PROSPECTUS

Non-Offering Prospectus November 29, 2010

ACS TRUST

No securities are being offered pursuant to this prospectus. This prospectus is being filed to enable the ACS Trust to become a reporting issuer under the *Securities Act* (Québec). The Fund is an investment fund established under the laws of the Province of Ontario. The Fund proposes to issue Units from time to time in reliance on exemptions from the applicable prospectus and registration requirements. Units will be offered at prices negotiated between the Fund and purchasers of Units.

The Fund's investment objectives are to (i) provide Unitholders with distributions, and (ii) provide an investment primarily in 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 Fund was established to provide investors with an investment in Capital Securities issued by the Big Four Australian Banks. The Fund will pay distributions as and when declared by the Fund from time to time. See "Investment Objectives".

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit on the applicable Redemption Date. Units surrendered for redemption by a Unitholder on or before 5:00 p.m. (Toronto time) on any Redemption Date will be redeemed on such Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors, including the value of the securities included in the Portfolio. See "Redemption of Securities" and "Risk Factors".

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" and "Overview of the Investment Structure".

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".

From time to time the Fund may acquire from the Exchange Dealer freely tradeable securities of certain exchange eligible issuers. The Manager expects that such securities will be highly liquid. However, the Fund will have no obligation to acquire such securities, such decision to be made at the discretion of the Manager from time to time.

Connor, Clark & Lunn Capital Markets Inc. will act as Manager of the Fund. 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".

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. 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; 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; 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 Units. See “Risk Factors”.

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 Fund 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 nor the Fund has independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

THE FUND

The Fund is an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement. See "Overview of the Structure of the Fund".

INVESTMENT OBJECTIVES

The Fund's investment objectives are to (i) provide Unitholders with distributions, and (ii) provide an investment in a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks.

The Fund will pay distributions as and when declared by the Fund from time to time. See "Investment Objectives".

Rationale of the Fund

The Fund was established to provide investors with an investment in 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.

See "Overview of the Structure of the Fund".

INVESTMENT STRATEGY

The Fund will seek to achieve its investment objectives through an investment in a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The Fund will invest in 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. The Fund will not employ leverage except in connection with foreign exchange rate hedging. See "Description of the Capital Securities".

OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

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 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 FUND

Distributions: The Fund will pay distributions as and when declared by the Fund from time to time. See "Investment Objectives".

Purchases of Exchange Eligible Securities: From time to time the Fund may acquire from the Exchange Dealer freely tradeable securities of certain exchange eligible issuers. The Manager expects that such securities will be highly liquid. However, the Fund will have no obligation to acquire such securities, such decision to be made at the discretion of the Manager from time to time.

Foreign Currency Exposure: The Fund 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" and "Overview of the Investment Structure".

Redemption: Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit on the applicable Redemption Date. Units surrendered for redemption by a Unitholder on or before 5:00 p.m. (Toronto time) on any Redemption Date will be redeemed on such Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors, including the value of the securities included in the Portfolio. See "Redemption of Securities" 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".

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.
- Performance of the Portfolio.
- Concentration and accumulation risks.
- Risks relating to liquidity.
- 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.
- 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 Units.

See "Risk Factors".

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. 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. 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, or may appoint a sub-advisor pursuant to the Trust Agreement.

***Trustee*:**

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

***Registrar and Transfer Agent*:**

The Manager, at its office in Toronto, Ontario, will maintain the securities registers of the Units and register transfers of the Units.

***Exchange Dealer*:**

BMO Nesbitt Burns Inc. may purchase securities of certain exchange eligible issuers from Australian Banc Capital Securities Trust and may sell such securities to the Fund or in the open market. If the Fund does not purchase such securities, the Exchange Dealer will have the option to sell such securities back to Australian Banc Capital Securities Trust. The Exchange Dealer is located in Toronto, Ontario.

SUMMARY OF FEES AND EXPENSES

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

Type of fee	Amount and description
Management Fee:	The Manager will receive a Management Fee from the Fund and Australian Banc Capital Securities Trust equal in the aggregate to 0.50% per annum of the Net Asset Value (0.30% from the Fund and 0.20% from Australian Banc Capital Securities Trust), calculated and payable monthly in arrears, plus applicable taxes. See "Fees and Expenses – Management Fee".
Ongoing expenses of the Fund:	The Fund will pay for all of its expenses incurred in connection with its operation and administration, estimated to be $40,000 per annum (assuming the Net Asset Value is approximately $100 million). The Fund 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 invest in 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 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 nor the Fund has 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.

"**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".

"**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.

"**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.

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

"**Closing**" means the issuance of Units in reliance on exemptions from applicable prospectus and registration requirements on or about 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 may determine, but in any event not later than February 18, 2011.

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

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

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

"**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.

"**Fund**" means ACS Trust, an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement.

"**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".

"**Initial Holder**" means a Canadian chartered bank or an affiliate thereof.

"**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, 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 Australian Banc Capital Securities Trust as more fully described under "Fees and Expenses – Management Fee".

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

"**Net Asset Value**" or "**NAV**" means the net asset value of the Fund, as determined by subtracting the aggregate liabilities of the Fund from the Total Assets of the Fund, 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 Units divided by the total number of Units outstanding on the date on which the calculation is being made.

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

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

"**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.

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

"**Redemption Date**" means any Business Day on which Units are surrendered by a Unitholder for redemption by the Fund.

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

"**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.

"**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.

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

"**Trustee**" means RBC Dexia Investor Services Trust, in its capacity as trustee under the Trust Agreement.

"**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 transferable, redeemable trust units of the Fund, each of which represents an equal, undivided beneficial interest in the net assets of the Fund.

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

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

OVERVIEW OF THE STRUCTURE OF THE FUND

Legal Structure

ACS Trust is an investment fund established under the laws of the Province of Ontario and governed by the 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. The Fund is authorized to issue an unlimited number of Units.

The Fund has been established for the purpose of acquiring and holding the Portfolio. The Fund will use any subscription proceeds to acquire the Portfolio. See "Investment Strategy". The initial beneficial owner of all the Units is expected to be a Canadian financial institution, or such of its affiliates as the Fund may approve.

Units of the Fund will be redeemable at the demand of the Unitholders. On redemption a Unitholder will receive, for each Unit redeemed, an amount equal to the Net Asset Value per Unit on the Redemption Date. The Net Asset Value per Unit will be equal to the amount by which the Total Assets exceed its total liabilities on a per Unit basis and, accordingly, will be based upon the value of the Portfolio. See "Calculation of Net Asset Value" and "Redemption of Securities".

Although the Fund is a mutual fund for the purposes of Québec securities law, it is not subject to NI 81-102, which is applicable to conventional mutual funds. As a result, some of the protections provided to investors in mutual funds under NI 81-102 will not be available to investors in the Units.

The Fund will generally receive interest income or distributions from the Capital Securities included in the Portfolio and other permissible securities. The net income of the Fund will consist primarily of interest income or distributions, less expenses of the Fund. The Fund 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 the Fund 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 the Fund 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 may be consolidated such that each Unitholder will hold after the consolidation the same number of Units as it held before the distribution of additional Units.

INVESTMENT OBJECTIVES

The Fund's investment objectives are to (i) provide Unitholders with distributions and (ii) provide an investment in a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The Fund will pay distributions as and when declared by the Fund from time to time. See "Investment Objectives".

INVESTMENT STRATEGY

The Fund will seek to achieve its investment objectives through an investment in a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The Fund will invest in 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. The Fund will not employ leverage except in connection with foreign exchange rate hedging. See "Description of the Capital Securities".

OVERVIEW OF THE INVESTMENT STRUCTURE

The Fund will be established for the purpose of acquiring and holding the Portfolio. The Manager will settle the Fund by subscribing for a Unit. On the Closing Date, the Initial Holder may subscribe for Units, in which case the Unit held by the Manager will be redeemed upon Closing. The Fund will use any subscription proceeds to acquire the Portfolio. See "Investment Strategy".

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 nor the Fund has 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 an investment in 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.

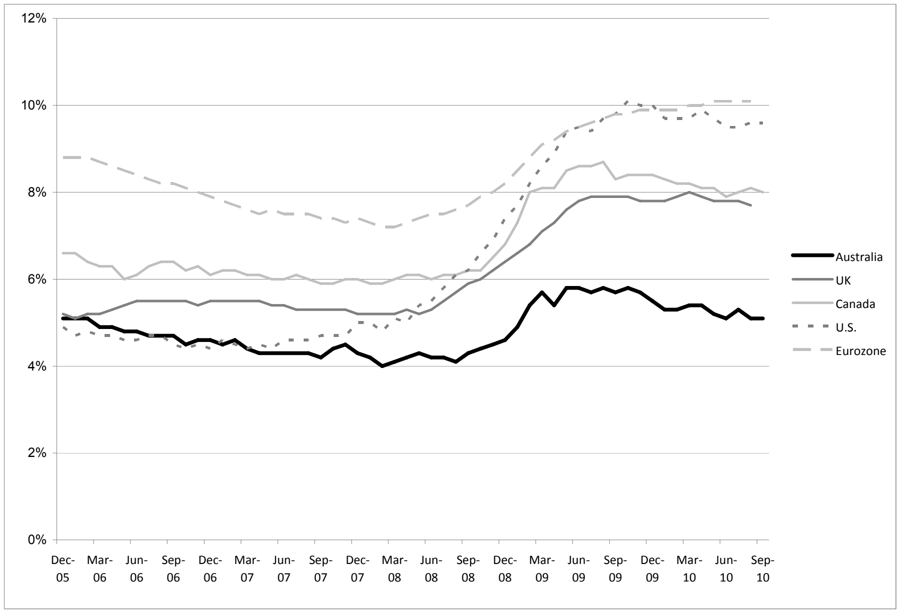
Business Sector

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)

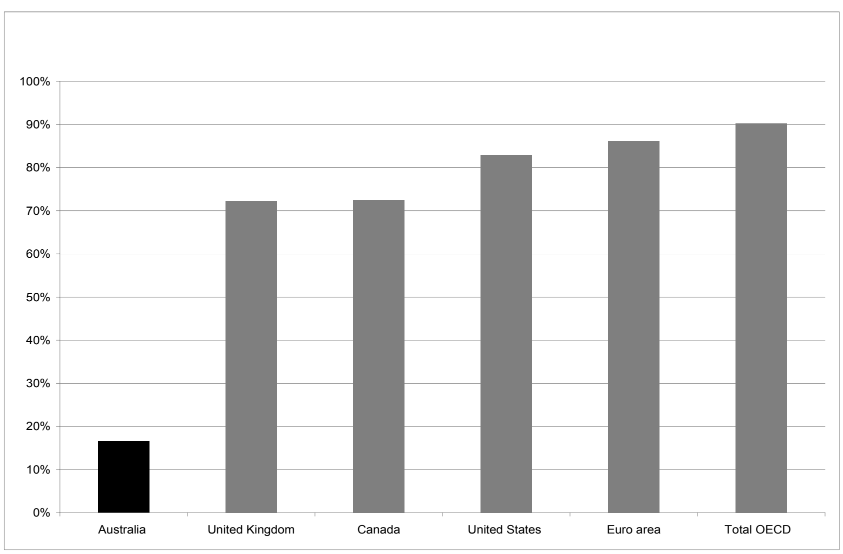


Source: Bloomberg.

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)

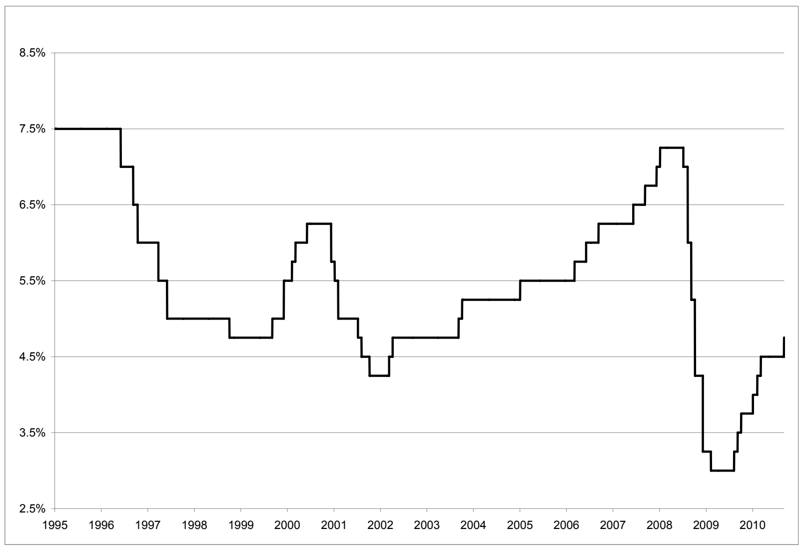


Source: Organisation for Economic Development and Co-operation.

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 by S&P higher 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

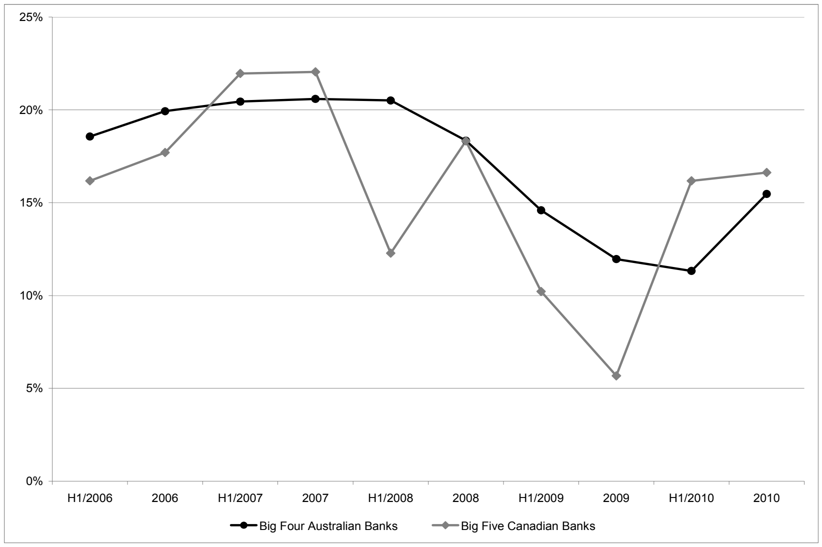
	Australia and New Zealand Banking Group			Commonwealth Bank of Australia			National Australia Bank			Westpac Banking Corporation		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Retail	28%	35%	36%	44%	44%	54%	17%	23%	25%	24%	25%	29%
Small and medium enterprises	11%	18%	17%	13%	11%	13%	39%	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



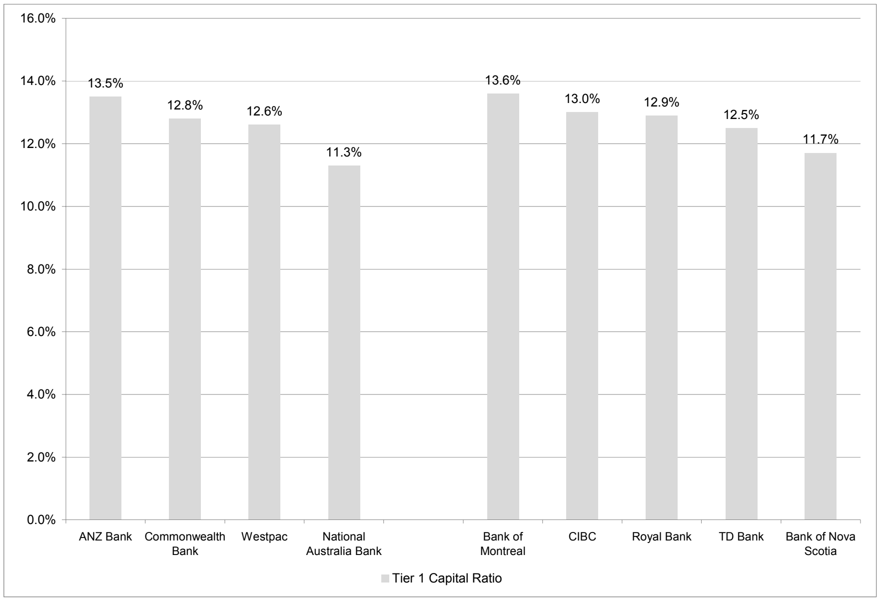
Source: Bloomberg. 2010 figures are consensus estimates for the big five Canadian banks.

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 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

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

(a) invest at the time of purchase less than substantially all of the Total Assets of the Fund 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 in any given bank, and more than 25% of the Total Assets in any given issue, in each case, at the time of purchase;

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

(d) make or hold any investments in entities that would be "foreign affiliates" of the Fund 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 the Fund 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

Management Fee

The Manager will receive a Management Fee from the Fund and Australian Banc Capital Securities Trust equal in the aggregate to 0.50% per annum of the Net Asset Value (0.30% from the Fund and 0.20% from Australian Banc Capital Securities Trust), 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.

Ongoing Expenses

The Fund will pay for all expenses incurred in connection with its operation and administration, 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, 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.

The Manager estimates that ongoing expenses, exclusive of the Management Fee and brokerage expenses related to portfolio transactions and interest expense will be approximately $40,000 per year (assuming a Net Asset Value of approximately $100 million).

Additional Services

Any arrangements for additional services between the Fund 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 than those available from arm's length persons (within the meaning of the Tax Act) for comparable services and the Fund will pay all expenses associated with such additional services.

RISK FACTORS

Certain risk factors relating to the Fund, 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. 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 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. Most of the 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 the Fund, 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 The Fund, 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. The Fund reserves the right to invest in these securities if the Manager believes that doing so would be consistent with the The Fund's investment strategy and investment restrictions. Because the market for these instruments would be new, The Fund 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, The Fund 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 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 the Fund 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.

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. The value of the securities included in the Portfolio will be influenced by factors that are not within the control of the Fund 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. The Fund 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.

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

The Portfolio 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.

Use of Derivatives Risk

The Fund 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 the Fund's hedging strategies will be effective. The Fund 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 the Fund of margin deposits in the event of the bankruptcy of the dealer with whom the Fund 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 the Fund to close out its positions may also be affected by exchange imposed daily trading limits on options and futures contracts. If the Fund is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the 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 the Fund's ability to use derivative instruments to effectively hedge the Portfolio.

Risks Relating to Reliance on the Manager

The Manager will manage and advise the Fund in a manner consistent with the investment objectives and the investment restrictions of the Fund. 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.

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.

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. 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, 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 and the Manager, as applicable.

Risks Relating to the Status of the Fund

The Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds.

Risks Relating to Redemptions

If a significant number of Units are redeemed, the expenses of the Fund would be spread among fewer Units resulting in potentially lower distribution per Unit and a higher management expense ratio. 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 nor is one expected to develop.

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 have a term of approximately five years, terminating on or about January 29, 2016. The Fund will pay distributions as and when declared by the Fund from time to time.

The net income of the Fund will consist primarily of interest income or distributions, less expenses of the Fund. The Fund will distribute all of its 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 the Fund 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 the Fund will be paid through an Additional Distribution which may involve 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 Additional Distribution of Units, the number of outstanding Units may be consolidated such that each Unitholder will hold after the consolidation the same number of Units as it held before the distribution of additional Units.

REDEMPTION OF SECURITIES

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit on a Redemption Date. Units surrendered for redemption by a Unitholder on or before 5:00 p.m. (Toronto time) on any Redemption Date will be redeemed on such Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors including the value of the securities included in the Portfolio. See "Risk Factors".

A Unitholder who desires to exercise redemption privileges must deliver to the Manager at its office in the City of Toronto, a written notice of the Unitholder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the relevant notice date.

By delivering to the Manager a notice of intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption. Any redemption notice that the Manager 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.

The Manager 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 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 (ii) for any period not exceeding five days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager will be conclusive.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Fund, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the Fund under the Tax Act.

This summary is based on the current provisions of the Tax Act, counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing by it and all specific proposed amendments to the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. This summary assumes that the proposed amendments will be enacted as proposed but there can be no assurance in this regard. Except for the proposed amendments, this summary does not take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or 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 tax legislation or considerations which may differ significantly from the tax considerations described herein.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations that may be relevant to the Fund, and is not intended to be legal or tax advice to any particular investor. Prospective investors should consult their own tax advisors with respect to the income tax consequences of an investment in Units in their particular circumstances including, in the case of an investor that is a "financial institution" for the purposes of the "mark-to-market" rules contained in the Tax Act, whether Units would constitute "mark-to-market property".

The Fund will be a "financial institution" for purposes of the "mark-to-market" rules contained in the Tax Act at any time if more than 50% of the fair market value of all interests in the Fund are held at that time by one or more such financial institutions. The Tax Act contains special rules for determining the income of financial institutions.

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 claims in respect of the amounts paid or payable to Unitholders in the year. 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. In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income.

The Fund may be subject to "minimum tax" under the Tax Act. The Manager will endeavour to manage the Fund in a manner such that the Fund will not be subject to minimum tax.

The Tax Act provides for a special tax on designated income of certain trusts which have designated beneficiaries. The Trust Agreement prohibits ownership of Units by any person that would be a designated beneficiary for the purposes of the Tax Act.

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 Agreement, the Manager has exclusive authority to manage the operations and affairs of the Fund, to make all decisions regarding the undertaking of the Fund and to bind the Fund. 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 to do so.

The Manager's duties will include maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; 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 complies with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund'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; 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 investment strategy to ensure compliance with the Fund's investment restrictions.

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 Agreement

Pursuant to the Trust Agreement, 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 and its 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 Agreement provides that the Manager shall not be liable in any way for any default, failure or defect in the securities held by the Fund 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 Agreement and is responsible for any investment advisory and portfolio management services provided to the Fund.

The Manager may resign as manager of the Fund upon 60 days' notice to the unitholders and to the Fund or upon such lesser notice period as the Fund 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. If the Manager is in material default of its obligations under the Trust Agreement and such default has not been cured within 20 business days after notice of same has been given to the Manager or the Fund 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 Agreement 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 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 the Fund pursuant to the Trust Agreement are not exclusive and nothing in the Trust Agreement 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 the Fund 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 and for one or more of its other clients. If the Fund 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.

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, or may appoint a sub-advisor pursuant to the Trust Agreement.

The team of individuals working at the Manager responsible for advising, servicing and making investment decisions on behalf of the Fund consists of two individuals, Neil Murdoch and Darren Cabral, each of whom has significant experience in portfolio management and investment advisory services. The investment decisions made by the Manager on behalf of the Fund are not subject to the approval or ratification of any committee. A short biography of each of Messrs. Murdoch and Cabral is provided above, which biographies include their respective full name, title, length of time of service with the Manager and business experience over the past five years.

Trustee

RBC Dexia Investor Services Trust is the trustee of the Fund under the Trust Agreement and, as such, is responsible for certain aspects of the day-to-day administration of the Fund as described in the 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 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 Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except where it is in breach of its obligations under the 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 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 is PricewaterhouseCoopers LLP, Chartered Accountants, at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

Transfer Agent and Registrar

The Manager will maintain the securities registers of the Units, register transfers of the Units.

Exchange Dealer

BMO Nesbitt Burns Inc. may purchase freely tradeable securities of certain exchange eligible issuers from Australian Banc Capital Securities Trust and may sell such securities to the Fund or in the open market. If the Fund does not purchase such securities, the Exchange Dealer will have the option to sell such securities back to Australian Banc Capital Securities Trust. 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 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. The Net Asset Value per Unit will also be calculated upon the demand of Unitholders at no additional cost. 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 will be obtained by dividing the Net Asset Value on such day by the number of Units then outstanding.

For the purpose of calculating Net Asset Value (i.e., for purposes other than financial statements) of the Fund on a Valuation Date, the Total Assets of the Fund 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 U.S. dollars 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 any 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 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 is calculated in U.S. 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 determined in accordance with the principles set out above may differ from Net Asset Value per Unit determined under Canadian generally accepted accounting principles.

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value Unit on a Redemption Date. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors, including the value of the securities included in the Portfolio.

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 Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest of a single class, each of which represents an equal undivided interest in the net assets of the Fund. Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, 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 other holders of Units the assets of the Fund 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. The Fund has delegated to the Portfolio Manager the responsibility for voting on matters for which the Fund receives, in its capacity as a securityholder, proxy materials for a meeting of securityholders of an issuer included in the Portfolio. See "Proxy Voting Disclosure".

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 Trust Agreement.

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.

Notice of all meetings of Unitholders will be given in accordance with the Trust Agreement and applicable law. The quorum for a meeting of all Unitholders is one or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Unitholder, will be dissolved, but in any other case, the meeting will stand adjourned to such day no 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.

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 Trust Agreement; and

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

Notwithstanding the foregoing, the Trustee is entitled to amend the 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 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 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 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; or

(d) provide added protection or benefit to Unitholders.

Amendment of the Trust Agreement

Except as provided above, the 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 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, prepared in accordance with Canadian generally accepted accounting principles and, (ii) interim and annual management reports of fund performance in respect of the Fund. Such financial statements and other continuous disclosure documents will be available on SEDAR at www.sedar.com and on the Manager`s website at cclcapitalmarkets.com. 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 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 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; and

(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.

The 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 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 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.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager is entitled to receive the Management Fee pursuant to the Trust Agreement. 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. Proxies must be voted in a manner consistent with the best interests of the Fund.

Because the Fund 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 the Fund’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.

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 the Fund in voting proxies with the desire to avoid the perception of a conflict of interest, the Manager has instituted procedures to help ensure that the Fund’s proxy is voted in accordance with the business judgment of the person exercising the voting rights on behalf of the Fund, uninfluenced by considerations other than the best interests of the Fund.

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 the Fund’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 the Fund 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 Trust Agreement;

(b) the Exchange Agency Agreement and

(c) the Registrar, Transfer Agency and Distribution Agency Agreement.

Copies of the foregoing documents may be examined during normal business hours at the principal office of the Fund. Copies of the 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.

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

AUDITORS' CONSENT

We have read the prospectus of ACS Trust (the "Fund") dated November 29, 2010 relating to the filing of the Fund to become a reporting issuer under the *Securities Act* (Québec). 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 ACS Trust

We have audited the statement of net assets of ACS 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

ACS 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 ACS 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.

ACS TRUST
NOTES TO STATEMENT OF NET ASSETS

As at November 29, 2010

1. ORGANIZATION AND UNITHOLDER'S EQUITY

ACS Trust (the "**Fund**") is an investment fund established under the laws of the Province of Ontario pursuant to a trust agreement dated as of November 29, 2010. The Fund has retained Connor, Clark & Lunn Capital Markets Inc. to act as manager of the Fund (the "**Manager**").

2. INVESTMENT OBJECTIVES AND DISTRIBUTION POLICY

The Fund's investment objectives are to (i) provide Unitholders with distributions, and (ii) provide an investment primarily in Capital Securities issued by the four major Australian banks (Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation). The Fund will pay distributions as and when declared by the Fund from time to time.

3. REDEMPTION POLICY

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit on the applicable Redemption Date. Units surrendered for redemption by a Unitholder on or before 5:00 p.m. (Toronto time) on any Redemption Date will be redeemed on such Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors, including the value of the securities included in the Portfolio.

4. UNITS AUTHORIZED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units (the "**Units**"). On November 29, 2010, the Fund was settled and issued an initial Unit for cash consideration of $10 to the Manager, the settlor of the Fund.

5. MANAGEMENT FEES

The Manager will receive a Management Fee from the Fund and Australian Banc Capital Securities Trust equal in the aggregate to 0.50% per annum of the Net Asset Value (0.30% from the Fund and 0.20% from Australian Banc Capital Securities Trust), calculated and payable monthly in arrears, plus applicable taxes. The Fund will pay for all of its ongoing expenses incurred in connection with its operation and administration

6. CUSTODIAN

Pursuant to a trust agreement, the Fund will retain RBC Dexia Investor Services Trust to act as a custodian of the assets of the Fund.

CERTIFICATE OF THE FUND

Dated: November 29, 2010

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the investment fund as required by the securities legislation of the Province of Québec.

ACS 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 previously issued by the investment fund as required by the securities legislation of the Province of Québec.

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 previously issued by the investment fund as required by the securities legislation of the Province of Québec.

Connor, Clark & Lunn Capital Markets Inc.
as Promoter

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