to pay such distributions at the expected level. See "Investment Objectives", "Basel III Proposals", "Risk Factors" and "Distribution Policy".

Exchange Option:

The price for each Unit purchased may be paid either by cash or by an exchange of freely tradeable securities of an Exchange Eligible Issuers set out under "Exchange Option – Exchange Eligible Issuers".

The maximum number of securities of any one Exchange Eligible Issuer that the Fund may acquire under the Offering pursuant to an exchange of securities of an Exchange Eligible Issuer is the lesser of (i) that number of securities with a fair market value which constitutes 9.9% of the equity value of such Exchange Eligible Issuer for purposes of section 122.1 of the Tax Act; (ii) that number which would constitute 10% of the net assets of the Fund; and (iii) that number which, if combined with the other securities of such Exchange Eligible Issuer held, either directly or indirectly, by the Manager, would result in the Manager holding directly and indirectly 19.9% of the outstanding securities of such Exchange Eligible Issuer. To the extent the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Eligible Issuer, and an excess of securities of such Exchange Eligible Issuer above the Maximum Ownership Level has been deposited and not rescinded, then the securities of such Exchange Eligible Issuer will be accepted by the Manager up to the Maximum Ownership Level and the balance will be re-credited to purchasers' accounts through CDS. This Exchange Option does not constitute a take-over bid for any of the Exchange Eligible Issuer. See "Purchases of Securities – Method to Purchase Units".

A prospective purchaser of Units who elects to pay for such Units by using the Exchange Option must do so by means of a book-entry deposit with Computershare Investor Services Inc., as the Exchange Agent, through CDS. Such book-entry deposits must be made prior to 5:00 p.m. (Toronto time) on November 24, 2010 by a CDS Participant. However, such participants may have an earlier deadline for receiving instructions from its clients to deposit securities into the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of securities of an Exchange Eligible Issuer under the Exchange Option (including the transfer authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described under the heading "Purchases of Securities – Rescission".

The number of Units issuable in exchange for the securities of an Exchange Eligible Issuer (other than Canadian capital securities) deposited by a prospective purchaser pursuant to the Exchange Option will be determined by dividing the volume weighted average trading price of such securities on the TSX during the five consecutive trading days ending on November 24, 2010, as adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by $10.00. For Canadian capital securities deposited pursuant to the Exchange Option, the Exchange Ratio will be determined based on the average closing price of such securities during the five consecutive trading days ending on, plus any accrued interest to, November 24, 2010, with such closing price being the 4:00 p.m. mid-price reported by PC-Bond Analytics, a division of the TMX Group, based on pricing contributions from 11 Canadian dealers. Prospective purchasers who deposit securities of Exchange Eligible Issuers that are accepted by the Fund may choose to receive Class A Units or Class F Units. The final prospectus of the Fund will contain the Exchange Ratio for the securities of each Exchange Eligible Issuer. See "Purchases of Securities – Method to Purchase Units".

There can be no assurance that the Fund will accept deposits of securities made pursuant to the Exchange Option. If for any reason securities of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

A purchaser may rescind its purchase of Units hereunder by a written notice of rescission which must be received by the CDS Participant who effected such deposit on or before midnight on the second Business Day after the receipt or deemed receipt of the final prospectus related to the Offering and any amendment.

A purchaser who holds securities of an Exchange Eligible Issuer as capital property may realize a capital gain or capital loss on the exchange of securities of an Exchange Eligible Issuer for Units pursuant to the Exchange Option.

See “Purchases of Securities – Method to Purchase Units” and “Canadian Federal Income Tax Considerations – The Exchange Option”.

Foreign Currency Exposure: ACS Trust will be invested in Capital Securities denominated primarily in Australian dollars and U.S. dollars. The Manager will take currency exposure into account in managing the Portfolio and reserves the right to hedge, from time to time, all or any portion of the value of the Capital Securities back to the Canadian dollar. Although the Manager does not expect to initially hedge any amounts in respect of Australian dollars, the Manager may utilize a hedging strategy from time to time in respect of Australian dollars when it considers it appropriate to do so. The Manager expects to hedge back to the Canadian dollar substantially all of the value of the Capital Securities that is denominated in U.S. dollars or pounds sterling. The Fund intends to use derivative instruments for currency hedging purposes only. See “Investment Strategy”.

The Forward Agreement: The return to the Unitholders and the Fund will be dependent upon the return on the Portfolio (or Notional Portfolio) by virtue of one or more forward purchase and sale agreements with the Counterparty. If the Counterparty hedges its exposure under the Forward Agreement, it may acquire units of ACS Trust. If the Counterparty does not acquire units in ACS Trust, the Manager will maintain a Notional Portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. There is no assurance that the Counterparty will maintain a hedge or will do so with respect to the full amount or term of the Forward Agreement. The Fund will use the net proceeds of the Offering to pre-pay its purchase obligations under the Forward Agreement. Pursuant to the Forward Agreement, the Counterparty has agreed to deliver to the Fund, on the Forward Termination Date, the Canadian Securities Portfolio with an aggregate value equal to (i) the redemption proceeds of all of the units of ACS Trust, or (ii) the value of the Notional Portfolio, as applicable, net of any leverage provided through the Forward Agreement and any amount owing by the Fund to the Counterparty. On or about the completion of the Offering, ACS Trust expects to issue units to the Counterparty with an aggregate value equal to the net proceeds of the Offering, the proceeds from which ACS Trust would use to acquire the Portfolio. The initial value of the Portfolio would be equal to the net proceeds of the Offering. In such case, the return to the Fund will, by virtue of the Forward Agreement, be based on the return of ACS Trust, which, in turn, will be based on the performance of the Portfolio. If ACS Trust units are not acquired by the Counterparty, the return to the Fund, by virtue of the Forward Agreement, will be based on the performance of the Notional Portfolio. The Fund is fully exposed to the credit risk associated with the Counterparty in respect of the Forward Agreement.

The Fund may settle the Forward Agreement in whole or in part prior to the Scheduled Forward Termination Date: (i) to fund distributions on the Units; (ii) to fund redemptions and repurchases of Units from time to time; (iii) to fund operating expenses and other liabilities of the Fund; and (iv) for any other reason. The Forward Agreement will also allow the Fund to leverage its exposure to ACS Trust or the Notional Portfolio by up to 20% of its Total Assets. This prospectus assumes that the Counterparty will acquire units of ACS Trust. See "Overview of the Investment Structure – The Forward Agreement".

Redemption: Class A Units and Class F Units may be redeemed on the second last Business Day of June of each year commencing in 2012, subject to certain conditions, at the Annual Redemption Price. To effect such a redemption, Units must be surrendered by the last Business Day of May in the year of redemption. By virtue of the Forward Agreement, the Annual Redemption Price will be dependent upon the performance of ACS Trust or the Notional Portfolio. Payment of the Annual Redemption Price will be made on or before the Redemption Payment Date, subject to the Manager's right to suspend redemptions in certain circumstances. See "Redemption of Securities" and "Risk Factors – Risks Relating to Redemptions".

The Annual Redemption Price will vary depending on a number of factors. See "Calculation of Net Asset Value", "Redemption of Securities" and "Risk Factors".

Leverage: The Fund may employ leverage of up to 20% of its Total Assets pursuant to the Forward Agreement for the purposes of adding leverage to its exposure to the Portfolio and such other short term funding purposes as may be determined by the Manager from time to time and in accordance with the Investment Strategy. Accordingly, the maximum amount of leverage that the Fund could employ is 1.25:1. Initially, the Fund is expected to employ leverage of approximately 20% of Total Assets. See "Investment Strategy" and "Risk Factors".

Termination of the Fund: The Fund will have a term of approximately five years, terminating on or about January 29, 2016, and the Fund's investments will be liquidated prior to such termination at the then prevailing market prices. The Manager may, in its discretion, terminate the Fund at an earlier date without the approval of the Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund. Upon termination, the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for. Prior to the Termination Date, the Manager may present a proposal to extend the term of the Fund, subject to approval of Unitholders at a meeting called for such purpose, provided that all Unitholders will be given a right to cause their Units to be redeemed on the Termination Date, regardless of whether they voted in favour of the term extension. See "Termination of the Fund" and "Risk Factors – Risks Relating to Redemptions".

Repurchase of Class A Units: The Fund may purchase (in the open market or by invitation for tenders) Class A Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders. See "Description of the Units – Purchase for Cancellation".

Use of Proceeds: The net proceeds from the issue of the maximum number of Units offered hereby (after payment of the Agents' fee and the expenses of the Offering) are estimated to be $165,137,500 assuming that the Over-Allotment Option is not exercised. The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to pre-pay its purchase obligations under the

Forward Agreement with the Counterparty. Under the Forward Agreement, the Fund will, on or about the Forward Termination Date, acquire the Canadian Securities Portfolio from the Counterparty having an aggregate value equal to (i) the redemption proceeds of all of the units of ACS Trust or (ii) the value of the Notional Portfolio, as applicable, net of any leverage provided through the Forward Agreement and any amount owing by the Fund to the Counterparty. See "Use of Proceeds".

Conversion of Class F Units into Class A Units: Class F Units may be converted into Class A Units on a weekly basis. A holder of Class F Units may convert such Class F Units into Class A Units from time to time and it is expected that liquidity for the Class F Units will be obtained primarily by means of conversion into Class A Units. Class F Units may be converted in any week on the first Business Day of such week by delivering a notice and surrendering such Class F Units by 3:00 p.m. (Toronto time) at least five Business Days prior to the applicable Conversion Date. For each Class F Unit so converted, a holder will receive that number of Class A Units equal to the Net Asset Value per Class F Unit as of the close of trading on the Business Day immediately preceding the Conversion Date divided by the Net Asset Value per Class A Unit as of the close of trading on the Business Day immediately preceding the Conversion Date. No fractions of Class A Units will be issued upon any conversion of Class F Units; any fractional amounts will be rounded down to the nearest whole number of Class A Units. A conversion of Class F Units into Class A Units will not constitute a disposition of the Class F Units for the purposes of the Tax Act. See "Description of the Units – Conversion of Class F Units".

Risk Factors: An investment in Units is subject to certain risk factors, including:

- No assurance of achieving investment objectives and no guaranteed rate of return.
- No guarantee of distributions.
- Capital Securities (including Innovative Tier 1 Capital securities) risks.
- Risks relating to the performance of the Big Four Australian Banks.
- Subordinated Debt risks.
- Risks relating to the performance of the Portfolio.
- Concentration and accumulation risks.
- Risks relating to liquidity.
- Counterparty risks.
- Leverage risks.
- Foreign jurisdiction risks.
- Risks relating to the nature of the Capital Securities.
- Foreign exchange rate fluctuations risks.
- Fluctuations in the value of Portfolio securities risks.
- Recent global financial developments risks.
- Exchange option risks.
- Use of derivatives risks.
- Risks relating to reliance on the Manager.
- Risks relating to the trading price of Units.
- No market for Class F Units.
- Risks relating to the taxation of the Fund.
- No ownership interest risks.
- Changes in legislation and regulatory risks.
- Risks relating to Basel III proposals.

- Loss of investment risks.
- Conflicts of interest risks.
- Risks relating to the status of the Fund.
- Risks relating to redemptions.
- Operating history risks.
- Risks relating to the Fund not being a trust company.
- Risks relating to the nature of the Units.

See "Risk Factors".

Eligibility for Investment: In the opinion of McCarthy Tétrault LLP, counsel for the Fund, and Stikeman Elliott LLP, counsel for the Agents, provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act or, in the case of Class A Units, such Units are listed on a designated stock exchange (which includes the TSX), the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts. Holders of tax-free savings accounts should consult with their tax advisors as to whether Units would be a prohibited investment in their particular circumstances. See "Canadian Federal Income Tax Considerations".

Canadian Federal Income Tax Considerations: The Fund intends to distribute the amount of its income for each taxation year so that it will generally not be liable for income tax under the Tax Act. A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year. The Fund intends to make designations so that the portion of net realized taxable capital gains of the Fund that are distributed to Unitholders will be treated as taxable capital gains to Unitholders. Distributions by the Fund to a Unitholder in excess of the Unitholder's share of net income and the full amount of the Fund's net realized capital gains will reduce the adjusted cost base of the Unitholder's Units. Upon the disposition of Units held as capital property, Unitholders will realize capital gains or capital losses. Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based upon their own particular circumstances.

A purchaser who disposes of securities of an Exchange Eligible Issuer pursuant to the Exchange Option and holds such Exchanged Securities as capital property will realize a capital gain (or a capital loss) in the taxation year of the purchaser in which the disposition of Exchanged Securities takes place to the extent that the proceeds of disposition for such Exchanged Securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the purchaser of such Exchanged Securities.

See "Canadian Federal Income Tax Considerations".

Organization and Management of the Fund:

***Manager and Promoter*:**

Connor, Clark & Lunn Capital Markets Inc. will act as Manager of the Fund and ACS Trust. The Manager will perform or will arrange for the performance of management services, including portfolio management services, for the Fund and will be responsible for the overall undertaking of the Fund. The Manager is a leading provider of investment products, having raised approximately $1.7 billion in assets.

The Manager is part of the Connor, Clark & Lunn Financial Group. See "Organization and Management Details of the Fund – The Manager".

***Portfolio Manager*:**

The Manager, Connor, Clark & Lunn Capital Markets Inc., will provide portfolio management services for the Fund and ACS Trust, or may appoint a sub-advisor pursuant to the applicable trust agreement.

***Trustee*:**

RBC Dexia Investor Services Trust will act as Trustee of the Fund and ACS Trust. The Trustee's office is located in Toronto, Ontario.

***ACS Trust*:**

ACS Trust will be a newly created investment fund established prior to the Closing Date pursuant to ACS Trust Agreement for the purpose of acquiring the Portfolio. The registered office of ACS Trust is located in Toronto, Ontario.

***Auditors*:**

PricewaterhouseCoopers LLP, Chartered Accountants, at its offices in Toronto, Ontario, are the auditors of the Fund.

***Custodian*:**

RBC Dexia Investor Services Trust will act as custodian of the assets of the Fund and ACS Trust. The Custodian is located in Toronto, Ontario.

***Registrar and Transfer Agent and Exchange Agent*:**

Computershare Investor Services Trust, at its office in Toronto, Ontario, will maintain the securities registers of the Units, register transfers of the Units, and will accept deposits of securities of Exchange Eligible Issuers.

***Exchange Dealer*:**

BMO Nesbitt Burns Inc. may purchase securities of Exchange Eligible Issuers from the Fund and may sell such securities to ACS Trust or in the open market. If ACS Trust does not purchase such securities, the Exchange Dealer will have the option to sell such securities back to the Fund. The Exchange Dealer is located in Toronto, Ontario.

Agents:

BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd., Raymond James Ltd., Canaccord Genuity Corp., Desjardins Securities Inc., Dundee Securities Corporation, Mackie Research Capital Corporation and Wellington West Capital Markets Inc., as agents, conditionally offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution".

The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer additional Class A Units in an amount up to 15% of the Class A Units sold on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund are estimated to be $201,250,000, $10,565,625 and $190,684,375, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the Agents' over-allocation position acquires such Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Agents' position	Maximum size	Exercise period	Exercise price
Over-Allotment Option	2,625,000 Class A Units	Within 30 days following the Closing Date	$10.00 per Class A Unit

SUMMARY OF FEES AND EXPENSES

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

Type of fee	Amount and description
Agents' Fee:	$0.525 per Class A Unit (5.25%) and $0.225 per Class F Unit (2.25%). The Agents' Fee will be paid out of the proceeds of the Offering.
Expenses of the Offering:	The expenses of the Offering are estimated to be $675,000 (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fee, will be paid by the Fund.
Management Fee:	The Manager will receive a Management Fee from the Fund and ACS Trust equal in the aggregate to 0.50% per annum of the applicable Net Asset Value (0.20% from the Fund and 0.30% from ACS Trust or, in the event the Counterparty does not hedge its exposure by acquiring units of ACS Trust, the Counterparty will pay the ACS Trust portion of the Management Fee), calculated and payable monthly in arrears, plus applicable taxes. See "Fees and Expenses – Management Fee".
Counterparty Fees:	The Fund will pay to the Counterparty an additional purchase amount under the Forward Agreement of up to 0.35% of Total Assets of the Fund or the notional amount of the Forward Agreement (being effectively equal to the Net Asset Value of ACS Trust) per annum, calculated daily and paid quarterly. See "Fees and Expenses – Counterparty Fees".
Ongoing expenses of the Fund and ACS Trust:	Each of the Fund and ACS Trust will pay for all of its respective expenses incurred in connection with its operation and administration, estimated to be $125,000 for the Fund and $40,000 for ACS Trust per annum (assuming an aggregate size of the Offering of approximately $100 million). Each of the Fund and ACS Trust will also be responsible for its costs of portfolio transactions, interest expense and any extraordinary expenses which may be incurred from time to time. See "Fees and Expenses – Ongoing Expenses".

FORWARD LOOKING INFORMATION

Information in this prospectus that is not current or historical factual information may constitute forward looking information within the meaning of securities laws, and actual results may vary from the forward looking information. Implicit in this information are assumptions regarding future operations, plans, expectations, anticipations, estimates and intentions, such as the Fund's plans to obtain exposure to Capital Securities. These assumptions, although considered reasonable by the Fund at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operating results and economic performance of the Fund and ACS Trust are subject to a number of risks and uncertainties. See "Risk Factors" for a list of material risk factors. Forward looking information contained in this prospectus is based on current estimates, expectations and projections, which the Fund believes are reasonable as of the date of this prospectus. The Fund uses forward looking statements because it believes such statements provide useful information with respect to the future operation and financial performance of the Fund, and cautions readers that the information may not be appropriate for other purposes. Readers should not place undue importance on forward looking information and should not rely upon this information as of any other date. While the Fund may elect to, it does not undertake to update this information at any particular time.

DISCLOSURE BASED ON PUBLICALLY AVAILABLE INFORMATION

Certain information contained in this prospectus, including with respect to, among other things, the Australian economy, the Australian banking system and the Capital Securities, is taken from and based solely upon publicly available information. Neither the Manager, the Fund nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

GLOSSARY OF TERMS

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

"**ACCC**" means the Australian Competition and Consumer Commission.

"**ACS Trust**" means a newly created investment fund that will be established prior to Closing.

"**ACS Trust Agreement**" means the trust agreement governing ACS Trust dated as of November 23, 2010, as it may be amended from time to time.

"**Additional Distribution**" means a distribution that, if necessary, will be made in each year to Unitholders of record on December 31 in order that the Fund will generally not be liable to pay income tax, as described under "Distributions".

"**Agency Agreement**" means the agency agreement dated as of the date hereof among the Fund, the Manager and the Agents.

"**Agents**" means, collectively, BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd., Raymond James Ltd., Canaccord Genuity Corp., Desjardins Securities Inc., Dundee Securities Corporation, Mackie Research Capital Corporation and Wellington West Capital Markets Inc.

"**Annual Redemption Date**" means the second last Business Day of June of each year, commencing in 2012.

"**Annual Redemption Price**" means a redemption price per Unit equal to 100% of the Redemption Net Assets per Unit of the relevant class on an Annual Redemption Date (less any costs associated with the redemption, including brokerage costs and any net realized capital gains to the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption).

"**Approved Rating**" means the long term debt rating of the Counterparty or each successor counterparty of at least A by S&P or an equivalent rating from DBRS Limited, Moody's Investors Service, Inc., Fitch Ratings, or any of their respective successors.

"**APRA**" means the Australian Prudential Regulation Authority, the prudential regulator in Australia of authorized deposit taking institutions (which includes banks, credit unions and building societies) and insurance companies and certain superannuation funds, or any successor or successors thereof.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means the Australian Stock Exchange.

"**Bank Bill Swap Rate**" means the primary benchmark interest rate for the Australian money market commonly used by major Australian banks to lend short-term cash to each other over a 90-day period.

"**Big Four Australian Banks**" means Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation.

"**Book-Entry Only System**" means the book-entry only system administered by CDS.

"**Bonds**" means debt securities with a term to maturity greater than one year.

"**Business Day**", in the context of the Capital Securities, means a day, other than a Saturday or Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading that is neither a legal holiday nor a day on which commercial banks or foreign exchange markets are authorized or required by law, regulation or executive order to close in Australia and, in the context of the Fund, means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

"**Canadian Securities Portfolio**" means a specified portfolio of securities of Canadian public issuers that are "Canadian securities" as defined in subsection 39(6) of the Tax Act and are listed on the TSX.

"**Capital Securities**" means Innovative Tier 1 Capital securities, Subordinated Debt and Bonds issued by Australian banks, as determined by the Manager.

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

"**CDS Participant**" means a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS effects book entries for the Units deposited with CDS.

"**Class A Meeting**" means a meeting of holders of Class A Units called in accordance with the Fund Trust Agreement.

"**Class A Units**" means the transferable, redeemable units of the Fund designated as "Class A Units".

"**Class F Meeting**" means a meeting of holders of Class F Units called in accordance with the Fund Trust Agreement.

"**Class F Units**" means the transferable, redeemable units of the Fund designated as "Class F Units".

"**Closing**" means the issuance of Units pursuant to this prospectus on the Closing Date.

"**Closing Date**" means the date of the Closing, which is expected to be on or about December 17, 2010 or such later date as the Fund and the Agents may agree, but in any event not later than February 18, 2011.

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

"**Counterparty**" means the Canadian chartered bank which is the counterparty under the Forward Agreement, provided that the Counterparty or its guarantor must have an Approved Rating.

"**CRA**" means the Canada Revenue Agency.

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

"**Exchange Agency Agreement**" means the exchange agency agreement entered into on or about November 25, 2010 between the Fund and the Exchange Agent.

"**Exchange Agent**" means Computershare Investor Services Inc.

"**Exchange Dealer**" means BMO Nesbitt Burns Inc.

"**Exchange Eligible Issuer**" has the meaning given under "Purchases of Securities – Method to Purchase Units".

"**Exchange Option**" has the meaning given under "Purchases of Securities – Method to Purchase Units".

"**Exchange Ratio**" has the meaning given under "Purchases of Securities – Method to Purchase Units".

"**Exchanged Securities**" has the meaning given under "Purchases of Securities – Method to Purchase Units".

"**Extraordinary Resolution**" means a resolution passed by the affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

"**Fitch**" means Fitch, Inc.

"**Forward Agreement**" means one or more forward purchase and sale agreements between the Fund and the Counterparty, as such agreements may be amended from time to time.

"**Forward Termination Date**" means the earlier of (i) the Scheduled Forward Termination Date, and (ii) any other date upon which the Forward Agreement is terminated in accordance with its terms.

"**Fund**" means Australian Banc Capital Securities Trust, a non-redeemable investment fund established under the laws of the Province of Ontario and governed by the Fund Trust Agreement.

"**Fund Trust Agreement**" means the trust agreement governing the Fund dated as of November 23, 2010, as it may be amended from time to time.

"**GDP**" or gross domestic product is a measure of a country's overall economic output, generally reflecting the market value of all final goods and services made within the borders of a country in a specified period.

"**Independent Review Committee**" has the meaning given in "Organization and Management Details of the Fund – Independent Review Committee".

"**Innovative Tier 1 Capital**" as defined by APRA, includes any instrument which may contain an incentive for the issuer to call, such as a step-up provision or an option to convert into common shares; any instrument which is indirectly issued through a special purpose vehicle; and any other Tier 1 instrument that does not represent a share.

"**Manager**" means the manager of the Fund and of ACS Trust, namely Connor, Clark & Lunn Capital Markets Inc., and if applicable, its successor.

"**Management Fee**" means the management fee payable to the Manager by the Fund and ACS Trust as more fully described under "Fees and Expenses – Management Fee".

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

"**Maximum Ownership Level**" has the meaning given in "Purchases of Securities – Method to Purchase Units".

"**Monthly Redemption Amount**" means the redemption price per Class A Unit equal to the lesser of (i) 95% of the Market Price of a Class A Unit, and (ii) 100% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs, and less any net realized capital gains of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption.

"**Monthly Redemption Date**" means the second last Business Day of each month other than, commencing in 2012, the month of June.

"**Moody's**" means Moody's Investors Service, Inc.

"**Net Asset Value**" or "**NAV**" means the net asset value of the Fund or ACS Trust, as applicable, as determined by subtracting the aggregate liabilities of the Fund or ACS Trust, as applicable, from the Total Assets of the Fund or ACS Trust, as applicable, in each case on the date on which the calculation is being made, as more fully described under "Calculation of Net Asset Value".

"**Net Asset Value per Unit**" means the Net Asset Value of the Fund attributable to the Class A Units or Class F Units, as applicable, divided by the total number of Class A Units or Class F Units, as applicable, outstanding on the date on which the calculation is being made.

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

"**Non-Resident Unitholder**" means a Unitholder who, for the purposes of the Tax Act, and at the relevant time, is not resident in Canada and is not deemed to be resident in Canada, does not use or hold, and is not deemed to use or hold, Units in, or in the course of carrying on, a business in Canada, and is not an insurer who carries on an insurance business in Canada and elsewhere.

"**Notional Portfolio**" means a notional portfolio of Capital Securities which will be maintained by the Manager in the event that the Counterparty does not acquire units of ACS Trust, with an initial subscription amount equal to the net proceeds of the Offering (less any amount invested by the Fund directly into a portfolio of Canadian securities).

"**Offering**" means, collectively, the offering of Class A Units at a price of $10.00 per Class A Unit, the offering of Class F Units at a price of $10.00 per Class F Unit and the offering of additional Class A Units under the Over-Allotment Option, all pursuant to this prospectus.

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

"**Over-Allotment Option**" means the option granted by the Fund to the Agents, exercisable for a period of 30 days from the Closing Date, to offer additional Class A Units in an amount up to 15% of the aggregate number of Class A Units sold on the Closing Date at a price of $10.00 per Class A Unit, solely to cover over-allotments, if any.

"**Portfolio**" means the portfolio of Capital Securities acquired and held by ACS Trust from time to time.

"**Pricing Period**" has the meaning given under "Purchases of Securities – Determination of Exchange Ratios".

"**Redemption Net Assets per Unit**" means the net assets of the Fund on a per Unit basis, calculated in a similar manner to the calculation of the Net Asset Value per Unit except that, for the purposes of calculating the net assets of the Fund, the value of the Forward Agreement will be determined on the basis that any bonds, debentures and other debt obligations that are owned by ACS Trust will be valued by taking the bid price on the Valuation Date.

"**Redemption Payment Date**" means the 10th Business Day of the month immediately following an Annual Redemption Date or a Monthly Redemption Date, as applicable.

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

"**Registrar, Transfer Agency and Distribution Agency Agreement**" means the registrar, transfer agency and distribution agency agreement to be dated on or about the Closing Date between the Fund and Computershare Investor Services Inc., as it may be amended from time to time.

"**S&P**" means Standard & Poor's, a division of The McGraw Hill Companies, Inc.

"**Scheduled Forward Termination Date**" means January 29, 2016.

"**SIFT Rules**" means the rules in the Tax Act which apply to a SIFT Trust and its unitholders.

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

"**Subordinated Debt**" means an instrument evidencing indebtedness of an entity that, by its terms, provides that the indebtedness will, in the event of the insolvency or winding up of such entity, be subordinate in right of payment to all liabilities of such entity except those that, by their terms, rank equally with or subordinate to such indebtedness.

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

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

"**Termination Date**" means January 29, 2016.

"**Tier 1 Capital**" has the meaning given to it by the APRA (or such other successor governmental authority in Australia) from time to time.

"**Total Assets**" means the aggregate value of the assets of the Fund or ACS Trust, as applicable.

"**Trust Agreements**" means the Fund Trust Agreement and the ACS Trust Agreement.

"**Trustee**" means RBC Dexia Investor Services Trust, in its capacity as trustee under the Fund Trust Agreement or as trustee under the ACS Trust Agreement, as the context requires.

"**TSX**" means the Toronto Stock Exchange.

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

"**Units**" means the Class A Units and/or the Class F Units issued by the Fund, as applicable.

"**Unitholders**" means the owners of the beneficial interest in the Units.

"**Valuation Agent**" means the valuation agent and, until its replacement is appointed by the Manager, means the Trustee.

"**Valuation Date**" means each Business Day.

OVERVIEW OF THE STRUCTURE OF THE FUND

Legal Structure

Australian Banc Capital Securities Trust is a non-redeemable investment fund established under the laws of the Province of Ontario and governed by the Fund Trust Agreement. Connor, Clark & Lunn Capital Markets Inc. will act as Manager of the Fund and will perform or will arrange for the performance of management services, including portfolio management services, for the Fund and will be responsible for the overall undertaking of the Fund. The Fund's registered and head office is at 181 University Avenue, Suite 300, Toronto, Ontario M5H 3M7. The fiscal year-end of the Fund will be August 31. The beneficial interest in the net assets and net income of the Fund is divided into units of two classes, Class A Units and Class F Units. The Fund is authorized to issue an unlimited number of Units of each class. The Class F Units are designed for fee-based accounts and differ from the Class A Units in the following ways: (i) Class F Units will not be listed on a stock exchange; and (ii) the Agents' fees payable on the issuance of Class F Units are lower than the Class A Units. Accordingly, the Net Asset Value per Unit of each class of Units will not be the same as a result of different fees allocable to each class of Units. See "Fees and Expenses".

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation.

INVESTMENT OBJECTIVES

The Fund's investment objectives are to (i) provide Unitholders with quarterly, tax-advantaged distributions consisting primarily of returns of capital and (ii) provide exposure to a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The return to the Unitholders and the Fund will be dependent upon the return on the Portfolio (or Notional Portfolio) by virtue of one or more forward purchase and sale agreements with the Counterparty. Generally, tax-advantaged distributions by the Fund are distributions that are taxed at a rate of tax that is less than the rate applicable to ordinary income, and generally refers to tax-free returns of capital and capital gains.

The Fund will not have a fixed distribution, but intends to make quarterly distributions based on the actual and expected distributions on the Capital Securities less the Fund's estimated expenses. Given that a portion of the Portfolio will be invested in floating rate Capital Securities, distributions will vary with changes in short term interest rates in Australia. Based on current estimates, the Fund's initial distribution target is expected to be approximately $0.15 per Unit per quarter, consisting primarily of returns of capital which are not immediately taxable but which reduce a Unitholder's adjusted cost base of its Units, representing an initial yield on the Unit issue price of 6.0% per annum.

INVESTMENT STRATEGY

The Fund will seek to achieve its investment objectives through exposure to a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The Fund will gain exposure to Capital Securities that pay both fixed rate and floating rate distributions. The Fund may also invest in other income securities, such as Subordinated Debt and preferred shares, issued by Australian banks and Australian subsidiaries of international banks. See "Description of the Capital Securities".

The Fund may employ leverage of up to 20% of its Total Assets pursuant to the Forward Agreement for the purposes of adding leverage to its exposure to the Portfolio and such other short term funding purposes as may be determined by the Manager from time to time and in accordance with the Investment Strategy. Accordingly, the maximum amount of leverage that the Fund could employ is 1.25:1. Initially, the Fund is expected to employ leverage of approximately 20% of Total Assets. The composition of the Portfolio as between different Capital Securities may change from time to time at the discretion of the Manager.

The Capital Securities are denominated primarily in Australian dollars and U.S. dollars. The Manager will take currency exposure into account in managing the Portfolio and reserves the right to hedge, from time to time, all or any portion of the value of the Capital Securities back to the Canadian dollar. The Fund intends to use derivative instruments for currency hedging purposes only. See "Investment Strategy".

OVERVIEW OF THE INVESTMENT STRUCTURE

ACS Trust

ACS Trust will be a newly created trust established prior to the Closing pursuant to the ACS Trust Agreement. ACS Trust will be established for the purpose of acquiring and holding the Portfolio. It is expected that the initial beneficial owner of all of the units of ACS Trust will be the Counterparty. On the Closing Date, the Counterparty may subscribe for units of ACS Trust. ACS Trust would use any subscription proceeds to acquire the Portfolio.

Units of ACS Trust will be redeemable at the demand of its unitholders. On redemption, a ACS Trust unitholder will receive for each unit of ACS Trust redeemed an amount equal to the Net Asset Value per unit of ACS Trust. The Net Asset Value per unit of ACS Trust will be equal to the amount by which the Total Assets of ACS Trust exceed its total liabilities on a per Unit basis and, accordingly, will be based upon the value of the Portfolio.

ACS Trust will generally receive interest income or distributions from the Capital Securities in the Portfolio. The net income of ACS Trust will consist primarily of interest income or distributions, less expenses of ACS Trust. ACS Trust will distribute all of its net income and net realized capital gains earned in each fiscal year to ensure that it is not liable for tax under Part I of the Tax Act. To the extent that ACS Trust has not distributed in cash the full amount of its net income in any year, the difference between such amount and the amount actually distributed by ACS Trust may be paid through the issuance of additional units having a Net Asset Value in the aggregate at the date of distribution equal to this difference. Immediately after any such distribution of units, the number of outstanding units of ACS Trust may be consolidated such that each unitholder of ACS Trust (including the Counterparty, if it is a unitholder) will hold after the consolidation the same number of units of ACS Trust as it held before the distribution of additional units.

The Forward Agreement

The return to the Unitholders and the Fund will be dependent upon the return on the Portfolio (or Notional Portfolio) by virtue of the Forward Agreement. If the Counterparty hedges its exposure under the Forward Agreement, it may acquire units of ACS Trust. If the Counterparty does not acquire units in ACS Trust, the Manager will maintain a Notional Portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. There is no assurance that the Counterparty will maintain a hedge or will do so with respect to the full amount or term of the Forward Agreement. This prospectus assumes that the Counterparty will acquire units of ACS Trust with a subscription amount equal to the net proceeds of the Offering, although it is under no obligation to do so. The Fund will use the net proceeds of the Offering to pre-pay its purchase obligations under the Forward Agreement.

Pursuant to the Forward Agreement, the Counterparty has agreed to deliver to the Fund, on the Forward Termination Date, the Canadian Securities Portfolio with an aggregate value equal to (i) the redemption proceeds of all of the units of ACS Trust, or (ii) the value of the Notional Portfolio, as applicable, net of any leverage provided through the Forward Agreement and any amount owing by the Fund to the Counterparty. On or about the completion of the Offering, ACS Trust expects to issue units to the Counterparty with an aggregate value equal to the net proceeds of the Offering, the proceeds from which ACS Trust would use to acquire the Portfolio. The initial value of the Portfolio would be equal to the net proceeds of the Offering. In such case, the return to the Fund will, by virtue of the Forward Agreement, be based on the return of ACS Trust, which, in turn, will be based on the performance of the Portfolio. If ACS Trust units are not acquired by the Counterparty, the return to the

Fund, by virtue of the Forward Agreement, will be based on the performance of the Notional Portfolio. The Fund is fully exposed to the credit risk associated with the Counterparty in respect of the Forward Agreement.

The Fund may settle the Forward Agreement in whole or in part prior to the Scheduled Forward Termination Date: (i) to fund distributions on the Units; (ii) to fund redemptions and repurchases of Units from time to time; (iii) to fund operating expenses and other liabilities of the Fund; and (iv) for any other reason. The Forward Agreement will also allow the Fund to leverage its exposure to ACS Trust or the Notional Portfolio by up to 20% of its Total Assets.

The Forward Agreement may be terminated prior to the Scheduled Forward Termination Date in certain circumstances, including if an event of default or a termination event occurs with respect to the Fund or the Counterparty under the Forward Agreement.

The following constitute events of default under the Forward Agreement: (i) failure by a party to make a payment or perform an obligation when due under the Forward Agreement which is not cured within any applicable grace period; (ii) a party makes a representation which is incorrect or misleading in any material respect; (iii) a party defaults in respect of a specified transaction having a value in excess of a specified threshold which default is not cured within any applicable grace period; (iv) certain events related to the bankruptcy or insolvency of a party; and (v) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to, another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the Forward Agreement.

Termination events under the Forward Agreement include the following: (i) it becomes unlawful for a party to perform its obligations under or comply with any material provisions of the Forward Agreement; (ii) certain tax events occur which require a party to indemnify the other party in respect of certain taxes or reduce the amount that a party would otherwise have been entitled to receive under the Forward Agreement; (iii) failure of ACS Trust to comply with its governing documents; or (iv) certain regulatory, credit or legal events occur which affect a party.

If the Forward Agreement is terminated prior to the Forward Termination Date for any reason, it is anticipated that the Forward Agreement will be settled by physical delivery of the Canadian Securities Portfolio by the Counterparty to the Fund net of any leverage provided through the Forward Agreement and after payment of any amounts owing to the Counterparty. In the event of a termination of the Forward Agreement prior to the Scheduled Termination Date, the Manager may, in its discretion, enter into a replacement forward agreement on terms satisfactory to the Manager in its sole discretion, or the Manager may terminate the Fund and may take such other action as it considers necessary under the circumstances.

Notional Portfolio

In the event that the Counterparty does not hedge its exposure by investing in units of ACS Trust, the Manager would establish the Notional Portfolio. In such event, the return to the Fund, by virtue of the Forward Agreement, will be based on the performance of the Notional Portfolio.

If established, the Notional Portfolio would be a virtual portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. The Notional Portfolio would be notionally traded in accordance with market movements on a simulated basis as though such trades were actually made. The value of the Notional Portfolio would be calculated in accordance with the principles set forth in the prospectus of ACS Trust, which principles are substantially the same as those described in this prospectus. Trading data would be based on the trading prices of the securities held in the Notional Portfolio as though they were directly held by the Counterparty. The composition of the Notional Portfolio as between the different Capital Securities will be determined at the discretion of the Manager from time to time on the same basis as the composition of the Portfolio would have been determined.

In the event that the return of the Fund is based on a Notional Portfolio rather than an investment in the Portfolio Trust, the Manager will provide the same continuous disclosure documentation regarding the Notional Portfolio as would be required with respect to the Portfolio Trust (except with respect to the proxy voting record as the Portfolio Trust would not actually own securities); the method used to determine the value of the Notional Portfolio would comply with NI 81-106 and would be calculated based on the principles set forth under the heading "Calculation of Net Asset Value"; in connection with their audit and periodic reviews, the auditors will have the same involvement with the review of the value of the Notional Portfolio as they would otherwise have if the Counterparty were to invest in units of the Portfolio Trust.

The Manager would consider the use of the Notional Portfolio to be a material change to the Fund's investment strategy in respect of which it would issue a press release and file a material change report pursuant to applicable securities laws. Such press release and material change report will describe the policies, procedures and mechanisms required in connection with notional trades and other administrative matters.

See also "Overview of the Investment Structure – The Forward Agreement".

OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

The following information is taken from and based solely upon publicly available information. Neither the Manager, the Fund nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

Rationale of the Fund

The Fund was established to provide investors with high levels of tax-advantaged distributions through exposure, on a low-cost basis, to Capital Securities issued by the Big Four Australian Banks (Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation) and Australian subsidiaries of global banks. The Fund may also invest in other income securities, such as Subordinated Debt and preferred shares, issued by Australian banks and Australian subsidiaries of international banks.

The Manager believes that Australian banks are strongly positioned and that the Capital Securities issued by the Big Four Australian Banks offer an attractive investment opportunity for the following reasons:

- **Australia's banking system is similar to Canada's banking system** – Australia's banking system is dominated by the Big Four Australian Banks, which together control approximately 75% of the Australian domestic banking market. S&P considers the closest international peers of the Big Four Australian Banks to be the five major Canadian banks, which share important characteristics in terms of their balance sheet size, dominant positions in their respective domestic banking markets and low credit loss levels. Similar to Canadian banks, Australian banks are highly regulated, strongly capitalized, and recognized for their conservative banking practices. In the World Economic Forum's *Global Competitiveness Report 2010-2011*, Canada, New Zealand and Australia were ranked as the top three countries in the "Soundness of Banks" category.
- **Strong credit quality, with higher ratings than Canadian banks** – The Big Four Australian Banks are each rated "AA" by S&P, with a stable outlook based on expectations of sound macroeconomic conditions, strong earnings and conservative lending standards. In comparison, the five major Canadian banks are rated "AA-" or "A+". On the strength of these credit ratings, the Big Four Australian Banks all rank in the top 20 safest banks in the world, above the majority of Canadian banks, as determined by *Global Finance* magazine in October 2010.
- **Strength of the Australian economy** – The Australian economy continues to enjoy strong growth and only experienced a relatively mild downturn during the recent global financial crisis, benefitting from its significant exposure to higher growth Asian regions and Australia's abundance of natural resources. Australia's unemployment rate of approximately 5.1% is among the lowest in the developed world. Australia has also led the G20 nations in increasing interest rates to ensure that inflation remains within its target range. As a result, the Australian dollar has

appreciated versus other major currencies where economic and employment growth lag behind Australia and inflationary pressures are more subdued.

- **Consistently profitable –** The Big Four Australian Banks remained profitable during the recent global financial crisis and profits have shown strong growth in 2010. Net interest income has continued to underpin the profitability of the Big Four Australian Banks, whereas many of the largest global banks rely more heavily on trading and investment income.
- **Strong capital position, with increased dividends** – The Australian banking system is well-capitalized and Australian banks are well positioned to meet new Basel III capital standards. The Big Four Australian Banks have each increased dividends to shareholders during the second and third quarters of 2010.
- **Compelling yields** – Capital Securities of Australian banks offer compelling yields, particularly in comparison to Capital Securities issued by Canadian banks with similar credit ratings and features.
- **High credit ratings of the Capital Securities –** The Capital Securities of the Big Four Australian Banks are rated "A+" by S&P compared to "A" or "A-" for the majority of comparable Capital Securities of Canadian banks. The credit ratings of the Capital Securities of the Big Four Australian Banks are dependant on the credit ratings assigned to the Big Four Australian Banks.
- **Potential for rising distributions** – The majority of Australian dollar-denominated Capital Securities of Australian banks pay floating rate distributions that vary with short-term benchmark interest rates in Australia. To the extent that short-term interest rates continue to rise, issuers of these securities are obligated to pay higher distributions.
- **Strong Australian Dollar** – Exposure to the Australian dollar offers diversification benefits and is attractive because of the comparatively high interest rates in Australia, the general stability of the economy and political system, and Australia's greater exposure to both high-growth Asian economies and commodities. Given the strength of the economy and the potential for higher inflation, the Manager believes that interest rates are likely to continue to rise at a faster pace in Australia, resulting in continued strong performance of the Australian dollar versus other major currencies.

Australian Economy

Background

The economy of Australia is a developed, modern market economy with a GDP of approximately U.S. $1.0 trillion, which is similar in size to Canada's economy. According to the World Bank, Australia had the 13th largest national economy measured by nominal GDP. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron ore, copper, gold, natural gas, uranium, and renewable energy sources. The Reserve Bank of Australia predicts that a series of major investments, such as the AUD $43 billion Gorgon liquid natural gas project, is expected to significantly expand the resources sector. Australia also has a large services sector and is a significant exporter of natural resources, energy, and food.

The Australian economy is dominated by its services sector, representing approximately 68% of Australian GDP. Rich in natural resources, Australia is a major exporter of agricultural products, particularly wheat and beef, minerals such as iron-ore and gold, and energy in the forms of liquefied natural gas and coal. Although agriculture and natural resources constitute only approximately 3% and 7% of GDP, respectively, they contribute approximately 10% and 47%, respectively of the value of Australia's exports. Australia's largest export markets are China (approximately 19%), Japan (approximately 16%), South Korea (approximately 7%), India (approximately 7%) and the United States (approximately 6%).

Economic Growth

According to the Reserve Bank of Australia, the Australian economy has experienced 19 consecutive years of growth, which is unprecedented among other developed economies over the same period. The recent global financial crisis had a relatively mild impact in Australia in comparison to other developed countries. During the recent global financial crisis, the Australian government introduced a significant fiscal stimulus package to offset the effect of the slowing world economy, while the Reserve Bank of Australia cut interest rates to historic lows. According to the International Monetary Fund, these policies, and continued demand for commodities, especially from China, helped the Australian economy rebound from only one quarter of negative growth. In 2009, GDP increased by approximately 1.2% in Australia, whereas most other advanced economies contracted during the same period.

The Australian economy continued to expand at a solid pace over the first half of 2010 and, according to the Reserve Bank of Australia, is benefiting from elevated commodity prices and high levels of investment. Employment growth has been strong and business and consumer confidence indices remain positive. The International Monetary Fund forecasts Australian GDP growth of 3.0% in 2010 and 3.5% in 2011, significantly outpacing the forecasted growth in most major advanced economies.

World Economic Outlook Projected Real GDP Growth (October 2010)

	2009 Actual	2010 Projected	2011 Projected	2015 Projected
Australia	1.2%	3.0%	3.5%	3.2%
Canada	-2.5%	3.1%	2.7%	2.0%
United States	-2.6%	2.6%	2.3%	2.6%
United Kingdom	-4.9%	1.7%	2.0%	2.6%
Euro area	-4.1%	1.7%	1.5%	1.7%
Major advanced economies	-3.5%	2.5%	2.0%	2.2%

Source: International Monetary Fund.

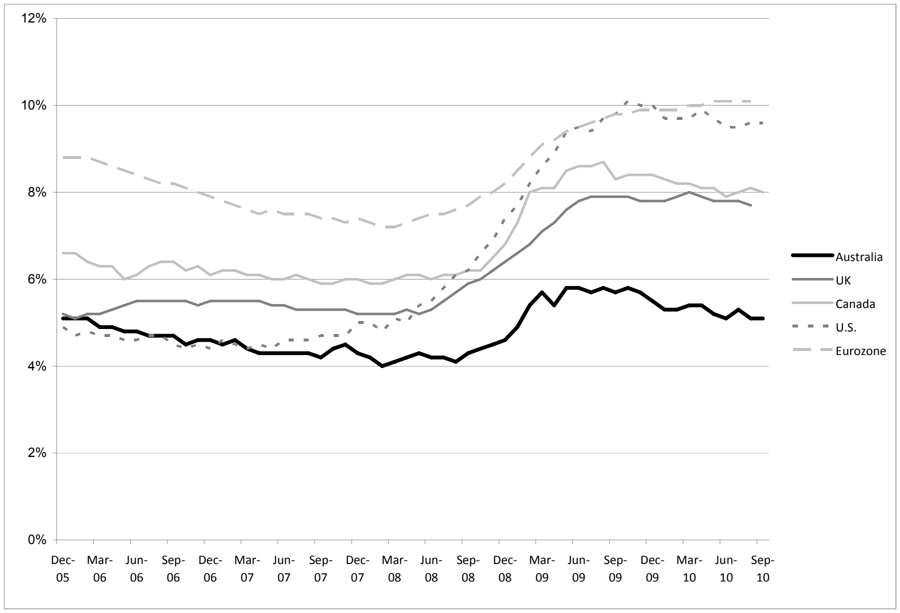
Business Sector

The financial position of the business sector in Australia remains sound. In the business sector, there has been considerable deleveraging in the period following the recent global financial crisis, bringing average debt-to-equity and interest-payment ratios to levels close to their lowest in three decades. Capacity utilization has remained at, or above, average levels. Measures of investment intentions are positive, particularly for the resources sector. Capital expenditure surveys in 2010/2011 point to a significant rise in buildings and structures investment, led by the mining sector. In particular, with work on the AUD $43 billion Gorgon liquid natural gas project having commenced in late 2009, the Reserve Bank of Australian has predicted that there is a significant pipeline of engineering work yet to be done. Further out, there are a number of significant projects in the advanced stages of planning, including additional liquid natural gas projects on the North-West Shelf off the coast of Western Australia and coal-seam methane projects in Queensland. More generally, the Manager believes that the positive medium-term outlook for China and other trading partners in Asia suggests that strong demand for a number of Australia's commodities will continue to support a high level of investment activity in the period ahead.

Employment

In contrast with other developed economies, employment creation has been strong in Australia. The unemployment rate has steadily declined to 5.1% in September 2010 and is significantly lower than many major developed economies. According to the Reserve Bank of Australia, employment growth has become more broad-based across industries, with solid employment gains in services industries, as well as in mining and construction.

Unemployment Rates (seasonally adjusted)

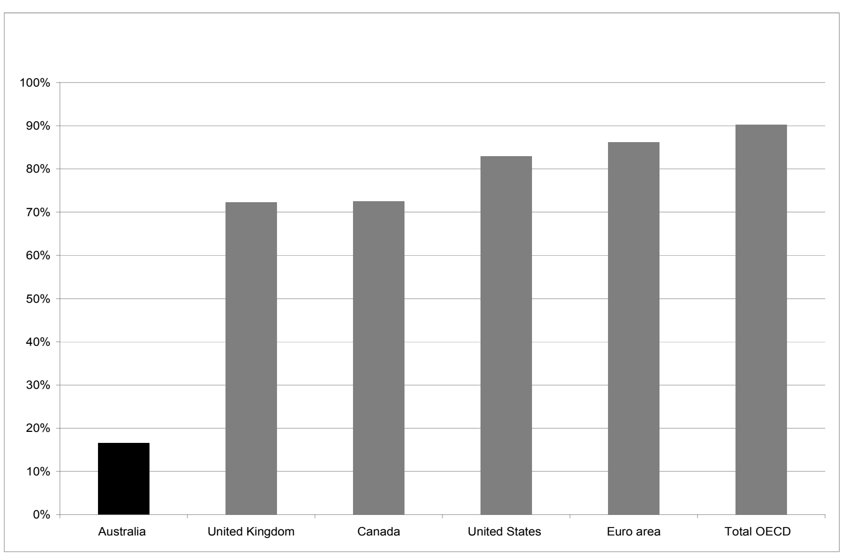


Source: Bloomberg.

Government Budgets and Liabilities

The Reserve Bank of Australia has forecasted that the general government (federal plus states) deficit will narrow from approximately 5.5% of GDP in 2009/2010 to approximately 3.9% in 2010/2011, before moving to a small surplus in 2013/2014. The narrowing of the deficit reflects the phasing out of fiscal stimulus and rising government receipts as growth accelerates. Public spending was prominent in driving aggregate demand for several quarters but this impact is now lessening, while the prospects for private demand, and in particular business investment, have been improving. As the graph below indicates, Australia's gross government financial liabilities, as a percentage of GDP, are approximately 17%, which is one of the lowest levels in the developed world.

Government Gross Financial Liabilities as Percentage of GDP (2009)

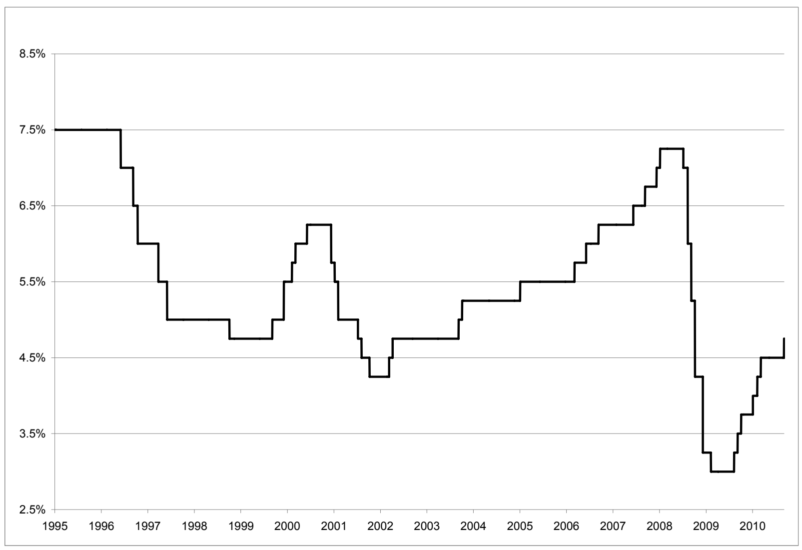


Source: Organisation for Economic Development and Co-operation.

Inflation

The Reserve Bank of Australia's target for monetary policy in Australia is to achieve an inflation rate of between 2% and 3%, on average, over the cycle. In September 2010, inflation was 2.8%. Inflationary pressures are evident with broad economic growth and employment growth shifting the economy closer to full employment. As a result, the Reserve Bank of Australia has led the G20 nations increasing its base interest rate. Since April 2009, the Reserve Bank of Australia has raised the overnight cash rate by 25 basis points on seven occasions, rising from 3.0% to 4.75% currently. According to the Reserve Bank of Australia, the current stance of monetary policy is delivering interest rates to borrowers close to their average of the past decade. The Reserve Bank of Australia regards this as appropriate for the time being; however, if economic conditions evolve as it expects, it is likely that higher interest rates will be required to ensure that inflation remains consistent with its target.

Reserve Bank of Australia Cash Rate Target



Source: Bloomberg.

Australian Dollar

The Australian dollar is an independent, free-floating currency and, according to the Bank for International Settlements, is the fifth most traded currency in the world foreign exchange markets behind the U.S. dollar, the Euro, the yen and the pound sterling. Similar to the Canadian dollar, the Australian dollar has appreciated significantly against the U.S. dollar and other major currencies in recent months. As at October 27, 2010, one Australian dollar was equivalent to U.S. $0.97 and $1.00 Canadian dollars, respectively. The Manager believes that the Australian dollar offers diversification benefits and is attractive to currency investors because of the comparatively high interest rates in Australia, the general stability of Australia's economy and political system, and Australia's greater exposure to both high-growth Asian economies and commodities. Given the strength of the economy, employment nearing full capacity and the potential for higher inflation, the Manager believes that Australia's interest rates will continue to rise faster than in other developed countries, including Canada, where inflationary pressures are lower, resulting in continued strong performance of the Australian dollar versus other major currencies.

Australian Banking System

Similarities with the Canadian Banking System

The Australian banking system has many attributes in common with Canada's banking system. Similar to Canada, the domestic banking market in Australia is effectively an oligopoly dominated by the Big Four

Australian Banks: Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation. According to S&P, the Big Four Australian Banks control approximately three-quarters of Australia's domestic lending market. The Big Four Australian Banks are large institutions that are similar in size (by market capitalization) to Canada's largest banks. In fact, S&P considers the closest international peers of the Big Four Australian Banks to be the five major Canadian banks, which share important characteristics in terms of their balance sheet size, dominant positions in their respective domestic banking markets, and low credit loss levels. Like their Canadian peers, Australian banks are highly regulated, strongly capitalized, and recognized for their conservative banking practices. In the recently published *World Economic Forum Global Competitiveness Report 2010-2011*, Canada, New Zealand and Australia were ranked as the top three countries in the "Soundness of Banks" category.

Strong Credit Quality

The Big Four Australian Banks are each rated "AA" by S&P, with a stable outlook based on expectations of sound macroeconomic conditions, strong earnings and conservative lending standards. The Big Four Australian Banks are rated higher by S&P than the five major Canadian peers and, in October 2010, based in part on the strength of these ratings, *Global Finance* magazine ranked the Big Four Australian Banks in the top 20 of the world's safest banks, ahead of the majority of Canadian banks.

World's Safest Bank Ranking

The following table shows the ranking of certain Australian and Canadian banks from a report published by *Global Finance* magazine in October, 2010:

World's safest bank ranking	Bank	Country	S&P	Moody's	Fitch	Market capitalization (billions)	Total assets (billions)
10	Royal Bank of Canada	Canada	AA-	Aaa	AA	C$78.2	C$704.4
11	National Australia Bank	Australia	AA	Aa1	AA	C$53.9	C$685.7
12	Westpac Banking Corporation	Australia	AA	Aa1	AA	C$68.8	C$589.4
13	Commonwealth Bank of Australia	Australia	AA	Aa1	AA	C$76.7	C$646.1
15	Toronto-Dominion Bank	Canada	AA-	Aaa	AA-	C$64.4	C$603.5
16	Australia and New Zealand Banking Group	Australia	AA	Aa1	AA-	C$61.5	C$531.6
22	Bank of Nova Scotia	Canada	AA-	Aa1	AA-	C$56.3	C$523.4
36	Bank of Montreal	Canada	A+	Aa2	AA-	C$34.7	C$397.4
37	Canadian Imperial Bank of Commerce	Canada	A+	Aa2	AA-	C$29.9	C$349.6

Note:
Market capitalization as at October 27, 2010 and total assets as indicated in most recent financial reports. Canadian dollar and Australian dollar amounts are based on the reported fixing rate on October 27, 2010, at which time one Australian dollar was equivalent to $0.9997 Canadian dollars.

Business and Geographic Mix

The Australian domestic market accounts for the vast majority of revenues and total assets of the Big Four Australian Banks. The key overseas markets are New Zealand and the United Kingdom which, according to the Reserve Bank of Australia, together make up approximately 15% of Australian banks' total asset exposures. The business mix of the Big Four Australian Banks is primarily retail, small business lending and corporate/institutional lending. The following table provides the business mix for each of the banks by major divisions:

Business Mix of the Big Four Australian Banks

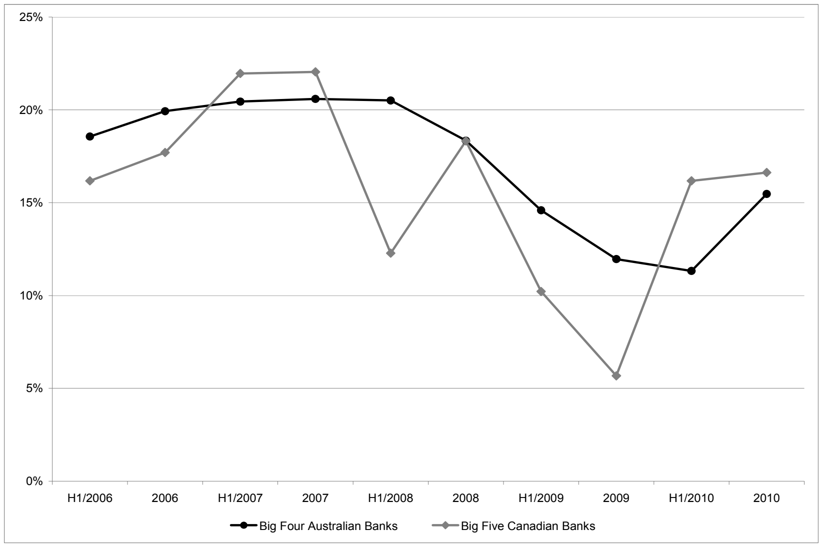
	Australia and New Zealand Banking Group			Commonwealth Bank of Australia			National Australia Bank			Westpac Banking Corporation		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Retail	28%	35%	36%	44%	44%	54%	17%	23%	25%	24%	25%	29%
Small and medium enterprises	11%	18%	17%	13%	11%	13%	39%	52%	47%	28%	29%	35%
Institutional	31%	23%	37%	14%	16%	4%	16%	-1%	17%	17%	15%	8%
Funds management	3%	5%	1%	7%	12%	3%	5%	5%	3%	8%	7%	6%
Insurance	2%	3%	1%	7%	6%	6%	4%	5%	5%	4%	4%	4%
New Zealand/ Pacific	22%	20%	12%	10%	10%	8%	9%	10%	9%	14%	13%	6%
UK							13%	14%	4%			
Other	2%	-4%	-4%	5%	0%	12%	-4%	-8%	-10%	6%	7%	12%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company data and Credit Suisse research estimates. The figures presented are rounded and may not add to 100%.

Consistent Profitability

The Big Four Australian Banks have a long track record of profitability and remained profitable during the recent global financial crisis. Australia's banking system experienced only a mild downturn as compared with the overall international experience over the past few years, and most credit losses were small enough to be off-set by revenue. The profitability of the Big Four Australian Banks has risen over the first half of 2010, reflecting further growth in net interest income and a significant decline in bad and doubtful debt charges. The Big Four Australian Banks reported aggregate headline profits after tax and minority interests of almost AUD $10.0 billion in their latest available half-yearly results. This result was approximately AUD $1.25 billion higher than in the same period a year earlier, and, according the Reserve Bank of Australia, may signal a recovery to the profitability levels experienced immediately prior to the recent global financial crisis, following a relatively shallow downturn over the preceding 18 months. Interest receipts, which stem from the core lending business of the Big Four Australian Banks and represent their main source of revenue, have been sufficient over the past two years to fully recoup higher funding costs and partly offset the rise in loan losses. As shown in the graph below, the return on equity reported by the Big Four Australian Banks has also recovered after a relatively shallow dip from approximately 12% in 2009 to approximately 15% in 2010.

Return on Equity for Australian and Canadian Banks



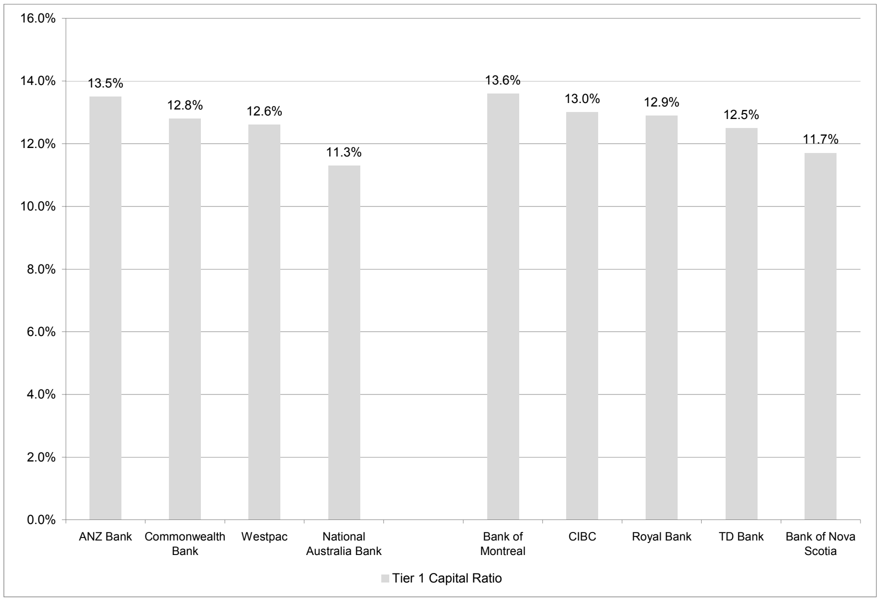
Source: Bloomberg. 2010 figures are consensus estimates for the big five Canadian banks.

The Manager believes that the strong performance of Australian banks reflects several factors, including the resilience of the Australian economy, comparatively strong balance sheets in the period leading into the recent global financial crisis, sound banking practices, and net interest income, which, as their main source of revenue, has continued to underpin profitability and distinguishes the Big Four Australian Banks from many of the largest global banks that rely more heavily on trading and investment income.

Strong Capital Position

The Australian banking system maintains a strong capital position and the Big Four Australian Banks have each increased dividends to shareholders during the second and third quarters of 2010. The quality of capital held by Australian banks appears to compare favourably with banks in other countries, with an emphasis on common equity and retained earnings which have greater loss absorption characteristics from a regulatory capital perspective. The Australian Prudential Regulation Authority, which regulates banks in Australia, recently subjected Australia's 20 largest financial institutions to a three-year macroeconomic stress test. Based on such tests, the APRA found the adequacy of capital to be resilient, with no institution failing or breaching the current minimum 4% floor in Tier 1 Capital ratios. APRA has generally taken a more conservative approach, as compared with other regulatory authorities, to the proportion of regulatory Tier 1 Capital that should be common equity. Australian banks raised considerable common equity from late 2008 to the middle of 2009. In addition, APRA's definition of Tier 1 Capital does not ascribe any value to lower quality items (such as deferred tax assets) that Basel II allows but will no longer fully qualify as Tier 1 Capital under Basel III. The chairman of APRA commented in October 2010 that, while the Basel III measures represent a substantial toughening of global bank capital regulation, they will not pose challenges for Australian banks which are used to demanding capital requirements. Furthermore, based on data provided by Australian banks, the Reserve Bank of Australia has indicated that they appear to be well positioned to meet the new Basel III capital requirements.

Australian and Canadian Bank Tier 1 Capital Ratios



Source: Company reports and Bloomberg.
Note: Tier 1 Capital Ratios are based on Basel II standards. Australian bank ratios are the FSA equivalent ratio.

Regulation

Since July 1, 1998, the Australian Prudential Regulation Authority (APRA) has been responsible for the prudential and regulatory supervision of Australian authorised deposit-taking institutions (which includes banks, credit unions, and building societies), insurance companies and certain superannuation funds. Prior to this, the Australian banking industry was regulated by the Reserve Bank of Australia. The Reserve Bank of Australia has retained overall responsibility for monetary policy, financial system stability and payments system regulation. APRA requires Australian banks to meet certain prudential standards that are covered in a range of APRA prudential standards. APRA discharges its responsibilities in part by requiring Australian banks and other entities subject to its supervision to regularly provide it with reports that set forth a broad range of information, including financial and statistical data relating to their financial position and information in respect of prudential and other matters. In carrying out its supervisory role, APRA supplements its analysis of statistical data collected from each Australian bank and other entity subject to its supervision with selective on-site visits and formal meetings with the senior management and external auditors of such banks and other entities. Such Australian banks and other entities are also subject to regulation other than on prudential matters by the Australian Securities and Investments Commission and the Australian Competition and Consumer Commission.

The Big Four Australian Banks

Australia and New Zealand Banking Group

Australia and New Zealand Banking Group has strong market positions in Australian corporate and institutional banking as well as the leading market position in New Zealand. Australia and New Zealand Banking Group's strategy is to create a leading super-regional bank in the Asia Pacific region. The bank is expanding its presence in countries such as Indonesia, Korea, China and Vietnam through a combination of acquisitions and organic growth. Australia and New Zealand Banking Group also has a significant presence in the life insurance and funds management sectors in Australia, including through its recent acquisition of the remainder of its joint venture with ING Australian and ING New Zealand. Australia and New Zealand Banking Group has the largest share of resource and agricultural sector banking customers in Australia and New Zealand. The following table shows selected financial information of Australia and New Zealand Banking Group:

	2010	2009	2008	2007	2006
Total assets	$531,739	$476,987	$470,293	$392,773	$334,640
Revenue	$15,782	$11,187	$9,680	$11,085	$10,183
Net profit	$5,025	$2,943	$3,319	$4,180	$3,688
Return on common equity	15.5%	10.2%	14.0%	20.6%	20.0%

Note:

All dollar amounts are in millions of Australian dollars. The financial year end of Australia and New Zealand Banking Group is September 30.

Commonwealth Bank of Australia

Commonwealth Bank of Australia (CBA) has leading market shares in most segments of retail banking in Australia. Commonwealth Bank of Australia is the largest Australian bank by market capitalization and the third largest publicly listed company in Australia. The bank's strategic goal is to be Australia's finest financial services organization through excelling in customer service. Commonwealth Bank of Australia was wholly owned by the Australian government until a series of share offerings from 1990-1996. The bank recently acquired Bank of Western Australian Ltd. (Bankwest), an Australian regional bank, which enabled Commonwealth Bank of Australia to increase its market share in many categories. Commonwealth Bank of Australia is also the largest life insurer in Australia and has a significant wealth management unit. The following table shows selected financial information of Commonwealth Bank of Australia:

	2010	2009	2008	2007	2006
Total assets	$646,330	$620,372	$487,572	$440,157	$369,103
Revenue	$21,558	$16,485	$14,584	$13,406	$12,282
Net profit	$5,664	$4,723	$4,791	$4,470	$3,928
Return on common equity	17.2%	16.7%	19.3%	20.0%	19.2%

Note:

All dollar amounts are in millions of Australian dollars. The financial year end of Commonwealth Bank of Australia is June 30.

National Australia Bank

National Australia Bank is unique among the Big Four Australian Banks in that it has a large business unit outside of Asia. National Australia Bank has a unit in the United Kingdom which represents approximately 17% of its overall business; however, National Australia Bank's strategic focus emphasizes Australia rather than international operations. National Australia Bank is the leader in small business banking in Australia and a leader in the life insurance and funds management businesses. National Australia Bank recently attempted to buy the Australian business of AXA Asia Pacific, a large global insurance company; however, the necessary regulatory approval was not obtained. The following table shows selected financial information of National Australia Bank:

	2010	2009	2008	2007	2006
Total Assets	$685,952	$654,120	$656,799	$574,220	$484,785
Revenue	$16,638	$18,369	$14,493	$17,181	$20,805
Net Profit	$4,224	$2,589	$4,536	$4,578	$4,392
Return on common equity	13.2%	7.8%	17.0%	18.8%	18.5%

Note:

All dollar amounts are in millions of Australian dollars. The financial year end of National Australia Bank is September 30.

Westpac Banking Corporation

Westpac Banking Corporation has been an active consolidator of Australian regional banks, including through its recent acquisition of St. George Bank, which was Australia's fifth largest bank. Westpac Banking

Corporation's strength is in the retail and small business markets, and it has chosen to follow a multi-branding strategy. Westpac Banking Corporation is the second largest bank in Australia by a variety of measures in the retail and business sectors. The chief executive officer of Westpac Banking Corporation has described the recent merger with St. George Bank as being strategically important and transformational, as the merger provides the bank with an enhanced growth platform, an expanded customer base and an improved efficiency profile. The following table shows selected financial information of Westpac Banking Corporation:

	2010	2009	2008	2007	2006
Total assets	$618,277	$589,587	$439,676	$377,653	$299,578
Revenue	$16,910	$16,513	$11,148	$10,171	$10,847
Net profit	$6,346	$3,446	$3,859	$3,451	$3,071
Return on common equity	16.1%	13.2%	23.1%	22.9%	22.1%

Note:

All dollar amounts are in millions of Australian dollars. The financial year end of Westpac Banking Corporation is September 30.

DESCRIPTION OF THE CAPITAL SECURITIES

Capital Structure of Banks

The Basel Committee on Banking Supervision is a committee of banking supervisory authorities that was established by central bank governors in 1975. The Basel II report details the committee's agreed framework for measuring capital adequacy and the minimum standard to be adopted by the national supervisory authorities of each country represented on the Committee, which includes Canada and Australia. Under the Basel II framework, capital is comprised of three tiers. Tier 1 capital includes common stock, perpetual non-cumulative preference shares, and retained earnings which allow a bank to absorb losses on an ongoing basis and are permanently available for this purpose. Innovative capital instruments may also constitute Tier 1 capital subject to certain requirements and are limited to a maximum of 15% of Tier 1 capital. Tier 2 elements (supplementary capital) include subordinated term debt and instruments referred to as hybrid capital which combine characteristics of equity and debt. The securities to which the Fund will gain exposure currently qualify as Tier 1 or Tier 2 Capital Securities. Tier 3 capital, consisting of short-term subordinated debt, may be used for the sole purpose of meeting a proportion of the capital requirements for market risks. The Tier 1 capital ratio measures capital adequacy by comparing a bank's Tier 1 capital with its risk-weighted assets. The table below is illustrative of an extract of a bank balance sheet of liabilities and shareholders' equity. On September 12, 2010, the Basel Committee on Banking Supervision announced new capital reforms that, if implemented by member countries, may result in certain non-common tier 1 capital and tier 2 capital instruments in their current form, including the Capital Securities, receiving reduced tier 1 capital recognition commencing in 2013. See "Basel III Proposals".

Sample Extract of a Bank Balance Sheet — Liabilities and Shareholders' Equity(1)

Deposits/Senior Debt

Subordinated Debt

Innovative Tier 1 Capital Securities

Preferred Shares

Common Shares

Note:

(1) This extract of a bank balance sheet is not necessarily illustrative of bank obligations in terms of priority on distribution or liquidation.

Capital Securities

Capital Securities are hybrid securities, which is a generic term applied to investment instruments that have characteristics of both debt and equity. These securities are typically issued by corporations, generally in the form of interest-bearing notes or preferred securities, or by an affiliated trust of a corporation, generally in the form of units, subordinated debentures or similarly structured securities. Advantages of issuing Capital Securities may include a lower cost of capital, tax deductibility, regulatory and rating agency equity credit recognition and diversity in funding source. Capital Securities rank junior and subordinated to senior debt instruments, senior to common equity and senior or *pari passu* with preferred securities. As a result, Capital Securities typically have ratings that are below that of senior debt securities of the same issuer and typically yield more than traditional debt securities although this yield differential can vary considerably over time.

Capital Securities typically have long maturities or are perpetual but can be redeemable or callable at the option of the issuer with APRA's prior written consent (but not the holder), often as early as the fifth anniversary of the issue date, or as a result of a regulatory event (such as a change of law or regulation as a result of which additional requirements would be imposed on the issuer in relation to the Capital Securities which are determined to be unacceptable, or there would be a negative effect on the issuer or the holders), a tax event (such as a change in tax law that is determined to result in more than insubstantial risk that the issuer would be exposed to more than an insignificant increase in its costs in relation the Capital Securities or that the dividends or other payments to holders would be treated in a different manner), or an acquisition or change of control event relating to the issuer. Capital Securities can have a "step up" in the interest rate if the security is not called by the issuer. Capital Securities pay a fixed rate of interest or dividends or a floating rate that is equal to a benchmark rate plus a fixed margin. Interest payments or dividends may be cumulative or non-cumulative and Capital Securities often have payment deferral features which may be optional or mandatory if a deferral or payment covenant is triggered and deferred or forgone at the discretion of a regulator without creating an event of default or acceleration. The terms of some Capital Securities contain provisions (sometimes called a "dividend stopper") under which the issuer is prohibited from paying dividends on securities that rank junior to or *pari passu* with such Capital Securities while the issuer is deferring or foregoing payments on Capital Securities. Some Capital Securities may also have provisions that give the holder the option to convert the security into common shares at specified times or at the option of the issuer at a future date, in either case, at a set dollar amount or at a discount to the common share price at that time if certain share price conditions are met. See also "*Risk Factors – Capital Securities (including Innovative Tier 1 Capital Securities) Risks*" for additional information regarding the attributes of Capital Securities.

Australian Bank Capital Securities

Australian banks have raised significant amounts of capital by issuing Capital Securities. Domestically, Australian banks have issued several offerings that are listed on the Australian Stock Exchange. These securities are denominated in Australian dollars and typically pay floating rates of interest based on a benchmark rate. As at September 30, 2010, there were 35 Capital Securities listed on the ASX with an aggregate market value of approximately AUD $16 billion. The distributions paid by Australian resident companies on listed securities may be "franked" or carry "franking credits". Franking credits arise from the payment of tax by the company on its taxable income at the Australian corporate tax rate. Franking credits can be used by Australian resident taxpayers to reduce the amount of Australian tax that is payable on the distribution. Franking credits may also be used, in the case of non-resident taxpayers, to reduce the rate of Australian withholding tax that would otherwise apply to the distribution. The distributions on some Capital Securities which are intended to be franked will accordingly be expressed as net of the contemplated franking credit. The majority of ASX listed Capital Securities are issued by regional banks, however there are several large issues outstanding issued by the Big Four Australian Banks. The majority of these securities pay distributions that are reset quarterly based on the prevailing three-month Bank Bill Swap Rate. This benchmark is widely followed and is similar to the London Interbank Offered Rate (LIBOR). As at September 30, 2010, the three-month Bank Bill Swap Rate was 5.01%, versus 3.38% one year earlier.

Examples of Australian Stock Exchange Listed Capital Securities

The following table shows selected information with respect to Capital Securities issued by the Big Four Australian Banks and that are listed on a stock exchange.

Issuer	Issue size (AUD$ millions)	Floating interest rate[1]	Spread added to floating rate	Last price (AUD$)	Par value (AUD$)	Current yield[2]	First call/ conversion date	Issuer ratings	Security ratings
Westpac SPS II	$908	4.86%	3.80%	$107.07	$100.00	6.1%	30-Sep-14	AA	A+
CBA Bank PERLS V	$2,000	4.86%	3.40%	$210.18	$200.00	5.8%	31-Oct-14	AA	A+
Australia and New Zealand Banking Group CPS 2	$1,969	4.86%	3.10%	$103.10	$100.00	5.6%	15-Dec-16	AA	A+

Source: Bloomberg, as at October 26, 2010.
Notes:

(1) Rate is the three month Bank Bill Swap Rate.
(2) Current yield is net of domestic taxes.

The Big Four Australian Banks, which have more diversified funding sources, have also issued Capital Securities that are primarily fixed rate securities and denominated in foreign currencies, including U.S. dollars, pound sterling and the Euro. Many of these securities are callable with "step ups" in the coupon rate if not called on the first call date.

Examples of U.S. Dollar Denominated Australian Bank Capital Securities

The following table shows selected information with respect to Capital Securities issued by Australian banks that are denominated in U.S. dollars.

Issuer	Issue size (U.S. $ millions)	Coupon rate	Last price (U.S. $)	Par value (U.S. $)	Current yield	Yield to call date	First call date	Issuer S&P rating	Security S&P rating
CBA Capital Trust II	$700	6.024%	$99.34	$100.00	6.1%	6.2%	15-Mar-16	AA	A+
National Capital Trust II	$800	5.486%	$97.91	$100.00	5.6%	6.0%	23-Mar-15	AA	A+
Westpac Capital Trust IV	$525	5.256%	$96.34	$100.00	5.5%	6.0%	31-Mar-16	AA	A+

Source: Bloomberg, as at October 26, 2010.

The senior debt ratings of each of the Big Four Australian Banks is "AA", indicating a very strong capacity to meet financial commitments, whereas the Capital Securities issued by the same banks are rated "A+" and generally offer higher yields.

Australian Bank Corporate Debt Securities

The Fund may also invest in other income securities, such as Subordinated Debt and preferred shares, issued by Australian banks and Australian subsidiaries of international banks. These securities typically have higher credit ratings than Capital Securities and rank senior to Capital Securities in terms of priority of interest and principal payments. The Manager believes that debt securities may provide attractive yields versus similarly rated Canadian and U.S. banks, in part due to the elevated yield curve in Australia.

BASEL III PROPOSALS

On December 17, 2009 the Basel Committee on Banking Supervision (the "Basel Committee") released a consultative document called *Strengthening the Resilience of the Banking Sector* (the "December 2009 Consultative Document"). This included proposals for new definitions of Tier 1 Capital and tier 2 capital. APRA has stated that it will consult with Australian banks and other entities that are subject to its supervision regarding appropriate transitional arrangements with respect to capital instruments issued subsequent to the publication of the December 2009 Consultative Document, and those that are clearly inconsistent with the proposals would be unlikely to be eligible for transitional arrangements.

On September 12, 2010 the Basel Committee announced certain proposals with respect to the required level of bank capital. These proposals will be presented to the Seoul G20 Leaders Summit in November, 2010 for discussion. Any amendments to the regulation of bank capital in Australia that result from the Basel recommendations may have an impact on the types of securities in which the Fund may invest or consider investing in. As a matter of process, if the Basel Committee proposals are adopted by the G20 in Seoul in November, then the actual regulation that banks will be subject to will be established by regulators in the home jurisdiction of each bank, which, in the case of Australia is APRA. The actual national regulatory authorities have ultimate discretion with respect to what the final rules will provide.

The Basel Committee proposals include proposals that seek to limit what types of instruments will qualify as Tier 1 Capital and transitional rules with respect to existing capital instruments. It is proposed, under the Basel Committee proposals, to transition noncompliant instruments over time to a non-qualifying status from January 1, 2013.

Several Australian Capital Securities have provisions that enable the issuer to call the securities at par if a regulatory change has occurred. Until the content of the Basel Committee proposals is finalized and APRA publishes new prudential standards and determines transitional arrangements, it is uncertain whether or when any regulatory call event will arise in relation to any capital securities. APRA has stated that it anticipates consultation will begin in 2011 and continue into 2012. If a call event arises under the terms of the securities, exercise by the issuer of its right to call would remain subject to APRA's prior written approval. In particular, the issue is whether the trigger date for the regulatory call event is January 1, 2013 (i.e., the start of the transition period) or 2023 (i.e., the end of the transition period). Ultimately the determination of when the regulatory par call date arises and whether it applies to the relevant securities will be determined entirely by APRA, and in accordance with the APRA's regulatory guidance issued for banks that are subject to its jurisdiction.

At this time it is possible to identify a number of factors that the Manager believes will form the basis of the decision of an Australian bank as to whether in fact it will exercise its right to redeem the Capital Securities at par at that time, including the following: (i) the Big Four Australian Banks currently have considerably more Basel III compliant capital than the new regulations will require; (ii) Capital Securities have been a preference source of capital for banks because of the fact that they qualify as Tier 1 Capital (and therefore, under the banking business model can be levered as loans) while they do not impact earnings per share, ROE or other common equity based calculations; (iii) higher cost Capital Securities may be a reason to redeem such securities if the issuer wishes to reduce its excess capital or if it is able to raise lower cost replacement capital to the extent it is available; however, the implementation of Basel III may potentially result in higher costs for regulatory capital if securities issued as replacement capital are required to contain provisions that would enable them to be exchangeable for common shares; (iv) if the market does not view the impact of Basel III on Capital Securities as being punitive to the issuer, the issuer risks alienating investors by calling the securities earlier than the first call date which could have the effect of increasing the issuer's cost of capital; and (v) since the September 12, 2010 Basel Committee proposals were made public, the prices of Australian Capital Securities have remained largely static while there have been significant reductions in the market prices of other capital securities with different features.

The Manager has identified several securities that have scheduled call dates that are within five to seven years from now, and would therefore still receive significant regulatory capital treatment under the grandfathering schedule proposed by Basel III, and currently trade near their par value. In addition, the Manager believes that the risk of principal repayment extension by Australian banks has lessened since the announcement of Basel III due to the prospect of diminishing Tier 1 Capital inclusion and provisions that would likely require Capital Securities with a "step up" in the coupon rate to be called on the first scheduled call date.

There can be no certainty at this time as to whether APRA will issue guidance as to whether the regulatory par call will arise or when it will arise. However, any security call at par, whether at the first call date or sooner as a result of exercising the regulatory par call feature, would result in a capital loss for the Fund if the security was purchased at a price above par. By selecting securities that trade below par or close to par, the potential capital loss is reduced.

See "Distribution Policy" and "Risk Factors".

INVESTMENT RESTRICTIONS

Investment Restrictions of the Fund

The Fund will be subject to the investment restrictions set out below, and will also indirectly be subject to the investment restrictions of ACS Trust as a result of the Forward Agreement. The investment restrictions of the Fund, which are set forth in the Fund Trust Agreement, provide that the Fund will not:

(a) with respect to the securities acquired pursuant to the Forward Agreement, purchase any securities other than "Canadian securities" for the purpose of the Tax Act;

(b) purchase the securities of an issuer for the purposes of exercising control over management of that issuer or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws;

(c) employ financial leverage, except in connection with the Forward Agreement, and such leverage will not exceed 20% of the Total Assets;

(d) make or hold any investment that would result in the Fund failing to qualify as a "mutual fund trust" for purposes of the Tax Act and will not acquire any property that would be "taxable Canadian property" of the Fund as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof) (or any amendment to such definition) or "specified property" (as defined in the Tax Proposals released on September 16, 2004); or

(e) make or hold any investment that would result in the Fund being subject to the tax on SIFT Trusts as provided for in section 122 of the Tax Act.

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to conventional mutual funds under such legislation. However, the Fund is subject to certain other requirements and restrictions contained in securities legislation, including National Instrument 81-106 – *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators, which governs the continuous disclosure obligations of investment funds, including the Fund.

Investment Restrictions of ACS Trust

ACS Trust will be subject to certain investment restrictions that are set out in ACS Trust Agreement. The investment restrictions of ACS Trust provide that ACS Trust will not:

(a) invest at the time of purchase less than substantially all of the Total Assets of ACS Trust in Capital Securities and other income securities such as Subordinated Debt and preferred shares; except within 60 days of the Closing Date and within 60 days of the Fund's termination;

(b) invest more than 40% of the Total Assets of ACS Trust in any given bank, and more than 25% of the Total Assets of ACS Trust in any given issue, in each case, at the time of purchase;

(c) purchase the common or preferred shares of any "substantial securityholder" of ACS Trust (as defined in the *Securities Act* (Ontario)) or the direct or indirect parent of any substantial securityholder of ACS Trust;

(d) make or hold any investments in entities that would be "foreign affiliates" of ACS Trust for purposes of the Tax Act;

(e) make or hold any investments in securities of non-resident trusts other than "exempt foreign trusts" as defined in proposed section 94 of the Tax Act set forth in proposed amendments to the Tax Act released August 27, 2010 (or pursuant to any amendments to such proposals, subsequent provisions enacted into law, or successor provisions thereto);

(f) at any time, hold any property that is a "non-portfolio property" for the purposes of the SIFT Rules;

(g) make or hold any investments that could require ACS Trust to include any material amount in its income pursuant to the offshore investment fund property rules in proposed amendments to section 94.1 of the Tax Act released August 27, 2010 (or pursuant to any subsequent provisions as enacted into law, or successor provisions thereto);

(h) acquire any interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, as set forth in the proposed amendments to the Tax Act dated August 27, 2010 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(i) pledge any of its assets or employ leverage, except in connection with foreign exchange rate hedging; or

(j) purchase the securities of an issuer for the purposes of exercising control or direction, whether alone or in concert, over management of that issuer.

FEES AND EXPENSES

Initial Fees and Expenses

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing this prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which are estimated to be $675,000 (but not to exceed 1.5% of the gross proceeds of the Offering), will be paid out of the gross proceeds of the Offering by the Fund. In addition, the Agents' fee will be paid to the Agents from the gross proceeds as described under "Plan of Distribution".

Management Fee

The Manager will receive a Management Fee from the Fund and ACS Trust equal in the aggregate to 0.50% per annum of the applicable Net Asset Value (0.20% from the Fund and 0.30% from ACS Trust or, in the event the Counterparty does not hedge its exposure by acquiring units of ACS Trust, the Counterparty will pay the ACS Trust portion of the Management Fee), calculated and payable monthly in arrears, plus applicable taxes. The Management Fee payable to the Manager in respect of the month in which Closing occurs will be pro-rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the month is of the number of days in such month.

Counterparty Fees

The Fund will pay to the Counterparty an additional purchase amount under the Forward Agreement, calculated daily and payable quarterly in arrears, of up to 0.35% per annum of the Total Assets of the Fund or the notional amount of the Forward Agreement (being effectively equal to the Net Asset Value of ACS Trust).

Ongoing Expenses

Each of the Fund and ACS Trust will pay for all expenses incurred in connection with its respective operation and administration which, in the case of the Fund will generally be allocated to the Units *pro rata* based on the Net Asset Value applicable to each class of Units, including, fees payable to the Trustee, custodial fees, legal, audit, valuation fees and expenses, any additional fees payable to third party service providers, expenses of the directors of the Manager, fees and expenses of the members of the Independent Review Committee appointed under NI 81-107 and expenses related to compliance with NI 81-107, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Fund and investor relations, fees and expenses relating to the voting of proxies by a third party, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Fund may incur, but excluding the fees payable to the Manager. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, any sub-advisor, the Custodian or the Trustee and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund or ACS Trust.

The Manager estimates that ongoing expenses, exclusive of the Management Fee, fees under the Forward Agreement, brokerage expenses related to portfolio transactions and interest expense will be approximately $125,000 per year for the Fund and $40,000 per year for ACS Trust (assuming an aggregate size of the Offering of approximately $100 million).

Additional Services

Any arrangements for additional services between the Fund or ACS Trust and the Manager, or any of their respective affiliates, that have not been described in this prospectus will be on terms that are no less favourable to the Fund and ACS Trust, as applicable, than those available from arm’s length persons (within the meaning of the Tax Act) for comparable services and the Fund and ACS Trust, as applicable, will pay all expenses associated with such additional services. Any such additional services and the associated expenses will be subject to review by the Independent Review Committee.

RISK FACTORS

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

No Assurance of Achieving Investment Objectives and No Guaranteed Rate of Return

There is no assurance that the Fund will be able to achieve its investment objectives. There is no assurance that the Fund will pay distributions. The funds available for distribution to Unitholders will vary according to, among other things, the levels of dividends or distributions paid on the securities in the Portfolio and the value of the securities in the Portfolio. There is no assurance that the Portfolio will earn any return. It is possible that, due to declines in the market value of the securities in the Portfolio, the Fund will have insufficient assets to achieve in full its distribution and capital appreciation investment objectives, including that of long-term total returns.

No Guarantee of Distributions

Generally, Capital Securities that pay a fixed return will decrease in value when interest rates rise and increase in value when interest rates decline. The Net Asset Value of ACS Trust will fluctuate with interest rate changes and the corresponding changes in the value of the securities in the Portfolio. The value of Capital Securities is also affected by the risk of default in the payment of interest or non-payment of distributions and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Capital Securities may not pay interest or distributions or their issuers may default on their obligations to pay interest and/or principal amounts. All Capital Securities that may be included in the Portfolio from time to time are unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets have experienced a significant re-pricing in recent months that has contributed to a reduction in liquidity and the availability of credit, enhancing the likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt.

Capital Securities (including Innovative Tier 1 Capital Securities) Risks

The Portfolio will comprise Capital Securities (including Innovative Tier 1 Capital securities), which involve risks with respect to the performance and capital levels of Australian banks. Certain Capital Securities (including Innovative Tier 1 Capital securities) are issued by special purpose vehicles established by the Australian banks or other financial institutions or entities and, therefore, investments in these securities create risks related to the solvency of such special purpose vehicles. Capital Securities may not pay interest or distributions or their issuers may default on their obligations to pay interest and/or principal amounts. Capital Securities are junior and subordinated to senior debt instruments and typically have ratings that are below that of senior debt securities. Capital Securities which are Tier 1 Capital Securities will have discretionary, non-cumulative distributions which, if not paid on a scheduled date, may never be paid. Issuers are not allowed to settle missed distributions in shares or payment in kind securities. Capital Securities (including in particular Innovative Tier 1 Capital securities or residual non-innovative Tier 1 Capital) may be automatically exchanged for a new or existing series of preferred shares without the consent of the holders of such securities in certain circumstances, such as a decline in the performance and capital levels of an Australian bank, as the case may be, or such institution or any issuing special purpose vehicle becoming insolvent or bankrupt. Generally, the special purpose vehicles used by Australian banks are single purpose non-operating entities established for the sole purpose of raising capital for the bank. The capital raised by a special purpose vehicle is invested in a subordinated security issued by the bank with limited guarantees from the bank. Special purpose vehicles are not reporting issuers, however APRA requires that key features of Tier 1 Capital instruments issued by special purpose vehicles must be disclosed in the bank's published annual accounts. Some Capital Securities provide for automatic conversion to common shares of the issuer on specified dates or circumstances, subject to certain conditions in the terms of the instruments.

As such, the holders of such securities, including ACS Trust, could become shareholders of an Australian bank at a time when such institutions' financial condition is deteriorating or when it has become insolvent or bankrupt or resolved to be wound-up or has been ordered wound-up or liquidated. Holders of Capital Securities will rank subordinate to the claims of depositors and creditors of such institutions.

There can be no guarantee that any triggering events which require holders of Capital Securities (including Innovative Tier 1 Capital securities), such as ACS Trust, to subscribe for preferred shares of the Australian bank will not change over time or will not vary from one capital security to another. There can no be guarantee that the preferred shares or common shares issued in such circumstances will pay a dividend, appreciate, or that there will be a liquid market for such preferred shares or common shares.

There can be no guarantee that in such circumstances payment of interest or other distributions on the Capital Securities will resume. As a result, in such circumstances, were the Portfolio to become a holder of preferred shares or common shares of an Australian bank, it could receive substantially less than as a holder of Capital Securities that have not been exchanged for preferred shares or common shares, which in turn could effect the ability of the Fund to meet its investment objectives, including paying targeted quarterly distributions.

Tier 1 Capital Securities (and any preference shares or common shares into which they may be exchanged) will contain no events of default or right to accelerated payment.

From time to time, Capital Securities have had, and may in the future have, features other than those described herein. ACS Trust reserves the right to invest in these securities if the Manager believes that doing so would be consistent with the ACS Trust's investment strategy and investment restrictions. Because the market for these instruments would be new, ACS Trust may have difficulty disposing of them at a suitable price and time. In addition to limited liquidity, these instruments may present other risks, such as high price volatility.

Performance of the Big Four Australian Banks

The Portfolio will comprise primarily Capital Securities issued by the Big Four Australian Banks. Accordingly, the performance of the Fund will be largely impacted by the performance of such banks and their ability to meet their obligations under the Capital Securities as well as the prices at which the Capital Securities trade in the market, all of which are in turn impacted by the Australian banking sector and the Australian economy generally. Any adverse changes to the Australian banking sector or economy will have a material adverse impact on the Capital Securities and the return to Unitholders.

Subordinated Debt Risk

The Portfolio may include Subordinated Debt. Subordinated debt involves risk with respect to the performance and capital levels of Australian banks. Since Subordinated Debt ranks below senior debt, upon the bankruptcy, insolvency, liquidation, receivership, winding-up or other similar proceeding in respect of a Bank, ACS Trust may be entitled to substantially less than it would have received as a holder of more senior debt.

Performance of the Portfolio

The Net Asset Value of the Fund will vary as the fair value of the securities in the Portfolio varies. Certain of the Capital Securities in the Portfolio may be purchased at their prevailing current market price. If the an issuer redeems such Capital Securities or any preference shares into which they may be converted in any of the circumstances mentioned herein, the Portfolio will receive the par value and may not be able to reinvest the redemption proceeds in securities offering a comparable yield. In addition, any early redemption of the Capital Securities or the preference shares in the Portfolio may be favourable or unfavourable to an investor and will affect the performance of the Portfolio. The Fund also has no control over the factors that affect the fair value of the securities in the Portfolio, including factors that affect the equity markets generally, such as general economic and market conditions, political conditions and fluctuations in interest rates, and factors unique to the issuer of the Capital Securities and its business, such as liquidity and funding conditions, legal and compliance risks, operational risks, tax-related risks, changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. See "Distribution Policy".

Concentration and Accumulation Risk

The Portfolio will be concentrated in Capital Securities issued by the Big Four Australian Banks. As a result, the Net Asset Value of the Fund and ACS Trust may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Units. In addition, a significant acquisition by ACS Trust of Capital Securities during the accumulation of the Portfolio may put upward pressure on the market prices at which the Capital Securities are purchased which may adversely affect the return to investors.

Liquidity Risk

There is no assurance that an adequate market will exist for the securities included in the Portfolio and it cannot be predicted whether the securities included in the Portfolio will trade at a discount to, a premium to, or at their respective par or maturity values. Certain securities held in the Portfolio may trade infrequently, if at all, and may trade at a significant premium or discount to the latest recorded trade.

Counterparty Risk

On Closing, the Fund will enter into the Forward Agreement with the Counterparty (which will be a Canadian chartered bank and an affiliate of one of the Agents, provided that the Counterparty or its guarantor must have an Approved Rating). In entering into the Forward Agreement, which will be the sole material asset of the Fund, the Fund is exposed to the credit risk associated with the Counterparty. The Counterparty may have relationships with an issuer of Capital Securities which could conflict with the interests of the Fund or ACS Trust. Depending on the value of the Portfolio, the Fund's exposure to the credit risk of the Counterparty may be significant. In addition, the possibility exists that the Counterparty will default on its obligations under the Forward Agreement. Unitholders will have no recourse or rights against the assets of ACS Trust or the Counterparty, other than as a general, unsecured creditor, and the Counterparty is not responsible for the returns of the Portfolio. In addition, through the Forward Agreement, the Counterparty will also provide leverage which may constitute a conflict of interest.

Leverage Risk

The Fund's exposure to the Portfolio through the Forward Agreement may be increased by up to 20% at the time leverage is employed. As a result of fluctuations in the prices of the securities in the Portfolio, leverage may temporarily, and from time to time, exceed 20%. The addition of leverage has the potential to enhance returns but also involves additional risks. There can be no assurance that the leverage employed by the Fund will enhance returns. The use of leverage may reduce returns (both distributions and capital) to Unitholders. If there is a decline in the value of the securities in the Portfolio, the leverage under the Forward Agreement will cause a decrease in the Net Asset Value of the Fund in excess of that which would otherwise be experienced. Under certain conditions, leverage may be reduced or discontinued under the terms of the Forward Agreement.

Foreign Jurisdiction Risk

There are risks associated with investments in foreign jurisdictions that could adversely affect the value of the Capital Securities and the Units. The prices of foreign securities, including the Capital Securities, may be more volatile because of economic conditions in such foreign jurisdictions, political developments, and changes in the business and regulatory environment. Foreign economies may differ favourably or unfavourably from the domestic economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

Risks Relating to the Nature of the Capital Securities

The Capital Securities are issued by an Australian-based financial institution and therefore the terms of such securities are different in some material respects from capital securities issued by other financial institutions. Investors should review the terms of such Capital Securities set forth in this prospectus.

Foreign Exchange Rate Fluctuations Risk

As a significant portion of the Portfolio will be invested in securities denominated in Australian dollars, the Net Asset Value of the Fund and the market price of the Units, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the Australian dollar relative to the Canadian dollar. Although the Manager of the Fund may decide to hedge, from time to time, all or some portion of the value of the Capital Securities back to the Canadian dollar, the Fund may not be hedged at all times and there is no intention to initially hedge any amounts in respect of Australian dollars. Accordingly, the Fund may be adversely impacted by changes in foreign exchange rates or other factors. The use of hedges, if used, involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could reduce total returns or result in losses greater than if the hedging had not been used. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. The Manager expects to hedge back to the Canadian dollar substantially all of the value of the Capital Securities that is denominated in U.S. dollars or pounds sterling.

Risks Relating to Fluctuation in Value of Portfolio Securities

The value of the Units will vary according to the value of the securities included in the Portfolio by virtue of the Forward Agreement. The value of the securities included in the Portfolio will be influenced by factors that are not within the control of ACS Trust or the Manager, including the financial performance of an issuer of Capital Securities, operational risks relating to the specific business activities of an issuer of Capital Securities, exchange rates, interest rates, political risks, issues relating to government regulation, credit markets and other financial market conditions. ACS Trust may enter into commitments to purchase securities prior to the Closing Date. Accordingly, the Portfolio may have exposure to changes in the market value of such securities prior to the Closing Date. As a result, the initial value of the Portfolio may be greater than or less than the net proceeds of the Offering.

Recent Global Financial Developments Risk

Global financial markets have experienced a sharp increase in volatility during 2008 and 2009. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments are attempting to restore liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not materially and adversely affect economies around the world in the near to medium term. Some of these economies may experience significantly diminished growth or a recession. These market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Fund and the value of the securities included in the Portfolio.

Exchange Option Risk

A significant portion of the proceeds realized pursuant to the Offering may be by way of deposits under the Exchange Option. Accordingly, the Fund may be initially exposed to the value of the securities of a number of issuers. To achieve the desired Portfolio of Capital Securities, the Manager may be required to dispose of securities at prices below the prices at which they are then trading and perhaps at prices which are below what the Manager believes they are worth. This may have a negative impact on Net Asset Value during the period in which the Portfolio is being established. No assurance can be given that this will not adversely and materially affect the performance of the Fund in the near term. Additionally, the price of these securities on the Closing Date may be higher or lower than the price that was used to calculate the Exchange Ratios for such securities. Notwithstanding any such change, the Exchange Ratios will not, unless otherwise disclosed, change from the date on which they are established and, accordingly, if the price of an Exchange Eligible Security on the Closing Date is less than the price used to calculate the Exchange Ratio, the Fund will in effect pay more to acquire the Exchange Eligible Securities than it would if it had acquired the same security in the market on the Closing Date.

Use of Derivatives Risk

ACS Trust may invest in and use derivative instruments for hedging purposes to the extent considered appropriate by the Manager taking into account factors including transaction costs. There can be no assurance that ACS Trust's hedging strategies will be effective. ACS Trust is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is a risk of loss by ACS Trust of margin deposits in the event of the bankruptcy of the dealer with whom ACS Trust has an open position in an option or futures or forward contract. Derivative instruments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets. The ability of ACS Trust to close out its positions may also be affected by exchange imposed daily trading limits on options and futures contracts. If ACS Trust is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability to close out options, futures and forward positions could also have an adverse impact on ACS Trust's ability to use derivative instruments to effectively hedge the Portfolio.

Risks Relating to Reliance on the Manager

The Manager will manage and advise ACS Trust in a manner consistent with the investment objectives and the investment restrictions of ACS Trust. The officers of the Manager who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios, however there is no certainty that such individuals will continue to be employees of the Manager.

Risks Relating to the Trading Price of Units

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

No Market for Class F Units

Class F Units will not be listed on any stock exchange. It is expected that liquidity for Class F Units will be obtained primarily by mean of conversion of Class F Units into Class A Units and the sale of those Class A Units.

Risks Relating to the Taxation of the Fund

In determining its income for tax purposes, the Fund will not treat the acquisition of Canadian Securities Portfolio securities under the Forward Agreement as a taxable event and will treat gains or losses on any disposition of Canadian Securities Portfolio securities acquired under the Forward Agreement as capital gains and losses. No advance income tax ruling has been requested or obtained from the CRA regarding the timing or characterization of the Fund's income, gains or losses.

If, contrary to the advice of counsel to the Fund, whether through the application of the general anti-avoidance rule or otherwise, or as a result of a change of law, the acquisition of Canadian Securities Portfolio securities under the Forward Agreement were a taxable event or if gains realized on the sale of Canadian Securities Portfolio securities acquired under the Forward Agreement were treated other than as capital gains on the sale of such securities, after-tax returns to Unitholders would be reduced.

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

No Ownership Interest Risk

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Unitholders will not own the securities held by the Fund or ACS Trust.

Changes in Legislation and Regulatory Risk

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

Risks Relating to Basel III Proposals

On September 12, 2010 the Basel Committee on Banking Supervision (the "Basel Committee") announced certain proposals with respect to the required level of bank capital. These proposals will be presented to the Seoul G20 Leaders Summit in November, 2010 for discussion. Any amendments to the regulation of bank capital in Australia that result from the Basel recommendations may have an impact on the types of securities in which the Fund may invest or consider investing in. As a matter of process, if the Basel Committee proposals are adopted by the G20 in Seoul in November, then the actual regulation that banks will be subject to will be established by regulators in the home jurisdiction of each bank, which, in the case of Australia is APRA. The actual national regulatory authorities have ultimate discretion with respect to what the final rules will provide.

The Basel Committee proposals include proposals that seek to limit what types of instruments will qualify as Tier 1 Capital and transitional rules with respect to existing capital instruments. It is proposed, under the Basel Committee proposals, to transition noncompliant instruments over time to a non-qualifying status beginning as early as January 2013.

Several Australian Capital Securities have provisions that enable the issuer to call the securities at par if a regulatory change has occurred. Until the content of the Basel Committee proposals is finalized and APRA publishes new prudential standards and determines transitional arrangements, it is uncertain whether or when any regulatory call event will arise in relation to any capital securities. APRA has stated that it anticipates consultation will begin in 2011 and continue into 2012. If a call event arises under the terms of the securities, exercise by the issuer of its right to call would remain subject to APRA's prior written approval. In particular, the issue is whether the trigger date for the regulatory call event is January 1, 2013 (i.e., the start of the transition period) or 2023 (i.e., the end of the transition period). Ultimately the determination of when the regulatory par call date arises and whether it applies to the relevant securities will be determined entirely by APRA, and in accordance with the APRA's regulatory guidance issued for banks that are subject to its jurisdiction.

There can be no certainty at this time as to whether APRA will issue guidance as to whether the regulatory par call will arise or when it will arise. However, any security call at par, whether at the first call date or sooner as a result of exercising the regulatory par call feature, would result in a capital loss for the Fund if the security was purchased at a price above par. By selecting securities that trade below par or close to par, the potential capital loss is reduced.

Loss of Investment Risk

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

Conflicts of Interest Risk

The Manager and its directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives to those of the Fund and ACS Trust. Although none of the directors or officers of the Manager will devote his or her full time to the undertaking and affairs of the Fund or ACS Trust, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the undertaking and affairs of (in the case of officers) the Fund, ACS Trust and the Manager, as applicable.

Risks Relating to the Status of the Fund

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds. It is intended that the Fund will be a mutual fund trust for purposes of the Tax Act. If the Fund ceases or fails to qualify as a mutual fund trust for purposes of the Tax Act, certain tax considerations described in this prospectus would be materially and adversely different.

Risks Relating to Redemptions

The purpose of the annual redemption right is to prevent Units from trading at a substantial discount and to provide investors with the right to eliminate entirely any trading discount once per year. While the redemption right provides investors the option of annual liquidity, there can be no assurance that it will reduce trading discounts. There is a risk that the Fund may incur significant redemptions if Units trade at a significant discount to their Net Asset Value per Unit, thereby providing arbitrage traders an opportunity to profit from the difference between the applicable Net Asset Value per Unit and the discounted market price at which they purchased their Units.

If a significant number of Units are redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units resulting in a potentially lower distribution per Unit. The Manager has the ability to terminate the Fund if, in its opinion, it would be in the best interests of Unitholders to do so. The Manager may also suspend the redemption of Units in the circumstances described under “Redemption of Securities – Suspension of Redemptions”.

Operating History Risk

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

Not a Trust Company

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

Risks Relating to the Nature of the Units

The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

DISTRIBUTION POLICY

The Fund will not have a fixed distribution, but intends to make quarterly distributions based on the actual and expected distributions on the Capital Securities less the Fund's estimated expenses. Given that a portion of the Portfolio will be invested in floating rate Capital Securities, distributions will vary with changes in short term interest rates in Australia. Based on current estimates, the Fund's initial distribution target is expected to be approximately $0.15 per Unit per quarter, consisting primarily of returns of capital which are not immediately taxable but which reduce a Unitholder's adjusted cost base of its Units, representing an initial yield on the Unit issue price of 6.0% per annum. The initial quarterly distribution will be payable to Unitholders of record on January 31, 2011 and will be paid no later than February 28, 2011. The first distribution is expected to reflect the period from the Closing Date to January 31, 2011. Based on the current estimates and assuming (i) an aggregate size of the Offering of $100 million, (ii) the employment of the investment strategy as described under "Investment Strategy", (iii) the use of leverage as described herein, (iv) the fees and expenses described under "Fees and Expenses" and (v) the current price and yield of the Capital Securities included in the Portfolio, it is expected that distributions received on the Capital Securities held in the Portfolio will be sufficient to allow the Fund to pay such distributions at the expected level. See "Canadian Federal Income Tax Considerations".

The distributions are not guaranteed. The first distribution will reflect the period from the Closing Date to January 31, 2011. The Manager will review such distribution policy from time to time and the distribution amount may change from time to time.

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. To ensure that the Fund will generally not be liable for income tax under Part I of the Tax Act, the Fund Trust Agreement provides that, if necessary, an Additional Distribution will be automatically payable in each year to Unitholders of record on December 31. The Additional Distribution may be necessary if the Fund realizes income for tax purposes which is in excess of the quarterly distributions paid or made payable to Unitholders during the taxation year. If the Fund must pay an Additional Distribution, such Additional Distribution may, at the option of the Manager, be satisfied by the issuance of Units. Following such issue of additional Units, the outstanding Units may be automatically consolidated on a basis such that each Unitholder will hold after the consolidation the same number of Units as it held before the distribution of additional Units, except in the case of a Non-Resident Unitholder if tax was required to be withheld in respect of the distribution. See "Canadian Federal Income Tax Considerations".

PURCHASES OF SECURITIES

The Fund proposes to offer Class A Units and Class F Units at a price of $10.00 per Unit (with a minimum subscription of 100 Units for $1,000). Prospective purchasers may subscribe for Units through one of the Agents or any member of a sub-agency group that the Agents may form. Closing of the Offering will take place on or about December 17, 2010, or such later date as may be agreed upon by the Fund and the Agents, but in any event no later than February 18, 2011. The distribution price was determined by negotiation between the Agents and the Fund. See "Plan of Distribution". The Fund proposes to offer Class A Units and Class F Units, each at a price of $10.00 per Unit.

The Class F Units are designed for fee-based accounts and differ from the Class A Units in the following ways: (i) Class F Units will not be listed on a stock exchange; and (ii) the Agents' fees payable on the issuance of the Class F Units are lower than the Class A Units. Accordingly, the Net Asset Value per Unit of each class will not be the same as a result of the different fees allocable to each class of Units. See “Fees and Expenses”.

Method to Purchase Units

Prospective purchasers may acquire Units either by (i) cash payment or (ii) an exchange of freely tradeable securities of any issuer listed below (each, an “Exchange Eligible Issuer”). The maximum number of securities of any one Exchange Eligible Issuer that the Fund may acquire under the Offering pursuant to an exchange of securities of an Exchange Eligible Issuer (the “Exchange Option”) is the lesser of (i) that number of securities with a fair market value which constitutes 9.9% of the equity value of such Exchange Eligible Issuer for purposes of section 122.1 of the Tax Act; (ii) that number which would constitute 10% of the net assets of the Fund; and (iii) that number which, if combined with the other securities of such Exchange Eligible Issuer held, either directly or indirectly, by the Manager, would result in the Manager holding directly and indirectly 19.9% of the outstanding securities of such Exchange Eligible Issuer (such lesser number being referred to as the “Maximum Ownership Level”). To the extent the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Eligible Issuer, and an excess of securities of such Exchange Eligible Issuer above the Maximum Ownership Level has been deposited and not rescinded, then the securities of such Exchange Eligible Issuer will be accepted by the Manager up to the Maximum Ownership Level and the balance will be re-credited *pro rata* to purchasers’ accounts through CDS. There will be no closing unless a minimum of 8,500,000 Class A Units are sold.

A purchaser who holds securities of an Exchange Eligible Issuer as capital property may realize a capital gain or capital loss on the exchange of securities of an Exchange Eligible Issuer for Units pursuant to the Exchange Option. See “Canadian Federal Income Tax Considerations – The Exchange Option”.

Exchange Option Procedure

A prospective purchaser of Units who elects to pay for such Units by using the Exchange Option must do so by means of a book-entry deposit with Computershare Investor Services Inc., as the Exchange Agent through CDS. Such book-entry deposits must be made prior to 5:00 p.m. (Toronto time) on November 24, 2010 by a CDS Participant. However, such participants may have an earlier deadline for receiving instructions from its clients to deposit securities into the Exchange Option. Once submitted to the Exchange Agent through CDS, deposit of securities of an Exchange Eligible Issuer under the Exchange Option (including the transfer authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described below under the heading “Rescission”. By authorizing a deposit of securities of an Exchange Eligible Issuer under the Exchange Option through CDS, a prospective purchaser authorizes the transfer to the Fund of each such security and represents and warrants that the prospective purchaser has full right and authority to transfer the securities and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units in exchange for such securities of Exchange Eligible Issuers. The Manager’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Manager reserves the right to waive any conditions of the Exchange Option (other than the Maximum Ownership Level) and to accept or reject, in whole or in part, any deposit of securities made pursuant to the Exchange Option for any reason including, without limitation, an unfavourable relationship between the Exchange Ratio as described below and the value of the securities of the Exchange Eligible Issuer.

There can be no assurance that the Fund will accept deposits of securities made pursuant to the Exchange Option. If for any reason securities of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

Determination of Exchange Ratios

The number of Units issuable in exchange (the "Exchange Ratio") for the securities of an Exchange Eligible Issuer (other than Canadian capital securities) deposited by a prospective purchaser pursuant to the Exchange Option will be determined by dividing the volume weighted average trading price of such securities on the TSX during the five consecutive trading days ending on November 24, 2010 (the "Pricing Period"), as adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by \$10.00. For the Canadian capital securities deposited pursuant to the Exchange Option, the Exchange Ratio will be determined based on the average closing price of such securities during the five consecutive trading days ending on, plus any accrued interest to, November 24, 2010, with such closing price being the 4:00 p.m. mid-price reported by PC-Bond Analytics, a division of the TMX Group, based on pricing contributions from 11 Canadian dealers. For greater certainty, the distribution payable on the securities of any Exchange Eligible Issuer that are deposited under the Exchange Option and which have a record date before the Closing will be received by the prospective purchaser who deposited such securities and not by the Fund. The Exchange Ratios will be rounded down to four decimal places. If a prospective purchaser of Units has deposited securities of one or more Exchange Eligible Issuers pursuant to the Exchange Option, and if the exchange of such securities for Units would otherwise result in the issuance of a fractional Unit, the Fund will, after the applicable withdrawal period has expired, forward a cash payment to CDS equal to \$10.00, multiplied by such fraction of a Unit, in lieu of issuing a fractional Unit. Prospective purchasers who deposit securities of Exchange Eligible Issuers that are accepted by the Fund may choose to receive Class A Units or Class F Units. The final prospectus of the Fund will contain the Exchange Ratio for the securities of each Exchange Eligible Issuer. In the event that the Closing Date occurs on a date other than December 17, 2010, the Fund will issue a press release that shows the recalculated Exchange Ratios.

Delivery of Final Prospectus

Each prospective purchaser who authorizes the deposit of securities of an Exchange Eligible Issuer through CDS by 5:00 p.m. (Toronto time) on November 24, 2010 will be furnished with a copy of the final prospectus relating to the Offering. The final prospectus of the Fund will contain the Exchange Ratio for the securities of each Exchange Eligible Issuer.

Rescission

A purchaser may rescind its purchase of Units hereunder by a written notice of rescission which must be received by the CDS Participant who effected such deposit on or before midnight on the second Business Day after receipt or deemed receipt of the final prospectus related to the Offering and any amendment. Any such notice of rescission must specify the securities of each Exchange Eligible Issuer to be so rescinded and the name of the prospective purchaser. In the event that the Closing Date occurs on a date other than December 17, 2010, the Fund will issue a press release that shows the recalculated Exchange Ratios and will provide the purchasers under the Exchange Option with an additional two Business Days after the issuance of the press release to rescind their purchase in accordance with the foregoing procedures. A prospective purchaser also has the rights described under "Purchasers' Statutory Rights of Withdrawal and Rescission".

Exchange Eligible Issuers

The tables below list the securities that may be accepted by the Fund pursuant to the Exchange Option, including the name of the Exchange Eligible Issuer, the applicable CUSIP and ISIN number and, if applicable, the ticker symbol.

Canadian Equities

Description	TSX Symbol	CUSIP	ISIN	Volume weighted average trading price	Exchange Ratio
Bank of Montreal	BMO	063671101	CA0636711016	$59.9503	5.9950
Bank of Nova Scotia	BNS	064149107	CA0641491075	$53.9062	5.3906
Canadian Imperial Bank of Commerce	CM	136069101	CA1360691010	$78.2308	7.8231
National Bank of Canada	NA	633067103	CA6330671034	$65.8721	6.5872
Royal Bank of Canada	RY	780087102	CA7800871021	$54.5555	5.4556
Toronto Dominion Bank	TD	891160509	CA8911605092	$74.3372	7.4337

Canadian Preferred Shares

Description	TSX Symbol	CUSIP	ISIN	Volume weighted average trading price	Exchange Ratio
Brookfield Asset Management, Series 24, 5.4%	BAM.PR.R	112585740	CA1125857401	$26.2108	2.6211
Brookfield Asset Management, Series 22, 7%	BAM.PR.P	112585120	CA1125851206	$27.3887	2.7389
Bank of Montreal, Series 13, 4.5%	BMO.PR.J	063671812	CA0636718128	$22.8714	2.2871
Bank of Montreal, Series 16, 5.2%	BMO.PR.M	063671788	CA0636717880	$26.6598	2.6660
Bank of Montreal, Series 14, 5.25%	BMO.PR.K	063671143	CA0636711438	$24.9142	2.4914
Bank of Montreal, Series 23, 5.4%	BMO.PR.P	063671747	CA0636717476	$27.3254	2.7325
Bank of Montreal, Series 15, 5.8%	BMO.PR.L	063671796	CA0636717963	$26.2796	2.6280
Bank of Montreal, Series 21, 6.5%	BMO.PR.O	063671762	CA0636717625	$28.0228	2.8023
Bank of Nova Scotia, Series 30, 3.85%	BNS.PR.Y	064149636	CA0641496363	$25.4949	2.5495
Bank of Nova Scotia, Series 14, 4.5%	BNS.PR.L	064149784	CA0641497841	$22.6530	2.2653
Bank of Nova Scotia, Series 15, 4.5%	BNS.PR.M	064149776	CA0641497767	$22.6012	2.2601
Bank of Nova Scotia, Series 13, 4.8%	BNS.PR.K	064149792	CA0641497924	$23.5983	2.3598
Bank of Nova Scotia, Series 12, 5.25%	BNS.PR.J	064149818	CA0641498187	$24.9706	2.4971
Bank of Nova Scotia, Series 16, 5.25%	BNS.PR.N	064149768	CA0641497684	$24.9673	2.4967
Bank of Nova Scotia, Series 17, 5.6%	BNS.PR.O	064149750	CA0641497502	$25.6491	2.5649
Bank of Nova Scotia, Series 26, 6.25%	BNS.PR.T	064149677	CA0641496777	$27.8871	2.7887
CIBC, Series 32, 4.5%	CM.PR.J	136069531	CA1360695318	$22.1564	2.2156
CIBC, Series 31, 4.7%	CM.PR.I	136069549	CA1360695490	$22.8157	2.2816
CIBC, Series 30, 4.8%	CM.PR.H	136069556	CA1360695565	$23.1966	2.3197
CIBC, Series 29, 5.4%	CM.PR.G	136069564	CA1360695649	$25.0324	2.5032
CIBC, Series 27, 5.6%	CM.PR.E	136069598	CA1360695987	$25.1998	2.5200
Great-West Lifeco, Series I, 4.5%	GWO.PR.I	39138C866	CA39138C8667	$21.0702	2.1070
Great-West Lifeco, Series G, 5.2%	GWO.PR.G	39138C882	CA39138C8824	$23.5921	2.3592
Power Financial, Series P, 4.4%	PWF.PR.P	73927C779	CA73927C7796	$25.9888	2.5989
Power Financial, Series K, 4.95%	PWF.PR.K	73927C837	CA73927C8372	$22.6921	2.2692
Power Financial, Series I, 6%	PWF.PR.I	73927C845	CA73927C8455	$25.6925	2.5693
Royal Bank of Canada, Series AA, 4.45%	RY.PR.A	780085445	CA7800854456	$22.4070	2.2407
Royal Bank of Canada, Series AD, 4.5%	RY.PR.D	780102844	CA7801028449	$22.3997	2.2400
Royal Bank of Canada, Series AG, 4.5%	RY.PR.G	780102554	CA7801025544	$22.3590	2.2359
Royal Bank of Canada, Series AE, 4.5%	RY.PR.E	780102760	CA7801027607	$22.2932	2.2293
Royal Bank of Canada, Series AC, 4.6%	RY.PR.C	780102604	CA7801026047	$22.7439	2.2744

Royal Bank of Canada, Series AB, 4.7%	RY.PR.B	780085247	CA7800852476	$23.3831	2.3383
Royal Bank of Canada, Series W, 4.9%	RY.PR.W	780085502	CA7800855024	$24.0396	2.4040
Royal Bank of Canada, Series AJ, 5%	RY.PR.I	78010A416	CA78010A4164	$26.5191	2.6519
Royal Bank of Canada, Series AL, 5.6%	RY.PR.L	78010A333	CA78010A3331	$27.0053	2.7005
Royal Bank of Canada, Series AX, 6.1%	RY.PR.Y	780086815	CA7800868159	$27.8569	2.7857
Royal Bank of Canada, Series AN, 6.25%	RY.PR.N	780086302	CA7800863028	$27.6191	2.7619
Royal Bank of Canada, Series AV, 6.25%	RY.PR.X	780086856	CA7800868563	$27.8546	2.7855
Royal Bank of Canada, Series AT, 6.25%	RY.PR.T	780086872	CA7800868720	$27.8616	2.7862
Royal Bank of Canada, Series AP, 6.25%	RY.PR.P	780086500	CA7800865007	$27.6213	2.7621
Sun Life Financial, Series 8R, 4.35%	SLF.PR.G	866796881	CA8667968819	$25.5761	2.5576
Sun Life Financial, Series 1, 4.75%	SLF.PR.A	866796204	CA8667962044	$22.0534	2.2053
Sun Life Financial, Series 2, 4.8%	SLF.PR.B	866796303	CA8667963034	$22.3961	2.2396
Sun Life Financial, Series 6R, 6%	SLF.PR.F	866796709	CA8667967092	$27.5305	2.7531
Toronto-Dominion Bank, Series O, 4.85%	TD.PR.O	891160681	CA8911606819	$24.2330	2.4233
Toronto-Dominion Bank, Series R, 5.6%	TD.PR.R	891145401	CA8911454012	$25.5960	2.5596
Toronto-Dominion Bank, Series AK, 6.25%	TD.PR.K	891145740	CA8911457403	$28.0220	2.8022
Toronto-Dominion Bank, Series AE, 6.25%	TD.PR.E	891145831	CA8911458310	$27.8686	2.7869
Toronto-Dominion Bank, Series AG, 6.25%	TD.PR.G	891145799	CA8911457999	$27.8492	2.7849

Canadian Capital Securities

Description	CUSIP	ISIN	Volume weighted average trading price (per $1 of par value)	Exchange Ratio
BMO Capital Trust, Series B, 6.647%	05560HAB9	CA05560HAB92	$1.0323	0.1032
BMO Capital Trust, Series C, 6.685%	05560HAC7	CA05560HAC75	$1.0740	0.1074
BMO Capital Trust, Series D, 5.474%	05560HAD5	CA05560HAD58	$1.0992	0.1099
BMO Capital Trust, Series E, 4.633%	05560HAE3	CA05560HAE32	$1.0638	0.1064
BMO Capital Trust II, Series A, 10.221%	055974AA7	CA055974AA71	$1.3258	0.1326
BNS Capital Trust, Series 2000-1, 7.31%	05564PAA9	CA05564PAA99	$1.0350	0.1035
Scotiabank Capital Trust, Series 2002-1, 6.626%	80928BAA4	CA80928BAA40	$1.0904	0.1090
Scotiabank Capital Trust, Series 2003-1, 6.282%	80928BAB2	CA80928BAB23	$1.1119	0.1112
Scotiabank Capital Trust, Series 2006-1, 5.65%	80928BAC0	CA80928BAC06	$1.0262	0.1026
Scotiabank Tier 1 Trust, Series 2009-1, 7.802%	80928FAA5	CA80928FAA53	$1.1882	0.1188
CIBC Capital Trust, Series A, 9.976%	12544UAA9	CA12544UAA93	$1.2976	0.1298
CIBC Capital Trust, Series B, 10.25%	12544UAB7	CA12544UAB76	$1.3319	0.1332
Great-West Life Capital Trust, Series A, 5.995%	391380AA0	CA391380AA03	$1.0879	0.1088
Manulife Financial Capital Trust, Series B, 6.7%	56501QAB4	CA56501QAB47	$1.0830	0.1083
Manulife Financial Capital Trust II, Series 1, 7.405%	56501XAA1	CA56501XAA15	$1.1037	0.1104
RBC Capital Trust, Series 2011, 7.183%	74925YAB8	CA74925YAB89	$1.0599	0.1060
RBC Capital Trust II, Series 2013, 5.812%	74926HAA6	CA74926HAA64	$1.1087	0.1109
RBC Capital Trust, Series 2015, 4.87%	74925YAC6	CA74925YAC62	$1.0786	0.1079
RBC Capital Trust, Series 2008-1, 6.821%	74925YAD4	CA74925YAD46	$1.1854	0.1185
Sun Life Capital Trust, Series A, 6.865%	86679QAA9	CA86679QAA90	$1.0750	0.1075
Sun Life Capital Trust, Series B, 7.093%	86679QAB7	CA86679QAB73	$1.1443	0.1144
Sun Life Capital Trust II, Series 2009-1, 5.863%	86680BAA9	CA86680BAA94	$1.0556	0.1056
TD Capital Trust II, Series 2012-1, 6.792%	87807TAA6	CA87807TAA66	$1.1131	0.1113
TD Capital Trust III, Series 2008, 7.243%	87239BAA3	CA87239BAA31	$1.2109	0.1211

TD Capital Trust IV, Series 1, 9.523%	87239GAA2	CA87239GAA28	$1.2760	0.1276
TD Capital Trust IV, Series 2, 10%	87239GAB0	CA87239GAB01	$1.3070	0.1307
TD Capital Trust IV, Series 3, 6.631%	87239GAC8	CA87239GAC83	$1.1181	0.1118

Sale by the Fund of the Securities of Exchange Eligible Issuers

Subject to the Manager's right to accept or reject, in whole or in part, any deposit of securities made pursuant to the Exchange Option, promptly following receipt and acceptance by the Fund of securities of any Exchange Eligible Issuer (other than Capital Securities), the Fund will sell such securities in the open market or to the Exchange Dealer. If the Fund receives and accepts Capital Securities pursuant to the Exchange Option, the Fund will sell such Capital Securities to the Exchange Dealer, which will then re-sell such securities to ACS Trust at the applicable market prices. The Exchange Dealer will receive a commission not greater than 0.25% of the purchase price for any such securities purchased by it. In the event that the Counterparty determines not to hedge its exposure by acquiring units of ACS Trust, the Exchange Dealer will have the option to put the securities of any Exchange Eligible Issuer acquired by it back to the Fund at the applicable acquisition price paid for such securities, less the amount of the applicable commission to which the Exchange Dealer is entitled.

REDEMPTION OF SECURITIES

Annual Redemptions

Class A Units and Class F Units may be redeemed on an Annual Redemption Date, subject to certain conditions and, in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the last Business Day of May in the year of redemption. Unitholders whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the Annual Redemption Price less any costs associated with the redemption, including brokerage costs, and less any net realized capital gains to the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption. By virtue of the Forward Agreement, the Annual Redemption Price will be dependant upon the performance of ACS Trust (or the Notional Portfolio). Payment of the Annual Redemption Price will be made on or before the Redemption Payment Date, subject to the Manager's right to suspend redemptions in certain circumstances. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains of the Fund incurred by it to fund the payment of the redemption price. The Annual Redemption Price will vary depending on a number of factors. See "Risk Factors".

Monthly Redemptions

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

Unitholders surrendering a Class A Unit for redemption will receive a redemption price equal to the lesser of (i) 95% of the Market Price of a Class A Unit, and (ii) 100% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs, and less any net realized capital gains of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption, being the Monthly Redemption Amount.

Unitholders surrendering a Class F Unit for redemption will receive an amount equal to the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated Redemption Net Assets per Unit of a Class F Unit and the denominator of which is the most recently calculated Redemption Net Assets per Unit of a Class A Unit.

Pre-Settling the Forward Agreement

The Fund may settle the Forward Agreement in whole or in part prior to the Scheduled Forward Termination Date in order to fund redemptions. The value of the Forward Agreement on an Annual Redemption Date or a Monthly Redemption Date, and accordingly, the Net Asset Value per Unit on an Annual Redemption Date or Monthly Redemption Date, as applicable, and the redemption price will be dependent upon the performance of ACS Trust and the Net Asset Value of ACS Trust units (or the Notional Portfolio).

Exercise of Redemption Right

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice dates described above. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the Annual Redemption Date or Monthly Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice dates described above.

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

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

Suspension of Redemptions

The Fund may suspend the redemption of Units or payment of redemption proceeds (i) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which more than 50% of the securities included in the Canadian Securities Portfolio (by value) or the Portfolio are listed and traded, and if the securities are not traded on any other exchange that represents a reasonable, practical alternative for the Fund or ACS Trust, as applicable, or (ii) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or ACS Trust or which impair the ability of the Manager to determine the value of the assets of the Fund or ACS Trust. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager will be conclusive.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Fund, and Stikeman Elliott LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, at all relevant times, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund, is not affiliated with the Fund, and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure 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 such Units and all other "Canadian securities" (as defined in the Tax Act) owned or subsequently acquired by them treated as capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. This summary is based on the assumptions that the Canadian Securities Portfolio will consist solely of "Canadian securities" for purposes of the Tax Act and that the Fund will elect in accordance with the Tax Act to have each of its Canadian securities treated as capital property.

This summary is based on the current provisions of the Tax Act, counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing by it, the Tax Proposals and certificates from the Agents and the Manager regarding certain matters. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or any changes in the administrative policies and assessing practices of the CRA, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations which may differ significantly from the tax considerations described herein. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor's particular circumstances including the province or provinces in which the investor resides or carries on business. Counsel express no views herein with respect to the deductibility of interest on any funds borrowed by a Unitholder to purchase Units. This summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Status of the Fund

This summary is based on the assumptions that the Fund will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act, and that the Fund will elect under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. The Manager has advised counsel that the Fund intends to make an election so that it can qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year.

Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. Counsel have been advised that the 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 income tax under Part I of the Tax Act, subject to the possible application of the SIFT Rules as discussed below. The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (capital gains refund). The capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of Canadian Securities Portfolio securities acquired by the Fund under the Forward Agreement in connection with a redemption of Units. In computing its income for tax purposes (and subject to the October 31 Proposal, described below), the Fund may deduct reasonable administrative and other expenses incurred to earn income. The Fund may deduct the costs and expenses of the Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days.

The Fund will not realize any income, gain or loss as a result of entering into the Forward Agreement and no amount will be included in computing the Fund's income as a result of the acquisition of Canadian Securities Portfolio securities under the Forward Agreement. The cost to the Fund of such Canadian Securities Portfolio securities will be that portion of the aggregate amount paid by the Fund under the Forward Agreement attributable to such securities and any other costs of acquisition. Provided the Fund elects in accordance with the Tax Act to have each of its Canadian securities treated as capital property, gains or losses realized by the Fund on the sale of Canadian Securities Portfolio securities acquired under the Forward Agreement will be taxed as capital gains or capital losses.

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

The SIFT Rules impose tax on certain income earned by a SIFT Trust. A trust will be considered a SIFT Trust if, at any time during the taxation year, it is resident in Canada, investments in the trust are listed or traded on a stock exchange or other public market and it holds one or more "non-portfolio properties". Provided the Fund complies with its investment restrictions, it will not be a SIFT Trust.

Taxation of Unitholders

Subject to the possible application of the SIFT Rules described above, a Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year. The non-taxable portion of the Fund's net realized capital gains paid or payable (whether in cash or in Units) to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will generally not be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain. Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund 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. Subject to the detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of the purchaser in any of the three years preceding the year of disposition or in any year following the year of disposition in accordance with the Tax Act.

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 (net of any reasonable costs of disposition) exceed (or are less than) the adjusted cost base of the Unit. Any capital gains distribution paid on the redemption of a Unit will reduce the redemption proceeds otherwise payable. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all identical Units owned by the Unitholder as capital property before that time. For this purpose, the cost of Units that have been issued as an Additional Distribution will generally be equal to the amount of the net income or capital gain distributed to the Unitholder in Units.

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

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

A conversion of Class F Units into Class A Units will not constitute a disposition of the Class F Units for the purposes of the Tax Act.

The Exchange Option

A purchaser who disposes of securities of an Exchange Eligible Issuer ("Exchanged Securities") pursuant to the Exchange Option and holds such Exchanged Securities as capital property will realize a capital gain (or a capital loss) in the taxation year of the purchaser in which the disposition of Exchanged Securities takes place to the extent that the proceeds of disposition for such Exchanged Securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the purchaser of such Exchanged Securities. For this purpose, the proceeds of disposition to the purchaser will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a purchaser of Units so acquired will be equal to the fair market value of the Exchanged Securities at the time of exchange less any cash received by the purchaser of Units.

A taxable capital gain realized upon the disposition of Exchanged Securities will be included in the purchaser's income and the purchaser will be generally entitled to deduct an allowable capital loss realized on such disposition against taxable capital gains in accordance with the Tax Act. Subject to the detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of the purchaser in any of the three years preceding the year of disposition or in any year following the year of disposition in accordance with the Tax Act.

Taxable capital gains realized by a purchaser may give rise to alternative minimum tax depending on the purchaser's circumstances.

Taxation of Registered Plans

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

Taxation Implications of the Fund's Distribution Policy

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

Eligibility for Investment

In the opinion of McCarthy Tétrault LLP, counsel for the Fund, and Stikeman Elliott LLP, counsel for the Agents, provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act or, in the case of Class A Units, such Units are listed on a designated stock exchange (which includes the TSX), the Units will be qualified investments under the Tax Act for Registered Plans.

Notwithstanding the foregoing, if the Units are "prohibited investments" for a tax-free savings account ("TFSA"), the holder of the TFSA will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder of the TFSA, or in which the holder has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust's outstanding units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm's length. Holders of TFSAs should consult with their tax advisors in this regard.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

Connor, Clark & Lunn Capital Markets Inc. oversees, manages and implements the objectives of the Fund. The Manager has offices at 181 University Avenue, Suite 300, Toronto, Ontario M5H 3M7. The corporate secretary of the Manager is W. Neil Murdoch.

Duties and Services to be Provided by the Manager

Pursuant to the Trust Agreements, the Manager has exclusive authority to manage the operations and affairs of the Fund and ACS Trust, as applicable, to make all decisions regarding the undertaking of the Fund and ACS Trust and to bind the Fund and ACS Trust. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund and/or ACS Trust to do so.

The Manager's duties will include maintaining accounting records for the Fund and ACS Trust; authorizing the payment of operating expenses incurred on behalf of the Fund and/or ACS Trust; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund and ACS Trust comply with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund's and ACS Trust's reports to unitholders and to the Canadian securities regulators; providing the Custodian with information and reports necessary for the Custodian to fulfil its fiduciary responsibilities; currency hedging; administering the redemption of Units; arranging for any payment required on the termination of the Fund and/or ACS Trust; dealing and communicating with unitholders; and negotiating contracts with third party providers of services, including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers.

The Manager will also implement the Fund's and ACS Trust's investment strategy to ensure compliance with the Fund's and ACS Trust's investment guidelines and that the net proceeds of the Offering are invested as described under "Use of Proceeds".

The Fund will enter into the Registrar, Transfer Agency and Distribution Agency Agreement, as referred to under "Organization and Management Details of the Fund – Transfer Agent and Registrar". The Fund may terminate the foregoing agreement upon notice.

Details of the Manager's Obligations under the Trust Agreements

Pursuant to the Trust Agreements, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund, ACS Trust and their respective unitholders, as applicable, and in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances. The Trust Agreements provide that the Manager shall not be liable in any way for any default, failure or defect in the securities held by the Fund or ACS Trust or for any loss or diminution in the value of such securities or other loss or damage suffered by any such person or for any errors of judgement, acts or omissions if it has satisfied the duties and standard of care, diligence and skill set forth above. The Manager will, however, incur liability in cases of wilful misconduct, bad faith or negligence or breach of its obligations under the Trust Agreements and is responsible for any investment advisory and portfolio management services provided to the Fund and ACS Trust.

The Manager may resign as manager of the Fund and/or ACS Trust upon 60 days' notice to the applicable unitholders and to the Fund and/or ACS Trust, as applicable, or upon such lesser notice period as the Fund or ACS Trust, as applicable, may accept. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by unitholders of the Fund or ACS Trust, as applicable. If the Manager is in material default of its obligations under the applicable Trust Agreement and such default has not been cured within 20 business days after notice of same has been given to the Manager, the Fund or ACS Trust shall give notice thereof to its unitholders, and such unitholders may remove the Manager and appoint a successor manager.

The Manager is entitled to fees for its services under the Trust Agreements as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Fund.

The Manager and each of its directors, officers, employees and agents will be indemnified by the Fund and ACS Trust, as applicable, for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from the Manager's wilful misconduct, bad faith or negligence or the Manager's failure to meet the standard of care set forth above.

Conflicts of Interest – Manager and Trustee

The management and administrative services provided by the Manager to each of the Fund and ACS Trust pursuant to the Trust Agreements are not exclusive and nothing in the Trust Agreements prevents the Manager from providing similar management services to other investment funds and clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investment decisions for each of the Fund and ACS Trust will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may manage the same investment for the Fund or ACS Trust and for one or more of its other clients. If the Fund or ACS Trust 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 be effected on an equitable basis.

The Fund Trust Agreement acknowledges that the Trustee may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm's length for comparable services. The Trustee may act as trustee of, and provide services to, other investment funds or trusts.

Accounting and Reporting

The Fund's fiscal year-end will be August 31. The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements.

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

Officers and Directors of the Manager

The name and municipality of residence of the Directors and Executive Officers of the Manager and their principal occupations are as follows:

Name and municipality of residence	Position with the Manager	Principal occupation
W. Neil Murdoch .... Oakville, Ontario	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer, Connor, Clark & Lunn Capital Markets Inc.
Michael W. Freund .... Toronto, Ontario	Director, Chairman and Chief Financial Officer	Managing Partner, Connor, Clark & Lunn Financial Group
Darren N. Cabral.................................... Toronto, Ontario	Director, Vice-President	Vice-President, Connor, Clark & Lunn Capital Markets Inc.

Each of the foregoing has held his current position or has held a similar position with the Manager during the five years preceding the date hereof, except for Darren N. Cabral who joined Connor, Clark & Lunn Capital Markets Inc. in May 2007 and was elected as a director on September 29, 2009.

W. Neil Murdoch: CFA; B.Comm, McGill University; LLB, University of Toronto; Master of Management, Kellogg Graduate School of Management, Northwestern University. Mr. Murdoch joined Connor, Clark & Lunn Capital Markets Inc. in December 2003. Prior thereto, Mr. Murdoch was Executive Vice-President and Portfolio Manager at AIC Group of Funds.

Michael W. Freund: B.Bus.Sci., University of Cape Town. Mr. Freund has held various management positions within the Connor, Clark & Lunn Financial Group of companies since 1997. Mr. Freund's current principal occupation is Managing Partner of the Connor, Clark & Lunn Financial Group.

Darren N. Cabral: CFA; BA (Hons.), York University; MBA, Schulich School of Business, York University. Mr. Cabral joined Connor, Clark & Lunn Capital Markets Inc. in May 2007. Prior thereto, Mr. Cabral held various positions with affiliates of Middlefield Group Limited from September 2001 to April 2007, including Executive Director of Research at Middlefield Capital Corporation and Managing Director of Middlefield International Limited.

Independent Review Committee

The Manager has appointed an independent review committee (the Independent Review Committee) in accordance with NI 81-107 comprised of three members, each of whom is independent of the Manager and entities related to the Manager. The Independent Review Committee intends to function in accordance with applicable securities law, including NI 81-107. The mandate of the Independent Review Committee is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the Independent Review Committee in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The Independent Review Committee has adopted a written charter which it follows when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the Independent Review Committee are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Independent Review Committee also serves in respect of other funds that are managed by the Manager. The Independent Review Committee will report annually to the Fund which report will be available free of charge upon request to the Manager and will also be posted on the Manager's website at www.cclgroup.com. Information contained on the Manager's website is not part of this prospectus and is not incorporated herein by reference.

The members of the Independent Review Committee are Fred Lazar, Frank Santangeli and Joseph Wright. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager and by Connor, Clark & Lunn Managed Portfolios Inc., an affiliate of the Manager.

The fees and other reasonable expenses of members of the Independent Review Committee, as well as premiums for insurance coverage for such members, will be paid by the Fund and approximately 20 other applicable investment funds managed by the Manager and Connor, Clark & Lunn Managed Portfolios Inc. with each fund's share based on a complexity factor approved by the Independent Review Committee on a *pro rata* basis. It is expected that the annual retainer fees (but not including expenses) and insurance for the Independent Review Committee for all such funds collectively will be approximately $55,000. In addition, the Fund has agreed to indemnify the members of the Independent Review Committee against certain liabilities.

Portfolio Manager

The Manager will provide portfolio management services for the Fund and ACS Trust, or may appoint a sub-advisor pursuant to the applicable trust agreement.

Trustee

RBC Dexia Investor Services Trust is the trustee of the Fund under the Fund Trust Agreement and, as such, is responsible for certain aspects of the day-to-day administration of the Fund as described in the Fund Trust Agreement. The Trustee's office is located in Toronto, Ontario.

The Trustee may resign upon 60 days' notice to Unitholders and the Manager. The Trustee may be removed with the approval of a simple majority vote cast at a meeting of Unitholders called for such purpose or by the Manager, if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Fund Trust Agreement which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns, its successor may be appointed by the Manager. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 90 days, the Fund will be terminated.

The Fund Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Fund Trust Agreement except where it is in breach of its obligations under the Fund Trust Agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Fund Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

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

Custodian

RBC Dexia Investor Services Trust will act as Custodian of the assets of the Fund pursuant to the Trust Agreement. The Custodian, in its capacity as valuation services agent, will also carry out certain aspects of the day-to-day administration of the Fund, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. The Custodian's office is located in Toronto, Ontario.

Auditor

The auditor of the Fund and ACS Trust is PricewaterhouseCoopers LLP, Chartered Accountants, at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

Transfer Agent, Registrar and Exchange Agent

Pursuant to the Registrar, Transfer Agency and Distribution Agency Agreement, Computershare Investor Services Inc., at its office in Toronto, Ontario, will maintain the securities registers of the Units, register transfers of the Units, and will accept deposits of securities of Exchange Eligible Issuers.

Exchange Dealer

BMO Nesbitt Burns Inc. may purchase securities of Exchange Eligible Issuers from the Fund and may sell such securities to ACS Trust or in the open market. If ACS Trust does not purchase such securities, the Exchange Dealer will have the option to sell such securities back to the Fund. The Exchange Dealer is located in Toronto, Ontario.

The Promoter

Connor, Clark & Lunn Capital Markets Inc. may be considered a promoter of the Fund by reason of its initiative in forming and establishing the Fund and taking the steps necessary for the public distribution of the Units. Connor, Clark & Lunn Capital Markets Inc. will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than amounts paid to it in its capacity as Manager of the Fund as described under “Fees and Expenses”. Connor, Clark & Lunn Capital Markets Inc. has offices in Toronto, Ontario.

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Valuation Agent will calculate the Net Asset Value per Unit of each class of Units as at the close of business on each Valuation Date. The Fund will make available to the financial press for publication on a daily basis the Net Asset Value per Unit of each class. Such amount will also be available on the Manager’s website at www.cclcapitalmarkets.com.

Valuation Policies and Procedures

For transactional reporting purposes, the Net Asset Value of the Fund on a particular date will be equal to (i) the Total Assets of the Fund less (ii) the aggregate value of the liabilities of the Fund. The Net Asset Value per Unit of a class on any day will be obtained by dividing the Net Asset Value of that class on such day by the number of Units of that class then outstanding.

For the purpose of calculating Net Asset Value (i.e., for purposes other than financial statements) of the Fund or ACS Trust on a Valuation Date, the Total Assets of the Fund or ACS Trust on such Valuation Date will be determined as follows:

(a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Valuation Agent has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Valuation Agent determines to be the fair market value thereof;

(b) the value of any bonds, debentures and other debt obligations will be valued by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such securities on a Valuation Date at such times as the Valuation Agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;

(c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Valuation Agent) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Valuation Agent such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use;

(d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;

(e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the Total Assets are being determined as determined by the Valuation Agent (generally the Valuation Agent will value such security at cost until there is a clear indication of an increase or decrease in value);

(f) any market price reported in currency other than Canadian dollars will be translated into Canadian currency at the rate of exchange available from the Valuation Agent on the Valuation Date on which the Total Assets are being determined;

(g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Valuation Agent and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm’s length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Valuation Agent;

(h) the value of the Forward Agreement and any other forward contract or other derivatives, such as future contracts, swap contracts or options on financial futures, will be the value that would be realized by the Fund if, on the date on which the Total Assets are being determined, the Forward Agreement or any other forward contract or other derivatives were closed out in accordance with its terms; and

(i) the value of any security or property to which, in the opinion of the Valuation Agent, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair market value thereof determined in good faith in such manner as the Valuation Agent determines in consultation with the Manager from time to time.

The Net Asset Value per Unit of a class is calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain. The Net Asset Value per Unit of a class determined in accordance with the principles set out above may differ from Net Asset Value per Unit determined under Canadian generally accepted accounting principles.

For the purposes of calculating the Redemption Net Assets per Unit in connection with a redemption of Units on an Annual Redemption Date, the value of the Forward Agreement will be determined on the basis that any bonds, debentures and other debt obligations that are owned by ACS Trust will be valued by taking the bid price on the Valuation Date.

Reporting of Net Asset Value

The Net Asset Value per Unit will be provided daily to Unitholders at no cost on the Manager's website at www.cclcapitalmarkets.com, and will also be available to Unitholders upon request, at no cost, by calling 1-888-276-2258.

DESCRIPTION OF THE UNITS

The Units

The beneficial interest in the net assets and net income of the Fund is divided into two classes of units, Class A Units and Class F Units. The Fund is authorized to issue an unlimited number of Units of each class. The Class F Units are designed for fee-based accounts and differ from the Class A Units in the following ways: (i) Class F Units will not be listed on a stock exchange; and (ii) the Agents' fee payable on the issuance of the Class F Units is lower than the Class A Units. Accordingly, the Net Asset Value per Unit of each class will not be the same as a result of the different fees allocable to each class of Units. Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units, subject to Unitholders of each class being entitled to distributions or redemptions based on the Net Asset Value of the Units of a particular class. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by the Fund in the taxation year in which the redemption occurred. On termination or liquidation of the Fund, the Unitholders of record are entitled to receive on a *pro rata* basis with holders of Units of that class all of the assets of the Fund attributable to that class remaining after payment of all debts, liabilities and liquidation expenses of the Fund. Unitholders will have no voting rights in respect of securities held by the Fund. ACS Trust has delegated to the Manager the responsibility for voting on matters for which ACS Trust receives, in its capacity as a securityholder, proxy materials for a meeting of securityholders of an issuer included in the Portfolio. See "Proxy Voting Disclosure".

The Fund Trust Agreements provides that the Fund may not issue additional Units following completion of the Offering except (i) at a price that yields net proceeds of not less than 100% of Net Asset Value per Unit calculated as of the close of business on the Business Day immediately prior to the pricing of such offering; or (ii) with the approval of Unitholders.

See "Unitholder Matters – Amendment of Fund Trust Agreement" with respect to the modification, amendment or variation of the rights attached to the Units.

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

Conversion of Class F Units

Class F Units may be converted into Class A Units on a weekly basis. A holder of Class F Units may convert such Class F Units into Class A Units from time to time and it is expected that liquidity for the Class F

Units will be obtained primarily by means of conversion into Class A Units. Class F Units may be converted in any week on the first Business Day of such week by delivering a notice and surrendering such Class F Units by 3:00 p.m. (Toronto time) at least five Business Days prior to the applicable Conversion Date. For each Class F Unit so converted, a holder will receive that number of Class A Units equal to the Net Asset Value per Class F Unit as of the close of trading on the Business Day immediately preceding the Conversion Date divided by the Net Asset Value per Class A Unit as of the close of trading on the Business Day immediately preceding the Conversion Date. No fractions of Class A Units will be issued upon any conversion of Class F Units; any fractional amounts will be rounded down to the nearest whole number of Class A Units. A conversion of Class F Units into Class A Units will not constitute a disposition of the Class F Units for the purposes of the Tax Act.

Purchase for Cancellation

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

Take-over Bids

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

The Fund Trust Agreement also provides that if, prior to the termination of the Fund, a formal bid (as defined in the *Securities Act* (Ontario)) is made for all of the Class F Units and such bid would constitute a formal bid for all Class A Units if the Class F Units had been converted to Class A Units immediately prior to such bid and the other offer does not include a concurrent identical take-over bid, including in terms of price (relative to the Net Asset Value per Unit of the class), for the Class A Units then the Fund shall provide the holders of Class A Units the right to convert all or a part of their Class A Units into Units of the applicable class and to tender such units to the other offer, as applicable. In the circumstances described above, the Fund shall by press release provide written notice to the holders of the Class A Units that such an offer has been made and of the right of such holders to convert all or a part of their Class A Units into Units of the applicable class and to tender such units to other offer.

Book Entry Only System

Registration of interests in and transfers of the Units will be made only through the Book-Entry Only System. On the Closing Date, the Manager, on behalf of the Fund will deliver to CDS certificates representing the aggregate number of Class A Units and Class F Units then subscribed for under the Offering. Class A Units and Class F Units must be purchased, converted, transferred and surrendered for redemption through a CDS Participant. All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased.

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

The Fund has the option to terminate registration of the Units through the Book-Entry Only System, in which case certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders may be convened by the Trustee or the Manager by a written requisition specifying the purpose of the meeting, and must be convened by the Trustee if requisitioned by Unitholders holding not less than 10% of the then outstanding Units entitled to vote on the matter (whether Class A Units and/or Class F Units) by a written requisition specifying the purpose of the meeting. The Trustee or the Manager may convene a Class A Meeting or a Class F Meeting if the nature of the business to be transacted at that meeting is only relevant to Unitholders of the applicable class.

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

A matter requiring an Extraordinary Resolution requires an affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

The Fund, subject to obtaining any necessary regulatory approvals, does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the TSX to hold annual meetings of Unitholders if so instructed by the TSX.

Matters Requiring Unitholder Approval

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

(a) any change in the investment objectives or investment restrictions of the Fund, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

(b) any change of the Manager except where the new manager is an affiliate of the Manager;

(c) any increase in the Management Fee;

(d) any amendment, modification or variation in the provisions or rights attaching to the Units;

(e) any change in the frequency of calculating the Net Asset Value per Unit to less often than daily;

(f) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course;

(g) any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, to be in the best interest of the Unitholders or otherwise in accordance with the terms of the Fund Trust Agreement;

(h) the issuance of additional Units, other than for net proceeds equal to or greater than 100% of the most recently calculated Net Asset Value per Unit calculated immediately prior to the pricing of such issuance; and

(i) any amendment to the above provisions except as permitted by the Fund Trust Agreement.

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

(a) remove any conflicts or other inconsistencies which may exist between any terms of the Fund Trust Agreement and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;

(b) make any change or correction in the Fund Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;

(c) bring the Fund Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;

(d) maintain the status of the Fund as a "mutual fund trust" for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof;

(e) in the event the Forward Agreement terminates prior to the termination of the Fund, enter into a new forward agreement or amend the Fund Trust Agreement to permit the Fund to hold the Portfolio directly, provided that notwithstanding the above, the Fund will provide at least 30 days notice to Unitholders of any such action by way of press release;

(f) provide added protection or benefit to Unitholders; or

(g) make such modifications as may be necessary or desirable in connection with the termination of the Forward Agreement prior to the Forward Termination Date as a result of the termination of the Fund as described under "Termination of the Fund".

Amendment of Fund Trust Agreement

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

Reporting to Unitholders

The Fund will make available to Unitholders such financial statements and other continuous disclosure documents as are required by applicable law, including (i) unaudited interim and audited annual financial statements of the Fund and of ACS Trust, prepared in accordance with Canadian generally accepted accounting principles and, (ii) interim and annual management reports of fund performance in respect of the Fund and ACS Trust. The Fund will mail the foregoing disclosure documents relating to ACS Trust to all of the Unitholders who receive the Fund's financial statements. The Fund will make available to each Unitholder annually and within the time prescribed by law, information necessary to enable such Unitholder to complete an income tax return with respect to the amounts payable by the Fund.

TERMINATION OF THE FUND

The Fund will have a term of approximately five years, terminating on or about January 29, 2016, and the Fund's investments will be liquidated prior to such termination at the then prevailing market prices. The Manager may, in its discretion, terminate the Fund at an earlier date without the approval of the Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund. Upon termination, the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for. Prior to the Termination Date, the Manager may present a proposal to extend the term of the Fund, subject to approval of Unitholders at a meeting called for such purpose, provided that all Unitholders will be given a right to cause their Units to be redeemed on the Termination Date, regardless of whether they voted in favour of the term extension. See "Risk Factors – Risks Relating to Redemptions".

Pursuant to the Fund Trust Agreement, the Fund will terminate on the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund or when terminated by the Manager, as described below. In addition to such termination, the Fund Trust Agreement also provides that:

(a) in the event that the Manager resigns and no new Manager is appointed by the Unitholders within 120 days of the Manager giving notice to the Trustee of such resignation, the Fund will automatically terminate on the date which is 60 days following the end of such 120 day period;

(b) the Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders; and

(c) the Manager may terminate the Fund in the event of a termination of the Forward Agreement prior to the Scheduled Termination Date, provided that the Manager has given Unitholders notice of such termination at least 60 days in advance of such date of termination of the Fund.

If the Forward Agreement terminates prior to the termination of the Fund, the Fund may enter into a new forward agreement or amend the Fund Trust Agreement to permit the Fund to hold the Portfolio directly. Although these actions do not require Unitholder approval, the Fund will provide at least 30 days notice to Unitholders of any such action by way of press release. The Fund will issue a second press release at least 10 days in advance of any such action.

The Fund Trust Agreement provides that prior to the termination of the Fund, the Manager will use commercially reasonable efforts to dispose of all of its assets and will satisfy or make appropriate provision for all liabilities of the Fund. The Fund Trust Agreement provides that the Manager may, in its discretion and upon not less than 30 days prior written notice to the Unitholders, postpone any termination date by a period of up to 180 days if the Manager determines that it will be unable to convert all of its assets to cash prior to any termination date and the Manager determines that it would be in the best interests of the Unitholders to do so.

Upon termination, the Fund Trust Agreement provides that the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund, which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to any termination date, such unliquidated assets in specie rather than in cash. The value of any remaining assets of the Fund will be determined by the Manager, acting reasonably. Following such distribution, the Fund will be dissolved. There can be no assurance that Unitholders will receive $10.00 per Unit upon any termination of the Fund.

USE OF PROCEEDS

The net proceeds from the issue of the maximum number of Units offered hereby (after payment of the Agents' fee and the expenses of the Offering) are estimated to be approximately $165,137,500, assuming that the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full under the maximum Offering the net proceeds to the Fund (after payment of the Agents' fee and the expenses of the Offering) are estimated to be approximately $190,009,375. The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to pre-pay its purchase obligations under the Forward Agreement with the Counterparty. Under the Forward Agreement, the Fund will, on or about the Forward Termination Date, acquire the Canadian Securities Portfolio from the Counterparty having an aggregate value equal to the redemption proceeds of all of the units of ACS Trust net of any amount owing by the Fund to the Counterparty. The Fund may also directly hold a small amount of the same securities as are held in the Canadian Securities Portfolio.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to act as, and have been appointed as, the sole and exclusive agents of the Fund to offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement. The Units will be issued at a price of $10.00 per Unit. The offering price per Unit was determined by negotiation between the Agents and the Manager on behalf of the Fund. In consideration for their services in connection with the Offering, the Agents will be paid a fee of $0.525 per Class A Unit and $0.225 per Class F Unit sold under the Offering and will be reimbursed for reasonable out of pocket expenses incurred by them. The Agents' fees and expenses will be paid by the Fund out of the proceeds of the Offering. The Agents may form a sub-agency group including other qualified investment dealers and limited market dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase any Units which are not sold.

The Fund has granted to the Agents the Over-Allotment Option, which is exercisable for a period of 30 days from the Closing Date and gives the Agents the right to offer additional Class A Units in an amount up to 15% of the aggregate number of Class A Units sold on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. To the extent that the Over-Allotment Option is exercised, the additional Class A Units will be sold at $10.00 per Class A Unit and the Agents will be paid a fee of $0.525 per Class A Unit sold. This prospectus also qualifies the grant of the Over-Allotment Option, the distribution of the Class A Units issuable upon exercise of the Over-Allotment Option and the distribution of the Class A Units issuable as part of part of the Agents' over-allocation position. A purchaser who acquires Class A Units forming part of the Agents' over-allocation position acquires such Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscription amounts received in trust will be held in segregated accounts with a depository who is a registered dealer, bank or trust company until the minimum amount of subscriptions for Units has been obtained. If subscriptions for a minimum of 8,500,000 Class A Units (or $85,000,000) have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of the securities regulatory authorities and those who have subscribed for Units on or before such date. In the event such consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers in respect of the Offering will be returned to such purchasers promptly without interest or deduction. The maximum number of Class A Units and/or Class F Units that will be sold is 17,500,000 ($175,000,000). Under the terms of the Agency Agreement, the Agents, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, may terminate the Agency Agreement and withdraw all subscriptions for Units on behalf of subscribers. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. The Closing will take place on or about December 17, 2010 or such later date as the Fund and the Agents may agree, but in any event not later than February 18, 2011.

On Closing, the Fund will enter into the Forward Agreement with the Counterparty (which will be a Canadian chartered bank and an affiliate of one of the Agents, provided that the Counterparty or its guarantor must have an Approved Rating). Accordingly, the Fund may be considered to be a "connected issuer" of such Agent. See "Overview of the Investment Structure – The Forward Agreement".

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

Although units of ACS Trust are not being offered to the public, the Fund has agreed to obtain a receipt for a prospectus of ACS Trust from the Autorité des marchés financiers. The Fund has also agreed to deliver a copy of such prospectus to purchasers of Units in the Province of Québec prior to the purchase of Units by any person in the Province of Québec.

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

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager is entitled to receive the Management Fee pursuant to the Trust Agreements. See "Organization and Management Details of the Fund" and "Fees and Expenses".

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

Policies and Procedures

Subject to compliance with the provisions of applicable law, the Manager has the right to vote proxies relating to the securities in the Portfolio and the securities held directly by the Fund. Proxies must be voted in a manner consistent with the best interests of the Fund and ACS Trust.

Because ACS Trust does not purchase securities for the purposes of exercising control or direction over the securities of the Portfolio, as a general rule, proxies will be voted with management on routine business. Examples of routine business are voting on the size, nomination and election of the board of directors and the appointment of auditors. All other special or non-routine matters will be assessed on a case-by-case basis with a focus on the potential impact of the vote on the value of ACS Trust's investment. Examples of non-routine business are stock based compensation plans, executive severance compensation arrangements, shareholders rights plans, corporate restructuring plans, going private transactions in connection with leveraged buyouts, supermajority approval proposals, and stakeholder or shareholder proposals.

On rare occasions, the Manager may abstain from voting a proxy or a specific proxy item when it is concluded that the potential benefit of voting the proxy is outweighed by the cost of voting the proxy. In addition, the Manager will not vote proxies received for securities which are no longer held in the Portfolio or by the Fund as applicable.

On the delivery of the Canadian Securities Portfolio by the Counterparty on the Forward Termination Date, the Manager acting on the Manager's behalf will retain the right to vote proxies relating to the securities in the Canadian Securities Portfolio pursuant to the Fund Trust Agreement. The Manager will vote the proxies relating to the securities in the Canadian Securities Portfolio in the same manner and with the same restrictions as those proxies voted in relation to the securities in the Portfolio.

Proxy Voting Conflicts of Interest

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interest of ACS Trust in voting proxies with the desire to avoid the perception of a conflict of interest, the Manager has instituted procedures to help ensure that ACS Trust's proxy is voted in accordance with the business judgment of the person exercising the voting rights on behalf of ACS Trust, uninfluenced by considerations other than the best interests of ACS Trust.

The procedures for voting proxies where there may be a conflict of interest include escalation of the issue to the Independent Review Committee, for their consideration and advice, although the responsibility for deciding how to vote ACS Trust's proxies and for exercising the vote remains with the Manager.

Disclosure of Proxy Voting Guidelines and Record

A copy of the Manager's proxy voting guidelines will be made available on the Internet at www.cclcapitalmarkets.com. The most recent proxy voting record for ACS Trust for the most recent period ended June 30 of each year will also be available on the Internet at www.cclcapitalmarkets.com.

MATERIAL CONTRACTS

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

(a) the Fund Trust Agreement;

(b) the ACS Trust Agreement;

(c) the Agency Agreement;

(d) the Exchange Agency Agreement; and

(e) the Forward Agreement.

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

EXPERTS

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

The auditors of the Fund and ACS Trust are PricewaterhouseCoopers LLP, Chartered Accountants. PricewaterhouseCoopers LLP is independent with respect to the Fund and ACS Trust within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

In addition, the Manager has agreed on behalf of the Fund that purchasers in the Province of Québec have the right to withdraw from an agreement to purchase Units which may be exercised within two Business Days after receipt or deemed receipt of a prospectus of ACS Trust.

AUDITORS' CONSENT

We have read the prospectus of Australian Banc Capital Securities Trust (the "Fund") dated November 29, 2010 relating to the initial public Offering of Class A Units and Class F Units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the Unitholder and the Manager of the Fund on the statement of net assets of the Fund as at November 29, 2010. Our report is dated November 29, 2010.

Toronto, Ontario
November 29, 2010

(*signed*) "*PricewaterhouseCoopers LLP*"
Chartered Accountants, Licensed Public Accountants

AUDITORS' REPORT

To the Unitholder and the Manager of Australian Banc Capital Securities Trust

We have audited the statement of net assets of Australian Banc Capital Securities Trust (the "Fund") as at November 29, 2010. This statement of net assets is the responsibility of the Fund's management. Our responsibility is to express an opinion on this statement of net assets based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the statement of net assets is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of net assets. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of net assets.

In our opinion, this statement of net assets presents fairly, in all material respects, the financial position of the Fund as at November 29, 2010 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario	(*signed*) "*PricewaterhouseCoopers LLP*"
November 29, 2010	Chartered Accountants, Licensed Public Accountants

AUSTRALIAN BANC CAPITAL SECURITIES TRUST
STATEMENT OF NET ASSETS
As at November 29, 2010

Assets	
Cash	$10
Unitholder's Equity	
Unitholder's Equity (Note 1)	$10

Approved on behalf of Australian Banc Capital Securities Trust
By: Connor, Clark & Lunn Capital Markets Inc., as Manager

(*signed*) "*W. Neil Murdoch*"
Director

(*signed*) "*Michael Freund*"
Director

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

AUSTRALIAN BANC CAPITAL SECURITIES TRUST
NOTES TO STATEMENT OF NET ASSETS

As at November 29, 2010

1. ORGANIZATION AND UNITHOLDER'S EQUITY

Australian Banc Capital Securities Trust (the "Fund") is a non-redeemable investment fund established under the laws of the Province of Ontario pursuant to a trust agreement dated as of November 23, 2010. The beneficiaries of the Fund will be the holders of Class A Units and Class F Units. The Fund's investment objectives are to (i) provide Unitholders with quarterly, tax-advantaged distributions consisting primarily of returns of capital and (ii) provide exposure to a portfolio consisting primarily of Capital Securities issued by the four major Australian banks (being National Australia Bank, Westpac Banking Corporation, Commonwealth Bank of Australia, and Australia and New Zealand Banking Group). The beneficial interest in the net assets and net income of the Fund is divided into two classes of units, Class A Units and Class F Units (collectively, the "Units"). The Fund is authorized to issue an unlimited number of transferable, redeemable Units. The Class F Units may be converted into Class A Units on a weekly basis. On November 23, 2010, the Fund was settled and issued an initial Class A Unit for cash consideration of $10 to Connor, Clark & Lunn Capital Markets Inc., the settlor of the Fund

The Fund may purchase (in the open market or by invitation for tenders) Class A Units for cancellation subject to applicable law and stock exchange requirements, based on the assessment of Connor, Clark & Lunn Capital Markets Inc. (the "Manager") that such purchases are accretive to the holders of Units.

The Manager will receive a Management Fee from the Fund and ACS Trust (being a newly created trust that may acquire the portfolio (if the Counterparty hedges its obligations under the Forward Agreement) equal in the aggregate to 0.50% per annum of the applicable Net Asset Value (0.20% from the Fund and 0.30% from ACS Trust or, in the event the Counterparty does not hedge its exposure by acquiring units of ACS Trust, the Counterparty will pay the ACS Trust portion of the Management Fee), calculated and payable monthly in arrears, plus applicable taxes. In connection with a forward agreement (the "Forward Agreement") to be entered into the Fund has agreed to pay to the counterparty a fee of up to 0.35% per annum of the total assets of ACS Trust. The Fund will pay for all of its ongoing expenses incurred in connection with its operation and administration including counterparty fees under the forward agreement.

The Units may be redeemed on the second last Business Day of June of each year, commencing in 2012 (each, an "Annual Redemption Date"), subject to certain conditions. A holder of Units (each, a "Unitholder") whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the redemption net assets per Unit (less any costs associated with the redemption, including brokerage costs and less any net realized capital gains of the Fund that are distributed to the holder concurrently with the proceeds of disposition on redemption).

In addition, the Units may also be redeemed on the second last Business Day of each month other than, commencing in 2012, in the month of June (each, a "Monthly Redemption Date"), subject to certain conditions.

Unitholders surrendering a Class A Unit for redemption will receive a redemption price equal to the lesser of (i) 95% of the Market Price of a Class A Unit, and (ii) 100% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs, and less any net realized capital gains of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption, being the Monthly Redemption Amount.

Unitholders surrendering a Class F Unit for redemption will receive an amount equal to the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated Redemption Net Assets per Unit of a Class F Unit and the denominator of which is the most recently calculated Redemption Net Assets per Unit of a Class A Unit.

For the purposes hereof, the "Market Price" in respect of a security on a Monthly Redemption Date means the weighted average trading price on the Toronto Stock Exchange (or such other stock exchange on which such security is listed), for the 10 trading days immediately preceding such Monthly Redemption Date and the "Closing Market Price" in respect of a security on a Monthly Redemption Date means the closing price of such security on the Toronto Stock Exchange on such Monthly Redemption Date (or such other stock exchange on which such security is listed) or, if there was no trade on the relevant Monthly Redemption Date, the average of the last bid and the last asking prices of the security on the Toronto Stock Exchange on such Monthly Redemption Date (or such other stock exchange on which the security is listed).

2. SUBSEQUENT EVENT

(a) The Fund and the Manager have entered into an agency agreement with BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd., Raymond James Ltd., Canaccord Genuity Corp., Desjardins Securities Inc., Dundee Securities Corporation, Mackie Research Capital Corporation and Wellington West Capital Markets Inc. (collectively, the "Agents") dated as of November 29, 2010, pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public a minimum of 8,500,000 Class A Units and a maximum of 17,500,000 Class A Units and/or Class F Units at $10 per Unit. In consideration for their services in connection with the Offering, the Agents will be paid a fee of $0.525 per Class A Unit and $0.225 per Class F Unit out of the proceeds of the Offering.

(b) As set forth in the initial public offering prospectus dated November 29, 2010, the Fund proposes to issue a minimum of 8,500,000 Class A Units and a maximum of 17,500,000 Class A Units and/or Class F Units at a price of $10 per Unit.

CERTIFICATE OF THE FUND

Dated: November 29, 2010

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

Australian Banc Capital Securities Trust
by its attorney, Connor, Clark & Lunn Capital Markets Inc.

By: (*signed*) "W. NEIL MURDOCH"
Chief Executive Officer

By: (*signed*) "MICHAEL FREUND"
Chief Financial Officer

On behalf of the Board of Directors of
Connor, Clark & Lunn Capital Markets Inc.

By: (*signed*) "W. NEIL MURDOCH"
Director

By: (*signed*) "DARREN N. CABRAL"
Director

By: (*signed*) "MICHAEL FREUND"
Director

CERTIFICATE OF THE MANAGER

Dated: November 29, 2010

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

Connor, Clark & Lunn Capital Markets Inc.
as Manager

By: (*signed*) "W. NEIL MURDOCH"
Chief Executive Officer

CERTIFICATE OF THE PROMOTER

Dated: November 29, 2010

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

Connor, Clark & Lunn Capital Markets Inc.
as Promoter

By: (*signed*) "W. NEIL MURDOCH"
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: November 29, 2010

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

BMO NESBITT BURNS INC.	HSBC SECURITIES (CANADA) INC.	CIBC WORLD MARKETS INC.
(*signed*) "Robin G. Tessier"	(*signed*) "Brent Larkan"	(*signed*) "Michael D. Shuh"

RBC DOMINION SECURITIES INC.

(*signed*) "Edward V. Jackson"

NATIONAL BANK FINANCIAL INC.	SCOTIA CAPITAL INC.	TD SECURITIES INC.
(*signed*) "Timothy Evans"	(*signed*) "Brian D. McChesney"	(*signed*) "Cameron Goodnough"

GMP SECURITIES L.P.

(*signed*) "Neil Selfe"

MACQUARIE CAPITAL MARKETS CANADA LTD.	RAYMOND JAMES LTD.
(*signed*) "Raymond Sawicki"	(*signed*) "J. Graham Fell"

CANACCORD GENUITY CORP.	DESJARDINS SECURITIES INC.	DUNDEE SECURITIES CORPORATION	MACKIE RESEARCH CAPITAL CORPORATION	WELLINGTON WEST CAPITAL MARKETS INC.
(*signed*) "Ron Sedran"	(*signed*) "Beth Shaw"	(*signed*) "Harold M. Wolkin"	(*signed*) "David J. Keating"	(*signed*) "Scott Larin"

Australian Banc

CAPITAL SECURITIES TRUST