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

These securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. Accordingly, these securities may not be offered or sold within the United States, or to or for the account or benefit of U.S. Persons (as such term is defined in Regulation S to the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States.

PROSPECTUS

Initial Public Offering January 25, 2012

LOW VOLATILITY
CANADIAN EQUITIES INCOME FUND

Maximum $100,000,000 (10,000,000 Units)

Low Volatility Canadian Equities Income Fund is a closed-end investment fund established under the laws of the Province of Ontario. The Fund proposes to offer Units at a price of $10.00 per Unit.

The Fund's investment objectives are to provide Unitholders with:

(i) stable monthly distributions;

(ii) the opportunity for capital appreciation; and

(iii) an investment in a portfolio of Canadian equity securities that exhibit low volatility of returns.

The Fund has been created to invest in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum specified current yield at the time of investment. The Manager will write covered call options from time to time on up to 25% of the Portfolio in order to seek to earn income from option premiums to supplement the dividends and distributions generated by the Portfolio and to further decrease the overall volatility of returns associated with the Portfolio Securities. See "Investment Objectives", "Investment Strategy" and "Risk Factors".

Connor, Clark & Lunn Capital Markets Inc. will act as manager and portfolio advisor of the Fund and will establish and maintain the Portfolio and execute and maintain the Fund's option writing activities. The Manager is part of the Connor, Clark & Lunn Financial Group, a multi-boutique asset management firm whose affiliated managers are collectively responsible for the investment of approximately $38 billion in assets as at December 31, 2011. See "Organization and Management Details of the Fund — The Manager".

Price: $10.00 per Unit
Minimum purchase: 100 Units

	Price to the public[1]	Agents' fee	Net proceeds to the Fund[2]
Per Unit	$ 10.00	$ 0.525	$ 9.475
Minimum total Offering[3][4]	$ 20,000,000	$1,050,000	$18,950,000
Maximum total Offering[4]	$100,000,000	$5,250,000	$94,750,000

Notes:

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

(2) Before deducting the expenses of the Offering, estimated to be $500,000 (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fee, will be paid by the Fund from the proceeds of the Offering.

(3) There will be no closing unless a minimum of 2,000,000 Units are sold. If subscriptions for such minimum have not been received within 90 days after a final receipt for this prospectus is issued, the Offering may not continue and subscription proceeds will be returned to subscribers, without interest or deduction, unless an amendment to this prospectus is filed.

(4) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer additional Units in an amount up to 15% of the aggregate number of Units issued on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund are estimated to be $115,000,000, $6,037,500 and $108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agents' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

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The Portfolio would be required to generate a return of approximately 7.65% per annum in order for the Fund to maintain a stable Net Asset Value per Unit (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.60 per annum (assuming an offering size of $100 million and fees and expenses are as disclosed herein). The Fund is expected to generate dividend and distribution income of approximately 4.82% per annum (based on the current cash yield on the Indicative Portfolio which may vary from the actual Portfolio and therefore actual yield may vary). The Portfolio would be required to generate an additional return of approximately 2.83% per annum, including from option premiums, realized capital appreciation and dividend and distribution growth, in order for the Fund to maintain its initial targeted distributions level and a stable Net Asset Value. The monthly distributions to Unitholders will be substantially based upon the level of dividends and other distributions received on the Portfolio Securities and on the level of premiums realized by the Fund pursuant to the option writing strategy described herein. As the Fund will not write call options on more than 25% of the Portfolio, a significant decrease in the volatility of the Portfolio Securities could have a significant adverse effect on the distributable cash flow generated by the Fund and accordingly, the distributions, if any paid by the Fund from time to time. The use of call options may have the effect of precluding the Fund from participating in returns derived from the Portfolio Securities that are the subject of such options or limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the cost of closing out outstanding options. See "Distribution Policy" and "Risk Factors".

Prospective purchasers may purchase Units either by (i) cash payment, or (ii) an exchange of freely tradeable securities of any Exchange Eligible Issuer. Prospective purchasers under the Exchange Option were required to deposit securities of Exchange Eligible Issuers with the Exchange Agent prior to 5:00 p.m. (Toronto time) on December 15, 2011, such deposits to be made by CDS participants; however, such participants may have had an earlier deadline for receiving instructions from their respective clients to deposit securities into the Exchange Option. A significant portion of the proceeds realized pursuant to the Offering may be by way of deposits under the Exchange Option. Accordingly, the Fund may be initially exposed to the value of the securities of a number of issuers. Additionally, the price of these securities on the Closing Date may be higher or lower than the price that was used to calculate the Exchange Ratios for such securities. 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. See "Purchases of Securities".

There is no guarantee that an investment in the Fund will earn any positive return during the short- or long-term of the Fund nor is there any guarantee that the Net Asset Value per Unit will appreciate or be preserved. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss. Prospective investors should read carefully the risk factors described in this prospectus. There is no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. See "Risk Factors". The TSX has conditionally approved the listing of the Units subject to the Fund fulfilling all of the requirements of the TSX on or before March 5, 2012.

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

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. Closing is expected to occur on or about February 7, 2012, or such later date as the Fund and the Agents may agree, but in any event not later than the date that is 90 days after the issuance of a receipt for the final prospectus of the Fund.

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

TABLE OF CONTENTS

PROSPECTUS SUMMARY

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

The Issuer: The Fund is a closed-end investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement. See "Overview of the Legal Structure of the Fund".

The Offering: The Fund is offering Units at a price of $10.00 per Unit. See "Purchases of Securities", "Plan of Distribution" and "Fees and Expenses".

Investment Objectives: The Fund's investment objectives are to provide Unitholders with:

(i) stable monthly distributions;

(ii) the opportunity for capital appreciation; and

(iii) an investment in a portfolio of Canadian equity securities that exhibit low volatility of returns.

The Fund has been created to invest in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum specified current yield at the time of investment. The Manager will write covered call options from time to time on up to 25% of the Portfolio in order to seek to earn income from option premiums to supplement the dividends and distributions generated by the Portfolio and to further decrease the overall volatility of returns associated with the Portfolio Securities. See "Investment Objectives", "Investment Strategy", "Risk Factors" and "Distribution Policy".

Investment Strategy: The Fund will invest the net proceeds of the Offering in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum current yield of 2.5% at the time of investment. The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity market. As at October 31, 2011, the S&P/TSX Composite Index included the equity securities of 257 Canadian issuers, 100 of which had a current yield of 2.5% or more. Volatility will be measured using the 360 day volatility for each security included in the S&P/TSX Composite Index. Volatility is a measure of the historical variation in the return of a financial instrument observed over a specific period of time and is generally used to assess the risk of an investment. In general, a stock that exhibits a small range of returns over a specific period of time, both positive and negative, is less volatile than a stock that exhibits a larger range of returns, both positive and negative, over the same period.

The Portfolio will be rebalanced semi-annually on an equally-weighted basis within 15 Business Days following the last Business Day of January and July commencing in July 2012, but the Portfolio Securities may be changed more frequently if: i) an equity security in the Portfolio is no longer listed on the S&P/TSX Composite Index; ii) an issuer whose securities are included in the Portfolio is the subject of a merger or other fundamental corporate action or change that in the opinion of the Manager requires the issuer's securities to be removed from the Portfolio; or iii) the Manager is no longer able to write call options on the equity securities of an issuer included in the Portfolio or if the Manager determines, in its discretion, that conditions render it impracticable to do so. In such circumstances, the equity securities that are removed from the Portfolio will be replaced with the equity securities of another issuer included in the S&P/TSX Composite Index that has a minimum current yield of 2.5% and had the next lowest volatility as determined at the time of the most recently completed rebalancing.

The Manager will write covered call options (and cash covered put options) from time to time on up to 25% of the Portfolio in order to seek to earn income from option premiums to supplement the dividends and distributions generated by the Portfolio and to further decrease the overall volatility of returns associated with the Portfolio Securities.

See "Investment Strategy" and "Risk Factors".

No Leverage: The Fund does not intend to borrow money or employ other forms of leverage to acquire Portfolio Securities.

Distributions: The Fund will not have a fixed distribution policy, but intends to make monthly distributions based on the actual and expected returns on the Portfolio. Based on current estimates and the assumptions set out below, the Fund's initial distribution target is expected to be $0.05 per Unit per month, representing an initial yield on the Unit issue price of 6.0% per annum. The initial monthly distribution will be payable to Unitholders of record on March 30, 2012 and will be paid no later than April 16, 2012. The first distribution will be pro-rated to reflect the period from the Closing Date to March 30, 2012. **The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Fund will make any distributions in any particular month or months.**

The Portfolio would be required to generate a return of approximately 7.65% per annum in order for the Fund to maintain a stable Net Asset Value per Unit (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.60 per annum (assuming an offering size of $100 million and fees and expenses are as disclosed herein). The Fund is expected to generate dividend and distribution income of approximately 4.82% per annum (based on the current cash yield on the Indicative Portfolio which may vary from the actual Portfolio and therefore actual yield may vary). The Portfolio would be required to generate an additional return of approximately 2.83% per annum, including from option premiums, realized capital appreciation and dividend and distribution growth, in order for the Fund to maintain its initial targeted distributions level and a stable Net Asset Value. Based on the (i) current market volatility of approximately 21.16%, being the average current 30 day volatility of the securities included in the Indicative Portfolio that have listed options, and (ii) certain other factors as described herein under "Investment Strategies — Covered Option Writing", the Portfolio would be expected to generate net cash flow that exceeds the required return noted above by approximately 2.69%. The ability of the Fund to generate such returns will be dependent on the extent to which these assumptions turn out to be accurate. The monthly distributions to Unitholders will be substantially based upon the level of dividends and other distributions received on the Portfolio Securities and on the level of premiums realized by the Fund pursuant to the option writing strategy described herein. As the Fund will not write call options on more than 25% of the Portfolio, a significant decrease in the volatility of the Portfolio Securities could have a significant adverse effect on the distributable cash flow generated by the Fund and accordingly, the distributions, if any paid by the Fund from time to time.

The use of call options may have the effect of precluding the Fund from participating in returns derived from the Portfolio Securities that are the subject of such options or limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the cost of closing out outstanding options. See "Distribution Policy". However, the Manager believes that in a slightly rising, flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written.

See "Risk Factors" and "Distribution Policy".

Exchange Option:

Units purchased may be paid for either by cash or by an exchange of freely tradeable securities of an Exchange Eligible Issuer set out under "Purchases of Securities — Exchange Eligible Issuers".

A prospective purchaser of Units who elected to pay for such Units by using the Exchange Option must have done so by means of a book-entry deposit with Computershare Investor Services Inc., as the Exchange Agent, through CDS. Such book-entry deposits must have been made prior to 5:00 p.m. (Toronto time) on December 15, 2011 by a CDS Participant. However, such participants may have had an earlier deadline for receiving instructions from its clients to deposit securities into the Exchange Option.

The number of Units issuable in exchange for the securities of an Exchange Eligible Issuer deposited by a prospective purchaser pursuant to the Exchange Option was determined by dividing the volume weighted average trading price of such securities on the TSX during the five consecutive trading days ending on December 15, 2011, as adjusted to reflect dividends and distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by $10.00. See "Purchases of Securities — Method to Purchase Units".

There can be no assurance that the Fund will accept deposits of securities made pursuant to the Exchange Option. The Manager reserves the right to accept or reject, in whole or in part, any deposit of securities made pursuant to the Exchange Option for any reason including, without limitation, an unfavourable relationship between the Exchange Ratio and the value of the securities of the Exchange Eligible Issuer. If for any reason securities of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be recredited to their accounts through CDS.

A purchaser who disposes of Exchanged Securities pursuant to the Exchange Option and holds such Exchanged Securities as capital property will realize a capital gain (or a capital loss) in the taxation year of the purchaser in which the disposition of Exchanged Securities takes place to the extent that the proceeds of disposition for such Exchanged Securities, net of any reasonable

	costs of disposition, exceed (or are less than) the adjusted cost base to the purchaser of such Exchanged Securities. See "Purchases of Securities — Method to Purchase Units" and "Income Tax Considerations — The Exchange Option".
Redemption:	Units may be redeemed on an annual and monthly basis, subject to certain conditions. See "Calculation of Net Asset Value", "Redemption of Securities" and "Risk Factors".
Termination of the Fund:	The Fund does not have a fixed termination date. However, the Fund may be terminated at any time if the prior approval of Unitholders has been obtained by a majority vote at a meeting of Unitholders called for that purpose; provided, however, that the Manager may, in its discretion, on at least 60 days' notice to Unitholders by way of press release, terminate the Fund without the approval of the Unitholders if, in the opinion of the Manager, it would be in the best interests of the Unitholders to terminate the Fund. Upon termination, the net assets of the Fund will be distributed to the Unitholders on a pro rata basis. See "Termination of the Fund" and "Risk Factors — Risks Relating to Redemptions".
Repurchase of Units:	The Fund may purchase (in the open market or by invitation for tenders) Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders. See "Description of the Units — Purchase for Cancellation".
Use of Proceeds:	The net proceeds from the issue of the maximum number of Units offered hereby (after payment of the Agents' fee and before deducting the expenses of the Offering) are estimated to be approximately $94,750,000, assuming that the Over-Allotment Option is not exercised. The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to acquire Portfolio Securities. See "Use of Proceeds".
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. • Risks relating to the fluctuation in value of Portfolio Securities and performance of the Portfolio. • Risks relating to investment in equity securities. • Risks relating to the use of options and other derivative instruments. • Risks relating to passive management. • Risks relating to global financial developments. • Risks relating to reliance on the Manager. • Concentration risk. • Exchange Option risk. • Risks relating to the trading price of the Units. • Risks relating to the taxation of the Fund. • No ownership interest risk.

- Risks relating to changes in legislation and regulatory risk.
- Loss of investment risk.
- Risks relating to conflicts of interest.
- Risks relating to the status of the Fund.
- Risks relating to redemptions.
- Risks relating to the Fund having no operating history.
- Risks relating to the Fund not being a trust company.
- Risks relating to the nature of the Units.

See "Risk Factors".

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

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

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

See "Income Tax Considerations".

Organization and Management of the Fund:	***Manager and Promoter:*** Connor, Clark & Lunn Capital Markets Inc. will act as manager and portfolio advisor of the Fund and will be responsible for the overall undertaking of the Fund. The Manager will perform, or will arrange for the performance of, management services for the Fund including portfolio management services and executing and maintaining the Fund's option writing activities. The Manager is a leading provider of investment products, having raised over $2.2 billion in assets. The Manager is part of the Connor, Clark & Lunn Financial Group, a multi-boutique asset management firm whose affiliated managers are collectively responsible for the investment of approximately $38 billion in assets as at December 31, 2011. The Manager has offices at 181 University Avenue, Suite 300, Toronto, Ontario M5H 3M7. See "Organization and Management Details of the Fund — The Manager". ***Trustee of the Fund:*** RBC Dexia Investor Services Trust will act as trustee of the Fund. The Trustee is located in Toronto, Ontario. ***Auditor:*** PricewaterhouseCoopers LLP, Chartered Accountants, at its offices in Toronto, Ontario, is the auditor of the Fund. ***Custodian of the Fund:*** 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 and Exchange Agent:*** Computershare Investor Services Trust, at its office in Toronto, Ontario, will maintain the securities registers of the Units and will register transfers of the Units and will act as Exchange Agent under the Exchange Option.
Agents:	BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Macquarie Private Wealth Inc., Raymond James Ltd., Canaccord Genuity Corp. and Mackie Research Capital Corporation, as agents, conditionally offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution". The Fund has granted to the Agents the Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer additional Units in an amount up to 15% of the Units sold on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund are estimated to be $115,000,000, $6,037,500 and $108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agents' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Agents' position	Maximum size	Exercise period	Exercise price
Over-Allotment Option	1,500,000 Units	Within 30 days following the Closing Date	$10.00 per Unit

SUMMARY OF FEES AND EXPENSES

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

Type of fee	Amount and description
Agents' Fee:	$0.525 per Unit (5.25%). The Agents' Fee will be paid out of the proceeds of the Offering.
Expenses of the Offering:	The expenses of the Offering are estimated to be $500,000 (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fee, will be paid by the Fund.
Management Fee:	The Manager will receive a management fee from the Fund equal in the aggregate to 0.95% per annum of the Net Asset Value, comprised of 0.65% per annum of the Net Asset Value calculated and accrued daily and payable monthly in arrears, plus an amount equal to the Service Fee payable to registered dealers of 0.30% per annum of the Net Asset Value described below, in each case plus applicable taxes. The Management Fee of 0.65% 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. See "Fees and Expenses — Management Fee".
Service Fee:	The Manager will pay to registered dealers a Service Fee (calculated quarterly and paid as soon as practicable after the end of each quarter) with respect to the Units equal to 0.30% per annum of the Net Asset Value, plus applicable taxes. The Manager will pay the Service Fee to registered dealers based on the number of Units held by clients of such registered dealers at the end of the relevant quarter. The Service Fee payable in respect of the quarter in which Closing occurs will be pro-rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the quarter is of the number of days in such quarter. See "Fees and Expenses — Service Fee".
Ongoing Expenses:	The Fund will pay for all of its expenses incurred in connection with its operation and administration including fees payable to the Trustee, custodial fees, legal, audit, valuation fees and expenses, expenses of the directors of the Manager, fees and expenses of the members of the Independent Review Committee, listing fees and expenses and other administrative expenses and investor relations expenses, costs and expenses of complying with financial and other continuous public filing requirements and all applicable laws and extraordinary expenses that the Fund may incur. The Manager estimates that ongoing expenses payable by the Fund, exclusive of the Management Fee, brokerage expenses related to Portfolio transactions and any extraordinary expenses which may be incurred from time to time will be approximately $200,000 per year (assuming an aggregate size of the Offering of approximately $100 million). 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 low volatility equity 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 at 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 at any other date. While the Fund may elect to, it does not undertake to update this information at any particular time.

DISCLOSURE BASED ON PUBLICLY AVAILABLE INFORMATION

Certain information contained in this prospectus, including with respect to, among other things, the low volatility equity securities, is taken from and based solely upon publicly available information. None of the Manager, the Fund or the Agents has independently verified the accuracy or completeness of any such information or assumes 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.

"**360 day volatility**" or "**30 day volatility**" means, as at any time, the volatility of the reference security/portfolio for the 360 or 30 trading days, respectively, ending as at such time.

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

"**Agency Agreement**" means the agency agreement dated as of January 25, 2012 among the Fund, the Manager and the Agents.

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

"**Annual Redemption Date**" means the second to last Business Day of July of each year, commencing in 2013.

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

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

"**Business Day**" means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

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

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

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

"**Closing Date**" means the date of a Closing, the first of which is expected to be on or about February 7, 2012, or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after the issuance of a receipt for the final prospectus of the Fund.

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

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

"**current yield**" means the dividend or other distribution yield of a security calculated by dividing the last dividend or distribution paid annualized and divided by the closing price of the security on the date of calculation.

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

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

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

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

"**Exchange Ratio**" has the meaning given under "Purchases of Securities — Determination of Exchange Ratios".

"**Exchanged Securities**" has the meaning given under "Income Tax Considerations — The Exchange Option".

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

"**Fund**" means Low Volatility Canadian Equities Income Fund, a closed-end investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement.

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

"**Indicative Portfolio**" means the 30 equity securities that would have comprised the Portfolio if it had been formed and fully invested on October 31, 2011, as described under "Investment Strategy — Indicative Portfolio".

"**Manager**" means the manager and portfolio advisor 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 as more fully described under "Fees and Expenses — Management Fee".

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

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

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

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

"**Monthly Redemption Date**" means the second to last Business Day of each month other than, commencing in 2013, the month of July.

"**Net Asset Value**" means the net asset value of the Fund 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 attributable to the Units divided by the total number of Units outstanding on the date on which the calculation is being made.

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

"**Notice Period**" has the meaning given under "Redemption of Securities — Annual Redemption".

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

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

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

"**Portfolio**" means the portfolio, consisting primarily of Portfolio Securities, call options and cash and cash equivalents, acquired and held by the Fund from time to time.

"**Portfolio Securities**" means the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum current yield of 2.5% at the time of investment comprising the Portfolio from time to time.

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

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

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

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

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

"**September 16th Tax Proposals**" has the meaning given under "Risk Factors — Risks Relating to the Taxation of the Fund".

"**Service Fee**" means the service fee in respect of the Units payable to registered dealers, as more fully described under "Fees and Expenses — Service Fee".

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

"**SIFT Rules**" means the rules in the Tax Act that apply to SIFT Trusts, SIFT Partnerships and their unitholders.

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

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

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

"**Total Assets**" means the aggregate value of the assets of the Fund.

"**Trust Agreement**" means the trust agreement governing the Fund dated as of January 25, 2012, as it may be amended from time to time.

"**Trustee**" means RBC Dexia Investor Services Trust, in its capacity as trustee of the Fund 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 units of the Fund.

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

"**Valuation Agent**" means, until its replacement is appointed by the Manager, the Custodian.

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

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Low Volatility Canadian Equities Income Fund is a closed-end 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 and portfolio advisor of the Fund and will be responsible for the overall undertaking of the Fund. The Manager will perform, or will arrange for the performance of, management services for the Fund including portfolio management services and executing and maintaining the Fund's option writing activities. 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 October 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. See "Fees and Expenses".

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

INVESTMENT OBJECTIVES

The Fund's investment objectives are to provide Unitholders with:

(i) stable monthly distributions;

(ii) the opportunity for capital appreciation; and

(iii) an investment in a portfolio of Canadian equity securities that exhibit low volatility of returns.

The Fund has been created to invest in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum specified current yield at the time of investment. The Manager will write covered call options from time to time on up to 25% of the Portfolio in order to seek to earn income from option premiums to supplement the dividends and distributions generated by the Portfolio and to further decrease the overall volatility of returns associated with the Portfolio Securities. See "Investment Strategy", "Risk Factors" and "Distribution Policy".

INVESTMENT STRATEGY

The Fund will invest the net proceeds of the Offering in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum current yield of 2.5% at the time of investment. The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity market. As at October 31, 2011, the S&P/TSX Composite Index included the equity securities of 257 Canadian issuers, 100 of which had a current yield of 2.5% or more.

Volatility will be measured using the historic 360 day volatility for each security included in the S&P/TSX Composite Index. Volatility is a measure of the historical variation in the return of a financial instrument observed over a specific period of time and is generally used to assess the risk of an investment. In general, a stock that exhibits a small range of returns over a specific period of time, both positive and negative, is less volatile than a stock that exhibits a larger range of returns, both positive and negative, over the same period.

The Portfolio will be rebalanced semi-annually on an equally-weighted basis within 15 Business Days following the last Business Day of January and July commencing in July 2012, but the Portfolio Securities may be changed more frequently if: i) an equity security in the Portfolio is no longer listed on the S&P/TSX Composite Index; ii) an issuer whose securities are included in the Portfolio is the subject of a merger or other fundamental corporate action or change that in the opinion of the Manager requires the issuer's securities to be removed from the Portfolio; or iii) the Manager is no longer able to write call options on the equity securities of an issuer included in the Portfolio or if the Manager determines, in its discretion, that conditions render it impracticable to do so. In such circumstances, the equity securities that are removed from the Portfolio will be replaced with the equity securities of another issuer included in the S&P/TSX Composite Index that has a minimum current yield of 2.5% and had the next lowest volatility as determined at the time of the most recently completed rebalancing. In the event that the S&P/TSX Composite Index ceases to be maintained, the Fund may use an alternative index of Canadian equity securities or may take such other action as may be determined by the Manager to be in the best interests of the Unitholders including selecting any TSX-listed low volatility equity securities with a minimum current yield of 2.5% at the time of investment for inclusion in the Portfolio.

The Manager will write covered call options (and cash covered put options) from time to time on up to 25% of the Portfolio in order to seek to earn additional income from option premiums to supplement the dividends and distributions generated by the Portfolio and to further decrease the overall volatility of returns associated with the Portfolio Securities. See "Investment Strategy — Covered Option Writing".

In order to facilitate distributions and/or pay expenses of the Fund, the Fund may sell Portfolio Securities at its discretion in which case the weighting of the Portfolio will be affected. To the extent that the Fund has excess cash at any time, at the Manager's discretion, such excess cash may be invested by the Fund in additional Portfolio Securities, generally targeting investment in Portfolio Securities which are less than average weight in the Portfolio at the time. The Fund does not intend to borrow money or employ other forms of leverage.

Indicative Portfolio

The table below lists the 30 issuers that would have been included in the Portfolio if it had been formed and fully invested on October 31, 2011.

Indicative Portfolio(1)

Company	Market Capitalization ($ Millions)	360 Day Volatility	Current Yield	Annualized Total Returns to September 30, 2011			
				1 Year	3 Years	5 Years	10 Years
AltaGas Ltd.	$ 2,524.4	18.43%	4.69%	33.64%	15.13%	8.58%	23.92%
Bank of Montreal	$37,601.6	18.96%	4.75%	3.32%	14.58%	2.27%	8.46%
BCE Inc.	$30,719.0	14.33%	5.24%	23.86%	8.37%	10.34%	5.98%
Bell Aliant Inc.	$ 6,392.2	12.36%	6.77%	15.61%	14.52%	5.38%	n/a
Calloway REIT	$ 3,138.9	19.06%	5.89%	13.34%	21.54%	6.92%	n/a
Canadian REIT	$ 2,386.3	17.47%	4.06%	19.14%	13.61%	11.23%	18.98%
Canadian Utilities Ltd.	$ 7,709.4	18.34%	2.67%	28.34%	21.86%	12.06%	13.18%
Capital Power Corp.	$ 1,252.1	17.00%	5.00%	10.97%	n/a	n/a	n/a
CI Financial Corp.	$ 5,756.2	18.90%	4.50%	3.97%	8.87%	−1.57%	14.08%
Cominar REIT	$ 1,564.4	16.39%	6.38%	5.84%	8.75%	8.12%	15.06%
Dundee REIT	$ 2,154.9	18.40%	6.65%	21.24%	13.50%	7.34%	17.10%
Emera Inc.	$ 4,000.7	18.03%	4.12%	13.81%	20.45%	14.87%	12.10%
Enbridge Inc.	$26,818.7	16.36%	2.84%	28.18%	23.49%	16.97%	15.93%
First Capital Realty Inc.	$ 2,787.2	18.64%	4.92%	15.23%	16.64%	7.60%	15.84%
Fortis Inc.	$ 6,298.4	17.05%	3.44%	6.80%	15.48%	10.08%	16.24%
IGM Financial Inc.	$11,080.8	16.80%	5.00%	11.45%	10.51%	3.55%	12.83%
Inter Pipeline Fund LP	$ 4,461.6	18.96%	5.60%	24.24%	29.11%	18.93%	19.65%
Keyera Corp.	$ 3,240.2	19.47%	4.49%	51.37%	41.60%	26.63%	n/a
Laurentian Bank of Canada	$ 1,100.1	19.21%	3.65%	5.88%	9.53%	13.16%	8.46%
Manitoba Telecom Services Inc.	$ 2,098.5	18.57%	5.32%	21.44%	0.59%	−1.37%	4.35%
National Bank of Canada	$11,502.0	18.32%	3.99%	11.75%	17.99%	7.40%	13.81%
Pembina Pipeline Corp.	$ 4,548.2	17.84%	5.75%	33.52%	27.38%	17.73%	19.60%
Power Financial Corp.	$19,048.3	19.13%	5.20%	−7.47%	−3.53%	−1.25%	7.69%
Primaris REIT	$ 1,655.4	17.77%	5.91%	11.47%	16.80%	10.28%	n/a
RioCan REIT	$ 6,760.8	17.74%	5.46%	20.07%	17.11%	8.73%	17.14%
Shaw Communications Inc.	$ 8,887.7	18.51%	4.56%	−2.04%	3.91%	8.83%	5.26%
Telus Corp.	$16,999.9	17.02%	4.33%	17.25%	15.35%	0.27%	14.46%
Thomson Reuters Corp.	$24,494.1	17.89%	4.20%	−24.08%	3.05%	−5.81%	−1.71%
TransAlta Corp.	$ 4,887.5	17.66%	5.29%	9.66%	−2.12%	3.88%	5.54%
TransCanada Corp.	$29,859.6	15.40%	3.97%	16.09%	8.29%	8.17%	12.13%
Average	$ 9,724.3	17.67%	4.82%				
S&P/TSX Composite Index(2)	25,251.0	28.42%	2.74%	−3.55%	2.66%	2.60%	7.95%

Source: Bloomberg

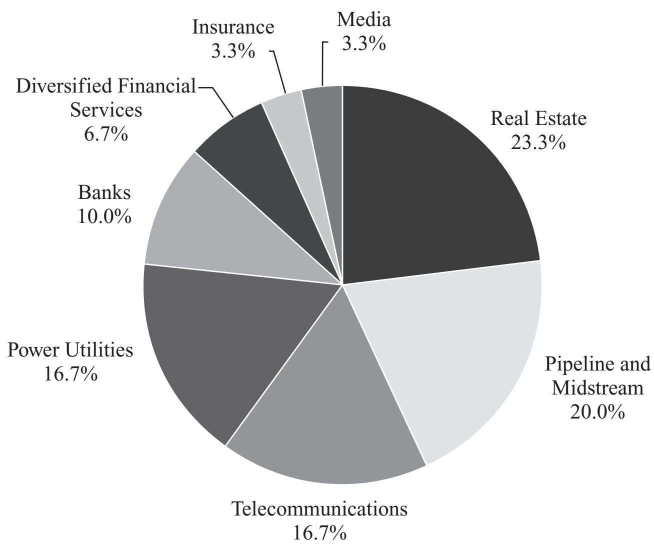
(1) As at October 31, 2011 except for total returns which have been calculated to the end of the most recent calendar quarter. Current yield is based on the last dividend or distribution paid annualized and divided by the closing price on October 31, 2011.

(2) Market capitalization, 360 day volatility and current yield shown are the weighted averages of the index constituents.

The information above is historical and is not intended to be, nor should it be construed to be, an indication as to the future yield of the Portfolio Securities or the Fund. Yields actually earned on the Portfolio may be significantly different than those presented in the Indicative Portfolio. The composition of the Indicative Portfolio above is as at October 31, 2011 and the actual Portfolio will vary from time to time as a result of changes to the composition, yield and volatility levels of the constituents of the S&P/TSX Composite Index, and may differ substantially from the select issuers whose information is described above. The information provided above is provided for illustrative purposes only and should not be construed as a forecast or projection. No assurance can be given that the historical market volatility, yield or total return reported in the above table will be experienced by the Portfolio Securities at any time or from time to time. See "Risk Factors".

The following chart illustrates the industry distribution of the Indicative Portfolio.

Indicative Portfolio Industry Distribution



Note: As at October 31, 2011

The following table compares the average volatility of the Indicative Portfolio to the broader Canadian equity market, as represented by the weighted average volatility of the constituents of the S&P/TSX Composite Index, over the 30, 90, 180 and 360 day periods ending October 31, 2011.

Current Volatility

	30 Days	90 Days	180 Days	360 Days
Indicative Portfolio Average	20.18%	21.94%	18.72%	17.67%
S&P/TSX Composite Index Average	40.96%	36.64%	31.23%	28.42%

Source: Bloomberg

Note: As at October 31, 2011. S&P/TSX Composite Index average is the weighted average of the index constituents.

Covered Option Writing

The Manager believes that a covered call writing strategy is an effective way to help lower the volatility of a portfolio of equity securities for an investor and potentially improve investment returns that the investor would otherwise have achieved by owning the individual securities in the Portfolio directly.

Covered call options will be written in respect of a maximum of 25% of the Portfolio at any time. In addition, from time to time, the Manager may write cash covered put options. The extent to which any of the individual Portfolio Securities are subject to options and the terms of such options will vary from time to time based on the Manager's assessment of the market. In addition to writing covered call options, the Fund may also write cash covered put options and may purchase call options and put options with the effect of closing out existing call options and put options written by the Fund.

The historical average, low, high and current values of the trailing 30 day volatility (expressed in percentages on an annualized basis) for the securities included in the Indicative Portfolio for the period from October 31, 2001 to October 31, 2011 (or from the first measured 30 day volatility for securities with less than 10 years of trading history) are set out in the chart below:

Historical 30 Day Volatility of the Indicative Portfolio

	30 Day Volatility			
Issuer Name	**Average**	**Low**	**High**	**Current**
AltaGas Ltd.	23.96%	5.91%	74.25%	21.43%
Bank of Montreal	21.88%	6.09%	82.48%	21.58%
BCE Inc.	22.15%	5.21%	142.39%	13.43%
Bell Aliant Inc.	16.26%	4.97%	58.93%	12.25%
Calloway REIT	22.97%	6.43%	90.73%	19.01%
Canadian REIT	20.86%	6.95%	72.41%	15.86%
Canadian Utilities Ltd.	21.69%	3.69%	77.53%	22.55%
Capital Power Corp.	16.00%	6.31%	33.35%	20.46%
CI Financial Corp.	28.36%	9.39%	86.49%	20.45%
Cominar REIT	18.49%	6.96%	77.45%	19.03%
Dundee REIT	23.61%	5.51%	132.85%	21.98%
Emera Inc.	16.73%	7.09%	44.66%	24.16%
Enbridge Inc.	19.15%	7.82%	69.44%	20.63%
First Capital Realty Inc.	19.28%	7.14%	52.47%	20.29%
Fortis Inc.	19.31%	6.85%	79.84%	20.13%
IGM Financial Inc.	23.64%	8.50%	81.98%	18.53%
Inter Pipeline Fund LP	19.26%	7.02%	64.03%	22.04%
Keyera Corp.	24.62%	7.54%	74.44%	20.12%
Laurentian Bank of Canada	22.43%	4.98%	72.88%	20.97%
Manitoba Telecom Services Inc.	18.77%	6.95%	46.73%	21.04%
National Bank of Canada	21.97%	7.37%	102.44%	20.98%
Pembina Pipeline Corp.	20.17%	7.18%	86.82%	19.80%
Power Financial Corp.	22.07%	7.04%	94.98%	29.49%
Primaris REIT	23.81%	8.80%	92.68%	13.14%
RioCan REIT	20.84%	5.96%	75.00%	16.78%
Shaw Communications Inc.	26.83%	10.17%	85.81%	23.07%
Telus Corp.	28.92%	9.83%	136.75%	13.33%
Thomson Reuters Corp.	22.83%	8.77%	76.23%	23.11%
TransAlta Corp.	23.08%	8.55%	94.20%	28.24%
TransCanada Corp.	17.27%	7.63%	73.58%	21.62%
Average	21.57%	7.09%	81.13%	20.18%

Source: Bloomberg

Note: As at October 31, 2011

Income from Covered Call Option Writing

The following tables sets forth the annualized yield, net of fees and expenses payable by the Fund, generated by writing at-the-money covered call options on a monthly basis on the indicated proportion of the Indicative Portfolio at the specified volatility levels and such annualized yield together with the yield currently generated by the Indicative Portfolio from dividends and distributions, in each case as at October 31, 2011.

The income numbers shown below do not take into account the potential price impact on the Portfolio's value resulting from writing covered call options. Securities in respect of which the Fund has written covered call options have the full downside risk associated with a regular security holding but are limited in upside return to the amount out-of-the money at which the call is written. In the case of covered call options written at-the-money, the investor foregoes any upside return but the investor receives the premium payment. In an upward trending market, a portfolio that is subject to covered call option writing will generally provide lower total returns and a commensurately lower volatility. In a flat or downward trending market, such a portfolio will generally provide higher relative returns as well as lower volatility.

Annualized Net Cash Flow Yield From Call Premiums Only

	Volatility					
% of Portfolio	**10.0%**	**15.0%**	**20.0%**	**25.0%**	**30.0%**	**35.0%**
			Annualized Yield			
15%	0.48%	1.45%	2.41%	3.38%	4.34%	5.31%
20%	1.05%	2.33%	3.62%	4.91%	6.20%	7.49%
25%	1.61%	3.22%	4.83%	6.44%	8.05%	9.66%

Note: As at October 31, 2011

Annualized Net Cash Flow Yield From Dividends, Distributions and Call Premiums

	Volatility					
% of Portfolio	**10.0%**	**15.0%**	**20.0%**	**25.0%**	**30.0%**	**35.0%**
			Annualized Yield			
15%	5.03%	5.99%	6.96%	7.92%	8.89%	9.86%
20%	5.59%	6.88%	8.16%	9.45%	10.74%	12.03%
25%	6.15%	7.76%	9.37%	10.98%	12.59%	14.20%

Note: As at October 31, 2011

The information above is provided for illustrative purposes only and should not be construed as a forecast or projection. No assurance can be given that the returns from call option writing upon which the estimated gross income of the Fund has been based or the yield generated by dividends and distributions paid on the Portfolio Securities will be realized. The Fund will not write covered call options on more than 25% of the Portfolio at any time. See "Risk Factors".

The table above was generated using a modified Black-Scholes Model and assumes that call options will be written at-the-money and is based on the following assumptions:

(i) the gross proceeds from the Offering are $100 million and the net proceeds are fully invested in the securities of the issuers included in the Indicative Portfolio;

(ii) the range of volatility shown in the table approximates the range of the historical average volatility of the securities in the Indicative Portfolio;

(iii) all call options are exercisable only at maturity and are written at-the-money;

(iv) all call options are written for a term of 30 days;

(v) the risk-free or benchmark interest rate equals 0.84% per annum;

(vi) the average yield from dividends and distributions paid on the securities of the Indicative Portfolio that have publicly traded options is approximately 4.49% per annum;

(vii) there are no realized capital gains or losses on the securities for the period during which the call options are outstanding (for illustrative purposes only — the Fund expects that there will be capital gains and losses that may have a positive or negative effect on the value of the Fund); and

(viii) annual expenses (ordinary and extraordinary) of the Fund are $200,000, plus fees payable to the Manager of 0.65% of the Net Asset Value, plus the Service Fee of 0.30% of the value of the Units held by clients of a registered dealer and payable to each registered dealer whose clients hold Units, in each case, plus any applicable taxes.

Call Options — General

A call option is a right, but not an obligation of the holder of the call option to purchase a security from the seller of the call option at a specified purchase or "strike" price at any time during a specified time period. The writing of call options by the Fund will involve the selling of call options in respect of a maximum of 25% of the Portfolio. Such call options may be either exchange-traded options or over-the-counter options. Because call options will be written only in respect of Portfolio Securities and because the investment criteria of the Fund prohibit the sale of Portfolio Securities subject to an outstanding option, the call options will be covered at all times.

The holder of a call option purchased from the Fund will have the option, exercisable during a specific time period or at expiry of the option, to purchase the securities underlying the option from the Fund at the strike price per security. By selling call options, the Fund will receive option premiums, which are generally paid within one Business Day of the writing of the option. If volatility of the Portfolio Securities decreases, it is anticipated that a greater percentage of the Portfolio (but not greater than 25%) will be subject to covered call options and that the strike price of the call options will be closer to, and potentially lower than, the market price of the security underlying the call option at the time the call option is written. If at any time during the term of a call option or at expiry, the market price of the underlying securities is above the strike price, the holder of the option may exercise the option and the Fund will be obligated to sell the securities to the holder of the option at the strike price per security. Alternatively, the Fund may repurchase a call option which is in-the-money by paying the market value of the call option. If, however, the option is out-of-the-money at expiration of the call option, the holder of the option will not likely exercise the option and the option will expire. In each case, the Fund will retain the option premium received on the sale of the option. See "Call Option Pricing" below.

The amount of option premium depends upon, among other factors, the expected volatility of the price of the underlying security. The higher the volatility, the higher the option premium. In addition, the amount of the option premium will depend upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become in-the-money during the term and, accordingly, the greater the option premium. See "Call Option Pricing" below.

To the extent that a call option is written on a security in the Portfolio, the amounts that the Fund will be able to realize on the security during the term of the call option will be limited to the distributions received during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Fund will forego potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the option premium.

Call Option Pricing

Some investors and financial market professionals price call options based on the Black-Scholes Model. In practice, however, actual option premiums are determined in the marketplace and there can be no assurance that the values generated by the Black-Scholes Model can be attained in the market.

The information set forth below is only a summary of the Black-Scholes model and is provided to facilitate investors' understanding of some of the principals upon which the valuation of call option pricing may be based.

Under the Black-Scholes Model (modified to include dividends), the primary factors that affect the option premium received by the seller of a call option are the following:

the volatility of the price of the underlying security	the volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the option premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or "trailing" the date of calculation.
the difference between the strike price and the market price of the underlying security at the time the option is written	the smaller the positive difference (or the larger the negative difference), the greater the option premium.
the term of the option	the longer the term, the greater the call option premium.
the "risk-free" or benchmark interest rate in the market in which the option is issued	the higher the risk-free interest rate, the greater the call option premium.
the dividends expected to be paid on the underlying security during the relevant term	the greater the dividends, the lower the call option premium.

OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

The Fund will invest in the 30 equity securities which have the lowest volatility of those securities in the S&P/TSX Composite Index that have a minimum current yield of 2.5% at the time of investment.

Volatility will be measured using the 360 day volatility for each security included in the S&P/TSX Composite Index. Volatility is a measure of the historical variation in the return of a financial instrument observed over a specific period of time and does not measure the direction of returns. Volatility is generally used to assess the risk of an investment. In general, a stock that exhibits a small range of returns over a specific period of time, both positive and negative, is less volatile than a stock that exhibits a larger range of returns, both positive and negative, over the same period. Two instruments with different volatilities may have the same expected return, but the instrument with higher volatility experiences larger swings in value over a given period of time.

The continuing high levels of volatility in the stock markets have caused some investors to be concerned about the risk/reward profile of investing in equities. Academic research has shown that low volatility stocks have historically outperformed high volatility stocks. A recent study published in the CFA Institute's Financial Analysts Journal sorted the top 1,000 stocks in the United States by market capitalization into five groups based on volatility over a 41 year period ending December 2008.[(1)] A dollar invested in the lowest volatility portfolio in January 1968 would have grown to $53.81 over 41 years, representing a compounded annual growth rate (CAGR) of 10.2%, whereas a dollar invested in the highest volatility portfolio would have grown to $7.35, a CAGR of 5.0%. Another study examined the returns of low and high volatility stocks in 23 developed countries from 1980 to 2003.[(2)] The study found that the average return on a portfolio of stocks with the lowest volatility exceeded the average return of a portfolio of the highest volatility stocks by 1.31% per month. This effect was individually significant for each of the largest seven major equity markets including Canada.

(1) Baker, Malcolm, Brendan Bradley, and Jeffrey Wurgler. 2011. "Benchmarks as Limits to Arbitrage: Understanding the Low-Volatility Anomaly." Financial Analysts Journal, vol. 67, no. 1 (January/February): 40-54.

(2) Ang, Andrew, Robert J. Hodrick, Yuhang Xing, and Xiaoyan Zhang. 2009. "High Idiosyncratic Volatility and Low Returns: International and Further U.S. Evidence." Journal of Financial Economics, vol. 91, no. 1 (January): 1-23.

Strong relative performance of low volatility stocks is also evident when comparing low volatility equity indices to broader equity indices. The MSCI Global Minimum Volatility Indices are designed to serve as benchmarks for managed volatility equity strategies. The indices aim to reflect the performance characteristics of a minimum-variance portfolio, focused on absolute return and volatility with the lowest absolute risk. The MSCI World Minimum Volatility Index has generated an annualized total return of 14.01% since its inception on June 22, 2009, whereas the MSCI World Index returned 9.59% over the same period. For six month and one year periods ending September 30, 2011, the MSCI World Minimum Volatility Index returned −1.27% and 6.65%, respectively, whereas the MSCI World Index returned −16.22% and −4.35%, respectively. On April 20, 2011, S&P initiated the S&P 500 Low Volatility Index, which is designed to measure the performance of the 100 least volatile stocks of the S&P 500 Index. The volatilities of the S&P 500 constituents are calculated using daily data for the past year and are ranked in order of their realized volatility, with the 100 least volatile stocks comprising the S&P 500 Low Volatility Index. The S&P 500 Low Volatility Index is rebalanced quarterly and the weight for each index constituent is set inversely proportional to its volatility.

Information with respect to the studies and the indices set out above is provided for additional informational purposes only. Such information is not intended to predict or suggest the future returns of the Fund and should not be considered a substitute for the Fund's own performance information which will differ, among other reasons, because the Fund invests in Canadian securities with a minimum specified yield at the time of investment and employs a covered call option writing strategy. Past performance is no guarantee of future results.

The Manager believes that many of the reasons that may explain why low volatility stocks have outperformed are driven by behavioral factors. One possible reason is the "lottery ticket effect" where certain investors buy volatile stocks in an effort to get rich quickly. In addition, portfolio managers may be biased to more volatile stocks in order to have an opportunity to outperform their benchmark and enjoy the consequent financial rewards that accompany this. Portfolio managers may also favour high volatility stocks because they believe such an investment better rewards their ability to pick winning stocks. These factors may increase demand for higher volatility stocks causing them to be overvalued and underperform. Another factor may be that, because lower volatility stocks experience smaller price changes than higher volatility stocks, lower volatility stocks may have fewer losses to make up when stock prices fall to generate flat performance.

The Manager believes that issuers whose securities exhibit historically low levels of volatility tend to have stable cash flows and earnings and pay dividends to investors. Dividend paying issuers require management teams to be disciplined with their investment decisions. With a significant amount of cash flow allocated to dividends or distributions, management must focus on identifying the best use of remaining free cash flow to grow shareholder value and enhance dividends in the future. Growth initiatives that need additional capital require management to access the capital markets which provides greater control and scrutiny over such projects to investors. The average current yield of the securities included in the Indicative Portfolio was 4.82% on October 31, 2011. In addition, the dividends and distributions paid by the securities included in the Indicative Portfolio have grown by an average compound annual growth rate of 4.88% over the 5 year period ending October 31, 2011.

Interest rates on government and corporate bonds remain near historical lows, making it difficult for investors to attain a reasonable level of income and exposing them to potential capital losses when interest rates eventually rise or due to deterioration in issuers' creditworthiness. The Manager believes that dividends and distributions from low volatility equity securities combined with income from option premiums will provide attractive levels of after-tax income relative to bonds, over the short and medium term. Eligible dividends from taxable Canadian corporations have more favourable tax treatment for taxable investors than other income distributions.

Tax Benefits

The Manager believes that distributions made by the Fund will be taxed at lower rates than ordinary income. The Manager anticipates that a significant portion of distributions paid by the Fund will be characterized as eligible dividends for tax purposes. Eligible dividends from taxable Canadian corporations have more favourable tax treatment for taxable investors than other income distributions. In the Province of Ontario, ordinary income and interest is taxed at 46.41% for investors in the highest tax bracket. Due to the dividend tax credit, dividends that are designated as eligible dividends for purposes of the Tax Act are expected to be taxed at only 29.54% in the hands of individuals resident in the Province of Ontario in 2012. Consequently, as demonstrated in the chart below, assuming an individual investor pays tax at the highest marginal income tax rate in Ontario, an eligible dividend of 6.00% is equivalent to an ordinary income or interest rate of 7.89%.

The Manager also anticipates that a portion of the distribution (attributable to the covered call writing program) will be characterized as capital gains. The effective tax rate for capital gains is half the level of ordinary income. The Manager believes that as more investors appreciate the significant after-tax benefits of dividends versus interest income, the demand for higher-yielding equity investments will continue to grow.

	Investor A*	Investor B*	Percentage Difference
Dividend	$ 0	$ 100	
Interest Income	$ 100	$ 0	
Tax Rate	46.41%	29.54%	
After Tax Income	$53.59	$70.46	31.48%

* for an Ontario resident individual

INVESTMENT RESTRICTIONS

The investment restrictions of the Fund, which are set forth in the Trust Agreement, provide that the Fund will not:

(a) purchase equity securities other than equity securities included in the S&P/TSX Composite Index with a minimum current yield of 2.5% at the time of inclusion in the Portfolio;

(b) purchase debt securities unless such securities are cash equivalents as defined in NI 81-102;

(c) write covered call options on more than 25% of the assets held in the Portfolio;

(d) write call options unless the security underlying the option is owned by the Fund;

(e) write put options unless the underlying securities are ones in which the Fund is permitted to invest and the Fund holds, and continues to hold for so long as such options are exercisable, cash and/or cash equivalents sufficient to acquire such securities at the strike price of such options;

(f) dispose of any security that is subject to a call option written by the Fund unless such option has either terminated or expired;

(g) make or hold any investment or conduct any activity that would result in the Fund failing to qualify as a "mutual fund trust" within the meaning of the Tax Act;

(h) purchase or enter into currency forwards or futures except for the purposes of hedging as defined in NI 81-102;

(i) enter into any arrangement (including the acquisition of securities for the Portfolio) that is a dividend rental arrangement for the purposes of the Tax Act;

(j) hold (i) any investments that could require the Fund to include any significant amounts in income pursuant to the offshore investment fund property rules in section 94.1 of the Tax Act as modified by the draft legislation dated August 27, 2010, (ii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of proposed section 94 of the Tax Act set forth in the draft legislation dated August 27, 2010, or (iii) any interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, as set forth in the draft legislation dated August 27, 2010 (or, in each of (i), (ii) and (iii) amendments to such Tax Proposals, provisions as enacted into law or successor provisions thereto);

(k) invest in any security that is a "tax shelter investment" within the meaning of the Tax Act;

(l) make or hold any investment that would result in the Fund becoming a SIFT Trust within the meaning of subsection 122.1(1) of the Tax Act;

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

(n) acquire or continue to hold any property that would be "taxable Canadian property" (as such term is defined in the Tax Act if the definition were read without paragraph (b) thereof) (or any such amendments to that definition) or other types of "specified property" (as defined in the September 16th Tax Proposals) if the total fair market value of such property exceeds 10% of the total fair market value of all property owned by the Fund.

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

FEES AND EXPENSES

Initial Fees and Expenses

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing this prospectus, legal expenses, marketing expenses and reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which are estimated to be $500,000 (but not to exceed 1.5% of the gross proceeds of the Offering), will be paid out of the gross proceeds of the Offering by the Fund. In addition, the Agents' fee will be paid to the Agents from the gross proceeds as described under "Plan of Distribution".

Management Fee

The Manager will receive a management fee from the Fund equal in the aggregate to 0.95% per annum of the Net Asset Value, comprised of 0.65% per annum of the Net Asset Value calculated and accrued daily and payable monthly in arrears, plus an amount equal to the Service Fee payable to registered dealers of 0.30% per annum of the Net Asset Value described below, in each case plus applicable taxes. The Management Fee of 0.65% 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.

Service Fee

The Manager will pay to registered dealers a Service Fee (calculated quarterly and paid as soon as practicable after the end of each quarter) with respect to the Units equal to 0.30% per annum of the Net Asset Value, plus applicable taxes. The Manager will pay the Service Fee to registered dealers based on the number of Units held by clients of such registered dealers at the end of the relevant quarter. The Service Fee payable in respect of the quarter in which Closing occurs will be pro-rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the quarter is of the number of days in such quarter.

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 and investor relations, fees and expenses relating to the voting of proxies by a third party, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies and 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, the Custodian, 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 payable by the Fund, exclusive of the Management Fee, brokerage expenses related to Portfolio transactions and any extraordinary expenses which may be incurred from time to time will be approximately $200,000 per year (assuming an aggregate size of the Offering of approximately $100 million).

Additional Services

Any arrangements for additional services between the Fund and the Manager, or any 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. Any such additional services and the associated expenses will be subject to review by the Independent Review Committee.

RISK FACTORS

Certain risk factors relating to the Fund, the Units and an investment in Portfolio 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 return on the assets in the Portfolio and the value of the assets 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 assets in the Portfolio, the Fund will have insufficient assets to achieve its distribution and capital appreciation investment objectives.

Risks Relating to Fluctuation in Value of Portfolio Securities and Performance of the Portfolio

The Net Asset Value will vary according to the value of the Portfolio Securities. The Fund and the Manager have no control over the factors that affect the value of the Portfolio Securities, including both 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 issuers of the Portfolio Securities and their 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, materials and other commodity prices, operational risks relating to the specific business activities of the issuers, industry competition, uncertainty and costs of funding capital projects, development of new technology, protection of intellectual property, environmental, health and safety risks, issues relating to government regulation and other events that may affect the value of their securities.

General Risks of Investing in Equity Securities

The Fund will be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. In addition, issuers of equity securities may reduce or eliminate dividends.

Use of Options and Other Derivative Instruments

The Fund is subject to the full risk of its investment position in the Portfolio Securities including those securities that are subject to outstanding call options and those securities underlying put options written by the Fund, should the market price of such securities decline. Securities in respect of which the Fund has written covered call options have the full downside risk associated with a regular security holding but are limited in upside return to the amount out-of-the money at which the call is written. In the case of covered call options written at-the-money, the Fund will receive the premium payment but will forego any upside return. In an upward trending market, a portfolio that is subject to covered call option writing will generally provide lower total returns and a commensurately lower volatility. In a flat or downward trending market, such a portfolio will generally provide higher relative returns as well as lower volatility.

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

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

Some investors and financial market professionals price call options based on the Black-Scholes Model. In practice, however, actual option premiums are determined in the marketplace and there can be no assurance that the values generated by the Black-Scholes Model can be attained in the market.

In purchasing call or put options, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange-traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is risk of loss by the Fund in the event of the bankruptcy of the dealer with whom the Fund has an open position in an options contract. The inability to close out options could also have an adverse impact on the Fund's ability to use derivatives instruments to effectively hedge its Portfolio or implement its investment strategies.

The use of options may have the effect of limiting or reducing the total returns of the Fund if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the income associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested directly in the Portfolio Securities. In such an event, the Fund would have to increase the percentage of the Portfolio that is subject to covered call options in order to meet its targeted distributions.

Passive Management Risk

An investment in Units should be made with an understanding that the value of the Portfolio Securities may fluctuate in accordance with the financial condition of the issuers of such securities from time to time, the value of the securities generally and other factors. Because it is the Fund's intention to invest in the Portfolio Securities on a passive basis, the Portfolio will not be actively managed by traditional methods and, accordingly, will not be repositioned to attempt to take defensive positions in declining markets. The adverse financial condition of an issuer will not necessarily result in the removal of its securities from the Portfolio. In addition, the performance of the Portfolio Securities will not necessarily reflect changes in the value of the issuers of such securities due to, among other things, the option writing strategy used by the Fund.

Global Financial Developments

Global financial markets experienced a sharp increase in volatility beginning in 2008. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities contributing to a reduction in liquidity among financial institutions and a reduction in the availability of credit to those institutions and to the issuers who borrow from them. While central banks and governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world in the near to medium term. Some or all of these economies may experience significantly diminished growth and some or all may suffer a recession the duration of which cannot be predicted. 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 Portfolio Securities. A substantial decline in the North American equities markets could be expected to have a negative effect on the Fund and the market price of the Units.

Risks Relating to Reliance on the Manager

The Manager will manage and advise the Fund and implement the Fund's investment strategy 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.

Concentration Risk

The Portfolio will be concentrated in equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum current yield of 2.5% at the time of investment and accordingly may be concentrated in equity securities in specialized industries or market sectors. As a result, changes that affect any such specialized industries or market sectors will have a greater effect on the Net Asset Value than a more broadly diversified portfolio, which may have a negative impact on the value of the Units.

Exchange Option Risk

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

Risks Relating to the Trading Price of the Units

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

Risks Relating to the Taxation of the Fund

In determining its income for tax purposes, the Fund will treat gains and losses realized on the disposition of Portfolio Securities, option premiums received on the writing of covered call options and any losses sustained on closing out options as capital gains and capital losses in accordance with the CRA's published administrative practice. The CRA's practice is not to grant advance income tax rulings on the character of items as capital or income and no advance income tax ruling has been applied for or received from the CRA. If some or all of the transactions undertaken by the Fund were treated on income rather than capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

If the SIFT Rules become applicable to the Fund, it will be subject to a tax on certain income (other than taxable dividends), commencing in the taxation year in which it becomes a SIFT Trust, notwithstanding that the income is distributed to Unitholders. If the Fund were to become a SIFT Trust within the meaning of the SIFT Rules, the income tax considerations discussed under the heading "Income Tax Considerations" could be materially and adversely different in certain respects. See "Income Tax Considerations". The investment restrictions of the Fund are intended to ensure that the Fund will not be a SIFT Trust.

If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations would be materially and adversely different in certain respects. There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.

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

Currently, a trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released Tax Proposals which propose that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of "specified property" (the "September 16th Tax Proposals"). If the September 16th Tax Proposals were to be enacted as proposed, and if these circumstances applied to the Fund, the Fund would thereafter cease to be a mutual fund trust and the income tax considerations as described under "Income Tax Considerations" would in some respects be materially different. The September 16th Tax Proposals do not currently provide any means of rectifying a loss of mutual fund trust status. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provision of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the September 16th Tax Proposals. Provided the Fund complies with its investment restrictions, it is expected that no more than the permissible percentage of the fair market value of the Fund's assets will at any time consist of taxable Canadian property or other types of "specified property".

Certain issuers of Portfolio Securities may be SIFT Trusts. In such event, the after-tax returns realized by Unitholders in respect of such investments may be similar to an investment in shares of a Canadian corporation. In addition, it is possible that SIFT Trusts may seek to restructure their affairs and organizational structures in a manner that could have an impact upon the returns to the Fund. Finally, the provisions of the Tax Act applicable to SIFT Trusts have had, and may continue to have, an effect on the trading price of interests in trusts that may be affected by such provisions.

No Ownership Interest Risk

An investment in Units does not constitute an investment by Unitholders in the assets included in the Portfolio. Unitholders will not own the assets held by the Fund. It is possible that the proceeds from the sale of Portfolio Securities will be used to satisfy other liabilities of the Fund, which liabilities could include obligations to third-party creditors in the event the Fund has insufficient assets, excluding the proceeds from the sale of such Portfolio Securities, to pay its liabilities.

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.

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 may engage in the promotion, management or investment management (including associated implementation of option strategies) 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, applicable directors and officers 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.

Risks Relating to the Status of the Fund

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

Risks Relating to Redemptions

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

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

Operating History Risk

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

Not a Trust Company

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

Risks Relating to the Nature of the Units

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

DISTRIBUTION POLICY

The Fund will not have a fixed distribution policy, but intends to make monthly distributions based on the actual and expected returns on the Portfolio. Based on current estimates and the assumptions set out below, the Fund's initial distribution target is expected to be $0.05 per Unit per month, representing an initial yield on the Unit issue price of 6.0% per annum. The initial monthly distribution will be payable to Unitholders of record on March 30, 2012 and will be paid no later than April 16, 2012. The first distribution will be pro-rated to reflect the period from the Closing Date to March 30, 2012. The Manager will review such distribution policy from time to time and the distribution amount may change from time to time.

The Portfolio would be required to generate a return of approximately 7.65% per annum in order for the Fund to maintain a stable Net Asset Value per Unit (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.60 per annum (assuming an offering size of $100 million and fees and expenses are as disclosed herein). The Fund is expected to generate dividend and distribution income of approximately 4.82% per annum (based on the current cash yield on the Indicative Portfolio which may vary from the actual Portfolio and therefore actual yield may vary). The Portfolio would be required to generate an additional return of approximately 2.83% per annum, including from option premiums, realized capital appreciation and dividend and distribution growth, in order for the Fund to maintain its initial targeted distributions level and a stable Net Asset Value. Based on the (i) current market volatility of approximately 21.16%, being the average current 30 day volatility of the securities included in the Indicative Portfolio that have listed options, and (ii) certain other factors as described herein under "Investment Strategies — Covered Option Writing", the Portfolio would be expected to generate net cash flow that exceeds the required return noted above by approximately 2.69%. The ability of the Fund to generate such returns will be dependent on the extent to which these assumptions turn out to be accurate. The monthly distributions to Unitholders will be substantially based upon the level of dividends and other distributions received on the Portfolio Securities and on the level of premiums realized by the Fund pursuant to the option writing strategy described herein. As the Fund will not write call options on more than 25% of the Portfolio, a significant decrease in the volatility of the Portfolio Securities could have a significant adverse effect on the distributable cash flow generated by the Fund and accordingly, the distributions, if any paid by the Fund from time to time. **The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Fund will make any distributions in any particular month or months or that the indicative distribution target will be met.** The use of call options may have the effect of precluding the Fund from participating in returns derived from the Portfolio Securities that are the subject of such options or limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the cost of closing out outstanding options. See "Distribution Policy". However, the Manager believes that in a slightly rising, flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written.

If the return on the Portfolio or the increase in the value of the Portfolio is less than the amount necessary to fund the monthly distributions and all expenses of the Fund and if the Manager chooses to nevertheless to ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and, accordingly, the Net Asset Value per Unit would be reduced.

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

PURCHASES OF SECURITIES

The Fund proposes to offer Units at a price of $10.00 per Unit (with a minimum subscription of 100 Units for $1,000). Prospective purchasers may subscribe for Units through one of the Agents or any member of a sub-agency group that the Agents may form. Closing of the Offering will take place on or about February 7, 2012, or such later date as may be agreed upon by the Fund and the Agents, but in any event no later than the date that is 90 days after the receipt is issued for the final prospectus of the Fund. The distribution price was determined by negotiation between the Agents and the Fund. See "Plan of Distribution".

Method to Purchase Units

Prospective purchasers may acquire Units either by (i) cash payment, or (ii) an exchange of freely tradeable securities of any issuer listed below (each, an "Exchange Eligible Issuer"). The maximum number of securities of any one Exchange Eligible Issuer that the Fund may acquire under the Offering pursuant to an exchange of securities of an Exchange Eligible Issuer (the "Exchange Option") is the lesser of (i) that number of securities with a fair market value which constitutes 9.9% of the equity value of such Exchange Eligible Issuer for purposes of section 122.1 of the Tax Act; and (ii) that number which would constitute 10% of the net assets of the Fund (such lesser number being referred to as the "Maximum Ownership Level"). To the extent the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Eligible Issuer, and an excess of securities of such Exchange Eligible Issuer above the Maximum Ownership Level has been deposited and not rescinded, then the securities of such Exchange Eligible Issuer will be accepted by the Manager up to the Maximum Ownership Level and the balance will be re-credited *pro rata* to purchasers' accounts through CDS.

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

Exchange Option Procedure

A prospective purchaser of Units who elected to pay for such Units by using the Exchange Option must have done so by means of a book-entry deposit with Computershare Investor Services Inc., as the Exchange Agent through CDS. Such book-entry deposits must have been made prior to 5:00 p.m. (Toronto time) on December 15, 2011 by a CDS Participant. However, such participants may have had an earlier deadline for receiving instructions from their respective clients to deposit securities into the Exchange Option. Once submitted to the Exchange Agent through CDS, the deposit of securities of an Exchange Eligible Issuer under the Exchange Option (including the transfer authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described below under the heading "Rescission". By authorizing a deposit of securities of an Exchange Eligible Issuer under the Exchange Option through CDS, a prospective purchaser authorized the transfer to the Fund of each such security and represents and warrants that the prospective purchaser has full right and authority to transfer the securities and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units in exchange for such securities of Exchange Eligible Issuers. The Manager's interpretation of the terms and conditions of the Exchange Option will be final and binding. The Manager reserves the right to waive any conditions of the Exchange Option (other than the Maximum Ownership Level) and to accept or reject, in whole or in part, any deposit of securities made pursuant to the Exchange Option for any reason including, without limitation, an unfavourable relationship between the Exchange Ratio as described below and the value of the securities of the Exchange Eligible Issuer.

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

Determination of Exchange Ratios

The number of Units issuable in exchange (the "Exchange Ratio") for the securities of an Exchange Eligible Issuer deposited by a prospective purchaser pursuant to the Exchange Option was determined by dividing the volume weighted average trading price of such securities on the TSX during the five consecutive trading days ending on December 15, 2011 (the "Pricing Period"), as adjusted to reflect dividends and distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by $10.00. For greater certainty, the distribution payable on the securities of any Exchange Eligible Issuer that were deposited under the Exchange Option and which have a record date before the Closing Date will be received by the prospective purchaser who deposited such securities and not by the Fund. The Exchange Ratios were rounded down to four decimal places. If a prospective purchaser of Units has deposited securities of one or more Exchange Eligible Issuers pursuant to the Exchange Option, and if the exchange of such securities for Units would otherwise result in the issuance of a fractional Unit, the Fund will, after the applicable withdrawal period has expired, forward a cash payment to CDS equal to $10.00 multiplied by such fraction of a Unit, in lieu of issuing a fractional Unit.

Delivery of Final Prospectus

Each prospective purchaser who authorized the deposit of securities of an Exchange Eligible Issuer through CDS by 5:00 p.m. (Toronto time) on December 15, 2011 will be furnished with a copy of the final prospectus relating to the Offering.

Rescission

A purchaser may rescind its purchase of Units hereunder by a written notice of rescission which must be received by the CDS Participant who effected such deposit on or before midnight on the second Business Day after receipt or deemed receipt of the final prospectus related to the Offering and any amendment. Any such notice of rescission must specify the securities of each Exchange Eligible Issuer to be so rescinded and the name of the prospective purchaser. A prospective purchaser also has the rights described under "Purchasers' Statutory Rights of Withdrawal and Rescission".

Exchange Eligible Issuers

The table below lists the securities that may be accepted by the Fund pursuant to the Exchange Option, including the name of the Exchange Eligible Issuer, the applicable CUSIP and ISIN number, the ticker symbol and the volume weighted average trading price.

Equity Securities

Name	TSX Symbol	CUSIP	ISIN	Volume weighted average trading price ($)	Exchange Ratio
AGF Management Ltd.	AGF.B	001092105	CA0010921058	15.2581	1.5258
Allied Properties Real Estate Investment Trust	AP.UN	019456102	CA0194561027	24.5054	2.4505
AltaGas Ltd.	ALA	021361100	CA0213611001	31.0155	3.1015
Artis Real Estate Investment Trust	AX.UN	04315L105	CA04315L1058	13.8816	1.3881
Atlantic Power Corp.	ATP	04878Q863	CA04878Q8636	13.3988	1.3398
Bank of Montreal	BMO	063671101	CA0636711016	54.9602	5.4960
Bank of Nova Scotia	BNS	064149107	CA0641491075	48.7353	4.8735
BCE Inc.	BCE	05534B760	CA05534B7604	40.8105	4.0810
Bell Aliant Inc.	BA	07786R204	CA07786R2046	27.9329	2.7932
Boardwalk Real Estate Investment Trust	BEI.UN	096631106	CA0966311064	51.5600	5.1560
Brookfield Office Properties Inc.	BPO	112900105	CA1129001055	15.6951	1.5695
Brookfield Renewable Energy Partners L.P.	BEP.UN	G16258108	BMG162581083	26.2801	2.6280

Name	TSX Symbol	CUSIP	ISIN	Volume weighted average trading price ($)	Exchange Ratio
Calloway Real Estate Investment Trust	CWT.UN	131253205	CA1312532056	26.3329	2.6332
Canadian Apartment Properties Real Estate Investment Trust	CAR.UN	134921105	CA1349211054	21.6352	2.1635
Canadian Imperial Bank of Commerce	CM	136069101	CA1360691010	71.6074	7.1607
Canadian Real Estate Investment Trust	REF.UN	13650J104	CA13650J1049	34.8358	3.4835
Canadian Utilities Ltd.	CU	136717832	CA1367178326	59.5916	5.9591
Capital Power Corp.	CPX	14042M102	CA14042M1023	24.2099	2.4209
Chartwell Seniors Housing Real Estate Investment Trust	CSH.UN	16140U100	CA16140U1003	8.0910	0.8091
CI Financial Corp.	CIX	125491100	CA1254911003	20.6520	2.0652
Cineplex Inc.	CGX	172454100	CA1724541000	26.2155	2.6215
Cominar Real Estate Investment Trust	CUF.UN	199910100	CA1999101001	21.7868	2.1786
Corus Entertainment Inc.	CJR.B	220874101	CA2208741017	19.3302	1.9330
Davis & Henderson Corp.	DH	239057102	CA2390571024	14.6469	1.4646
Dundee Real Estate Investment Trust	D.UN	265270207	CA2652702077	32.5009	3.2500
Emera Inc.	EMA	290876101	CA2908761018	32.4795	3.2479
Enbridge Inc.	ENB	29250N105	CA29250N1050	36.4274	3.6427
First Capital Realty Inc.	FCR	31943B100	CA31943B1004	17.4602	1.7460
Fortis Inc./Canada	FTS	349553107	CA3495531079	32.3919	3.2391
Genworth MI Canada Inc.	MIC	37252B102	CA37252B1022	20.1686	2.0168
Great-West Lifeco Inc.	GWO	39138C106	CA39138C1068	19.7084	1.9708
Groupe Aeroplan Inc.	AIM	399453109	CA3994531091	11.9500	1.1950
H&R Real Estate Investment Trust	HR.UN	404428203	CA4044282032	23.5499	2.3549
IGM Financial Inc.	IGM	449586106	CA4495861060	44.3092	4.4309
Industrial Alliance Insurance & Financial Services Inc.	IAG	455871103	CA4558711038	26.2109	2.6210
Intact Financial Corp.	IFC	45823T106	CA45823T1066	58.1339	5.8133
Inter Pipeline Fund	IPL.UN	45833P102	CA45833P1027	18.1173	1.8117
Just Energy Group Inc.	JE	48213W101	CA48213W1014	9.9320	0.9932
Keyera Corp.	KEY	493271100	CA4932711001	46.4872	4.6487
Laurentian Bank of Canada	LB	51925D106	CA51925D1069	45.4963	4.5496
Manitoba Telecom Services Inc.	MBT	563486109	CA5634861093	30.2812	3.0281
Manulife Financial Corp.	MFC	56501R106	CA56501R1064	10.6823	1.0682
National Bank of Canada	NA	633067103	CA6330671034	68.0475	6.8047
Northland Power Inc.	NPI	666511100	CA6665111002	16.9528	1.6952
Pembina Pipeline Corp.	PPL	706327103	CA7063271034	29.8245	2.9824
Power Corp of Canada	POW	739239101	CA7392391016	22.3778	2.2377
Power Financial Corp.	PWF	73927C100	CA73927C1005	25.0667	2.5066
Primaris Retail Real Estate Investment Trust	PMZ.UN	74157U109	CA74157U1093	20.4647	2.0464
Reitmans Canada Ltd.	RET.A	759404205	CA7594042052	15.7669	1.5766
RioCan Real Estate Investment Trust	REI.UN	766910103	CA7669101031	25.5664	2.5566
Rogers Communications Inc.	RCI.B	775109200	CA7751092007	37.1082	3.7108
Royal Bank of Canada	RY	780087102	CA7800871021	48.1035	4.8103
Shaw Communications Inc.	SJR.B	82028K200	CA82028K2002	19.9684	1.9968
Sun Life Financial Inc.	SLF	866796105	CA8667961053	19.1619	1.9161
TELUS Corp.	T	87971M103	CA87971M1032	55.6289	5.5628
Thomson Reuters Corp.	TRI	884903105	CA8849031056	27.2619	2.7261
TMX Group Inc.	X	87261X108	CA87261X1087	42.1872	4.2187
Toronto-Dominion Bank	TD	891160509	CA8911605092	72.8937	7.2893

Name	TSX Symbol	CUSIP	ISIN	Volume weighted average trading price ($)	Exchange Ratio
TransAlta Corp.	TA	89346D107	CA89346D1078	20.7917	2.0791
TransCanada Corp.	TRP	89353D107	CA89353D1078	42.5501	4.2550
Veresen Inc.	VSN	92340R106	CA92340R1064	14.3400	1.4340

Exchange Traded Funds

Name	TSX Symbol	CUSIP	ISIN	Volume weighted average trading price ($)	Exchange Ratio
iShares S&P/TSX Capped Composite Index Fund	XIC	46430J101	CA46430J1012	18.5535	1.8553
iShares S&P/TSX 60 Index Fund	XIU	46428D108	CA46428D1087	16.8142	1.6814
BMO Dow Jones Canada Titans 60 Index ETF	ZCN	05560E100	CA05560E1007	15.7937	1.5793

Sale by the Fund of the Securities of Exchange Eligible Issuers

Subject to the Manager's right to accept or reject, in whole or in part, any deposit of securities made pursuant to the Exchange Option, promptly following receipt and acceptance by the Fund of securities of any Exchange Eligible Issuer (other than low volatility securities to be included in the Portfolio), the Fund will sell such securities in the open market and invest the net proceeds thereof in Portfolio Securities.

REDEMPTION OF SECURITIES

Annual Redemptions

Units may be redeemed on an Annual Redemption Date, subject to certain conditions. In order to effect such a redemption, the Units must be surrendered during the period from June 15 until 5:00 p.m. (Toronto time) on the last Business Day in June in the year of redemption (the "Notice Period"), subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during the Notice Period will be redeemed on the Annual Redemption Date and the Unitholder surrendering such Units will receive payment on or before the Redemption Payment Date. Redeeming Unitholders will be entitled to receive a redemption price in an amount equal to 100% of the Annual Redemption Price. The Annual Redemption Price will be dependent upon the performance of the Portfolio. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains or income of the Fund incurred by it in the taxation year of the redemption. The Annual Redemption Price will vary depending on a number of factors. See "Risk Factors". Commencing in 2013, Unitholders depositing Units during the Notice Period will be entitled to elect to receive the Monthly Redemption Amount rather than the Annual Redemption Price.

Monthly Redemptions

In addition to the annual redemption right, Units may also be redeemed on a Monthly Redemption Date, subject to certain conditions. In order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the month in which the Monthly Redemption Date falls, subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption within such period will be redeemed on the Monthly Redemption Date and the Unitholder surrendering such Units will receive payment on or before the Redemption Payment Date. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains or income of the Fund incurred by it in the taxation year of the redemption.

Unitholders surrendering a Unit for redemption on a Monthly Redemption Date will receive a redemption price equal to the lesser of (i) 95% of the Market Price of a Unit, and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs, and less any net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption, being the Monthly Redemption Amount. The Monthly Redemption Amount will be dependent upon the performance of the Portfolio and the trading price of the Units and will vary depending on a number of factors. See "Risk Factors".

Exercise of Redemption Right

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

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

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

Suspension of Redemptions

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

INCOME TAX CONSIDERATIONS

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

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

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

Status of the Fund

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

This summary is also based on the assumption that the Fund will at no time be a SIFT Trust for purposes of the Tax Act. The Manager has advised counsel that the Fund will not be a SIFT Trust and the investment restrictions of the Fund prohibit it from making or holding any investment that would result in it being a SIFT Trust.

Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. The Manager has advised counsel that the Fund intends to make sufficient income, including net realized taxable capital gains of the Fund, payable to Unitholders in each taxation year so that the Fund is not liable to pay tax under Part I of the Tax Act for the taxation year, other than tax on net realized taxable capital gains that would be refunded to it with respect to such taxation year.

In computing its income for a taxation year, the Fund will be required to include all dividends and distributions received in the year on the Portfolio Securities.

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

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

The Fund will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing the Units. Such issue expenses will be deductible by the Fund rateably over a five-year period subject to reduction in any taxation year which is less than 365 days. Any non-capital losses incurred by the Fund may generally be carried forward or back in accordance with the rules and limitations contained in the Tax Act and deducted in computing the taxable income of the Fund.

In determining the income of the Fund, gains or losses realized upon dispositions of Portfolio Securities will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on an investment business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that the Fund will purchase the Portfolio with the objective of earning dividends or other distributions from the Portfolio Securities over the life of the Fund and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Manager has advised counsel that the Fund will elect in accordance with the Tax Act to have each of its "Canadian securities" (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Fund on the disposition of its "Canadian securities" are capital gains or capital losses, as the case may be.

The Fund is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the Fund acquires a property or a right to acquire a property (a "substituted property") that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund's capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year ("capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

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

Taxation of Unitholders

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year. The non-taxable portion of the Fund's net realized capital gains paid or payable (whether in cash or in Units) to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income and net realized capital gains for a taxation year paid or payable to the Unitholder in the year will generally not be included in the Unitholder's income, but will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund, and (ii) the taxable dividends received, or deemed to be received, by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules in the Tax Act will apply. Any loss incurred by the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

On the disposition or deemed disposition of a Unit (including on a redemption of a Unit), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (net of any reasonable costs of disposition) exceed (or are less than) the adjusted cost base of the Unit. Any capital gains or income distribution paid on the redemption of a Unit will not be included in the proceeds of disposition. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time. For this purpose, the cost of Units that have been issued as an Additional Distribution will generally be equal to the amount of the net income or capital gain distributed to the Unitholder in Units.

One-half of any capital gain (a "taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss (an "allowable capital loss") realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act. Subject to the detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of the Unitholder in any of the three years preceding the year of disposition or in any year following the year of disposition in accordance with the Tax Act.

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

The Exchange Option

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

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

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

Taxation of Registered Plans

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

Taxation Implications of the Fund's Distribution Policy

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

Eligibility for Investment

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act or the Units are listed on a designated stock exchange (which includes the TSX), such Units will be qualified investments under the Tax Act for Registered Plans.

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

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

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. The Manager is a leading provider of investment products, having raised over $2.2 billion in assets. The Manager is part of the Connor, Clark & Lunn Financial Group, a multi-boutique asset management firm whose affiliated managers are collectively responsible for the investment of approximately $38 billion in assets as at December 31, 2011.

The Manager has managed option writing activities since 2001 for mandates that have raised assets totaling more than $750 million. The Manager acts as option advisor for Faircourt Gold Income Corp., Metals Plus Income Corp. and Coxe Global Agribusiness Income Fund. The Manager also manages covered call writing activities for Australian Banc Income Fund. Other mandates managed by the Manager have included index strategies tracking the S&P 100 Index and the S&P Healthcare Index.

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 will perform, or will arrange for the performance of, management services for the Fund including portfolio management services and executing and maintaining the Fund's option writing activities.

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 fulfill its fiduciary responsibilities; 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 and monitor the Fund's investment strategy to ensure compliance with the Fund's investment guidelines and that the net proceeds of the Offering are invested as described under "Use of Proceeds".

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

Details of the Manager's Obligations under the Trust 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 the Unitholders 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 assets held by the Fund or for any loss or diminution in the value of such assets 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 willful 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 at least 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 the Unitholders. 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, the Fund shall give notice thereof to the Unitholders and the 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 it 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 any 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 willful 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 and the Portfolio 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.

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

Accounting and Reporting

The Fund's fiscal year-end will be October 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 and Chairman	Managing Partner, Connor, Clark & Lunn Financial Group
Darren N. Cabral . . . . Toronto, Ontario	Director, Vice-President and Chief Financial Officer	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 and became Chief Financial Officer on April 27, 2011.

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.

All investment decisions are made by a committee comprised of Mr. Murdoch and Mr. Cabral.

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.

Trustee of the Fund

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 at least 60 days' notice to the Manager and to the Unitholders. 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 trustee. If the Trustee resigns, its successor may be appointed by the Manager. The successor of the Trustee must be approved by the Unitholders if the Trustee is removed by the 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, in good faith and in the best interests of the 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, and its officers, directors, employees and 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 the Net Asset Value, 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 PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

Transfer Agent and Registrar and Exchange Agent

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

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. 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 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 on any day 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 assets 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 assets 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 assets on a Valuation Date at such times as the Valuation Agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;

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

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

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

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

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

(h) the value of 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;

(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;

(j) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof; and

(k) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value.

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

Reporting of Net Asset Value

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

DESCRIPTION OF THE UNITS

The Units

The beneficial interest in the net assets and net income of the Fund is divided into units. The Fund is authorized to issue an unlimited number of Units. Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units. 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 or income, 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, and income of, 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 all of 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 assets held by the Fund. The Fund has delegated to the Manager the responsibility for voting on matters for which the Fund receives, in its capacity as a securityholder, proxy materials for a meeting of securityholders of an issuer of securities held by the Fund. See "Proxy Voting Disclosure".

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

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

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

Purchase for Cancellation

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

Take-over Bids

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

Book Entry Only System

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

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

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

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

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

Matters Requiring Unitholder Approval

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

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

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

(c) any increase in the Management Fee;

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

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

(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;

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

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

Notwithstanding the foregoing, the Trustee or the Manager 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;

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

(e) provide added protection or benefit to Unitholders.

Amendment of 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 applicable regulatory requirements, and (ii) interim and annual management reports of fund performance in respect of the Fund. 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 does not have a fixed termination date. However, the Fund may be terminated at any time provided that the prior approval of Unitholders has been obtained by an Extraordinary Resolution at a meeting of Unitholders called for that purpose (the "Termination Date"); provided, however, that the Manager may, in its discretion, on at least 60 days' notice to Unitholders by way of press release, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager, it would be in the best interests of Unitholders to terminate the Fund. The Fund will also issue a press release ten days prior to the Termination Date setting forth the details of the termination including the fact that, upon termination, the net assets of the Fund will be distributed to Unitholders on a *pro rata* basis. Immediately prior to the termination of the Fund, including on the Termination Date, the Trustee will, to the extent possible, convert the assets of the Fund to cash and, after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund to the Unitholders as soon as practicable after the date of termination, subject to compliance with any securities or other laws applicable to such distributions.

Upon termination, the Trust Agreement provides that 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. Such assets, 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, unliquidated assets *in specie* rather than in cash. The value of any remaining assets of the Fund will be determined by the Manager, acting reasonably. Following such distribution, the Fund will be dissolved. There can be no assurance that Unitholders will receive $10.00 per Unit upon any termination of the Fund.

USE OF PROCEEDS

The net proceeds from the issue of the maximum number of Units offered hereby (after payment of the Agents' fee and before deducting the expenses of the Offering) are estimated to be approximately $94,750,000, assuming that the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full under the maximum Offering the net proceeds to the Fund (after payment of the Agents' fee and before deducting the expenses of the Offering) are estimated to be approximately $108,962,500. The expenses of the Offering, which are estimated to be $500,000 (but not to exceed 1.5% of the gross proceeds of the Offering), will be paid by the Fund out of the gross proceeds of the Offering. The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to invest in Portfolio Securities.

PLAN OF DISTRIBUTION

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

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

Subscription amounts received in trust will be held in segregated accounts with a depository who is a registered dealer, bank or trust company until the minimum amount of subscriptions for Units has been obtained. If subscriptions for a minimum of 2,000,000 Units (or $20,000,000) have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue and subscription proceeds will be returned to subscribers, without interest or deduction, unless an amendment to this prospectus is filed. In the event Closing does not occur for any reason, subscription proceeds received from prospective purchasers in respect of the Offering will be returned to such purchasers promptly without interest or deduction. The maximum number of Units that will be sold is 11,500,000 ($115,000,000). Under the terms of the Agency Agreement, the Agents, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, may terminate the Agency Agreement and withdraw all subscriptions for Units on behalf of subscribers. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. The Closing will take place on or about February 7, 2012, or such later date as the Fund and the Agents may agree, but in any event not later than the date that is 90 days after a receipt is issued for the final prospectus of the Fund.

The TSX has conditionally approved the listing of the Units subject to the Fund fulfilling all of the requirements of the TSX on or before March 5, 2012. The Units have not been, nor will they be, registered under the 1933 Act or any state securities legislation and these securities may not be offered or sold in the United States or to or for the account of a person in the United States or a U.S. person except in transactions exempt from the registration requirements of the 1933 Act. The Agents have agreed that they will not offer or sell these securities within the United States except in transactions that are exempt from the registration requirements of the 1933 Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States or to or for the account or benefit of a person in the United States or a U.S. person by a dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such an offer or sale is made otherwise than in accordance with an exemption from registration under the 1933 Act.

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

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

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO ASSETS HELD

Policies and Procedures

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

Because the Fund does not purchase assets for the purposes of exercising control or direction over the assets, 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 assets which are no longer held by the Fund.

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 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 most recent period ended December 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; and

(b) the Agency Agreement.

Copies of the foregoing documents after the execution thereof may be examined during normal business hours at the principal office of the Fund during the period of distribution to the public of the Units offered under the Offering and for a period of 30 days thereafter. Copies of the 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 Stikeman Elliott LLP and on behalf of the Agents by McCarthy Tétrault LLP.

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

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

AUDITOR'S CONSENT

We have read the prospectus of Low Volatility Canadian Equities Income Fund (the "Fund") dated January 25, 2012 relating to the initial public offering of units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the Unitholder and the Manager of the Fund on the statement of net assets of the Fund as at January 25, 2012. Our report is dated January 25, 2012.

Toronto, Ontario
January 25, 2012

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants, Licensed Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholder and the Manager of Low Volatility Canadian Equities Income Fund (the "Fund")

We have audited the accompanying statement of net assets of the Fund as at January 25, 2012 and the related notes, which are comprised of a summary of significant accounting policies and other explanatory information (the "financial statement").

Management's responsibility for the financial statement

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Fund as at January 25, 2012 in accordance with Canadian generally accepted accounting principles.

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
January 25, 2012

LOW VOLATILITY CANADIAN EQUITIES INCOME FUND
STATEMENT OF NET ASSETS
As at January 25, 2012

Assets

Cash	$10

Unitholder's Equity

Unitholder's Equity (Note 1)	$10

Approved on behalf of Low Volatility Canadian Equities Income Fund
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.*

LOW VOLATILITY CANADIAN EQUITIES INCOME FUND

NOTES TO STATEMENT OF NET ASSETS

As at January 25, 2012

1. ORGANIZATION AND UNITHOLDER'S EQUITY

Low Volatility Canadian Equities Income Fund (the "Fund") is a closed-end investment fund established under the laws of the Province of Ontario pursuant to a trust agreement dated as of January 25, 2012. The beneficiaries of the Fund will be the holders of the Units. The Fund's investment objectives are to provide Unitholders with (i) stable monthly distributions; (ii) the opportunity for capital appreciation; and (iii) an investment in a portfolio of Canadian equity securities that exhibit low volatility of returns. The return to the Unitholders and the Fund will be dependent upon the return on the Fund's portfolio. The beneficial interest in the net assets and net income of the Fund is divided into transferable, redeemable units (the "Units"). The Fund is authorized to issue an unlimited number of Units. Prospective purchasers may acquire Units either by (i) cash payment, or (ii) an exchange of freely tradeable securities of certain issuers. On January 25, 2012, the Fund was settled and issued an initial Unit for cash consideration of $10.00 to Connor, Clark & Lunn Capital Markets Inc., the settlor of the Fund.

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

The Manager will receive a management fee equal to 0.65% of the net asset value of the Fund, calculated and accrued daily and payable monthly in arrears, plus an amount equal to the service fee of 0.30% of the net asset value of the Fund calculated and payable quarterly in arrears, plus applicable taxes. The Fund will pay for all of its ongoing expenses incurred in connection with its operation and administration.

The expenses of the Offering are estimated to be $500,000 (but not to exceed 1.5% of the gross proceeds of the Offering), which will be paid by the Fund.

Units may be redeemed on the second to last Business Day of July of each year, commencing in 2013 (each, an "Annual Redemption Date"), subject to certain conditions. A holder of Units (each, a "Unitholder") whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the net asset value per Unit (less any costs associated with the redemption including brokerage costs and less any net realized capital gains or income of the Fund that are distributed to the holder concurrently with the proceeds of disposition on redemption).

In addition, the Units may also be redeemed on the second to last Business Day of each month other than, commencing in 2013, in the month of July (each, a "Monthly Redemption Date"), subject to certain conditions.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Issue Costs

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

Cash and Cash Equivalents

Cash is comprised of cash on deposit with a Canadian financial institution. Cash is stated at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Fund Units for Transaction Purposes

Net asset value per Unit on any day will be obtained by dividing the net asset value of the Fund on such day by the number of Units then outstanding.

3. SUBSEQUENT EVENT

(a) The Fund and the Manager have entered into an agency agreement with BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Macquarie Private Wealth Inc., Raymond James Ltd., Canaccord Genuity Corp. and Mackie Research Capital Corporation (collectively, the "Agents") dated as of January 25, 2012, pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public, a minimum of 2,000,000 Units at $10.00 per Unit. The maximum number of Units that will be sold is 11,500,000 ($115,000,000). In consideration for their services in connection with the Offering, the Agents will be paid a fee of $0.525 per Unit out of the proceeds of the Offering.

(b) As set forth in the initial public offering prospectus dated January 25, 2012, the Fund proposes to issue a minimum of 2,000,000 Units at $10.00 per Unit. The maximum number of Units that will be sold is 11,500,000 ($115,000,000).

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: January 25, 2012

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

Connor, Clark & Lunn Capital Markets Inc.
as Manager and on behalf of

Low Volatility Canadian Equities Income Fund

By: (Signed) W. NEIL MURDOCH
Chief Executive Officer

By: (Signed) DARREN N. CABRAL
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

Connor, Clark & Lunn Capital Markets Inc.
as Promoter

By: (Signed) W. NEIL MURDOCH
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: January 25, 2012

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

BMO NESBITT BURNS INC.	CIBC WORLD MARKETS INC.	RBC DOMINION SECURITIES INC.
By: (Signed) ROBIN G. TESSIER	By: (Signed) MICHAEL D. SHUH	By: (Signed) EDWARD V. JACKSON

TD SECURITIES INC.

By: (Signed) CAMERON GOODNOUGH

GMP SECURITIES L.P.	NATIONAL BANK FINANCIAL INC.	SCOTIA CAPITAL INC.
By: (Signed) NEIL SELFE	By: (Signed) TIMOTHY EVANS	By: (Signed) JAMES W.S. BARLTROP

HSBC SECURITIES (CANADA) INC.

By: (Signed) JAY LEWIS

MACQUARIE PRIVATE WEALTH INC.	RAYMOND JAMES LTD.
By: (Signed) BRENT LARKAN	By: (Signed) J. GRAHAM FELL

CANACCORD GENUITY CORP.

By: (Signed) RON SEDRAN

MACKIE RESEARCH CAPITAL CORPORATION

By: (Signed) DAVID J. KEATING

LOW VOLATILITY
CANADIAN EQUITIES INCOME FUND

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