



**Low Volatility Canadian Equities Income Fund**  
**Annual Information Form**

**For the year ended October 31, 2016**

No securities regulatory authority has expressed an opinion about these Units and it is an offence to claim otherwise.

January 30, 2017

# TABLE OF CONTENTS

<b>1</b>	<b>DESCRIPTION OF THE BUSINESS .....</b>	<b>3</b>
1.1	NAME AND FORMATION.....	3
1.2	STATUS OF LOW VOLATILITY CANADIAN EQUITIES INCOME FUND .....	3
1.3	ISSUE OF UNITS .....	3
<b>2</b>	<b>DESCRIPTION OF THE PORTFOLIO .....</b>	<b>3</b>
2.1	THE FUND.....	3
<b>3</b>	<b>UNITHOLDERS' EQUITY .....</b>	<b>5</b>
3.1	DESCRIPTION OF UNITHOLDERS' EQUITY .....	5
3.2	UNITHOLDER MATTERS .....	6
3.3	TERMINATION OF THE FUND .....	7
3.4	DISTRIBUTIONS .....	7
3.5	REDEMPTION OF UNITS .....	8
<b>4</b>	<b>VALUATION.....</b>	<b>9</b>
4.1	CALCULATION OF NET ASSET VALUE .....	9
4.2	VALUATION POLICIES AND PROCEDURES .....	9
4.3	AUDIT OF FINANCIAL STATEMENTS.....	10
<b>5</b>	<b>MANAGEMENT OF THE FUND.....</b>	<b>11</b>
5.1	THE MANAGER .....	11
5.2	PROXY VOTING DISCLOSURE FOR PORTFOLIO ASSETS HELD.....	13
5.3	INDEPENDENT REVIEW COMMITTEE .....	13
5.4	THE TRUSTEE .....	14
5.5	THE CUSTODIAN .....	14
5.6	THE AUDITOR .....	14
5.7	TRANSFER AGENT AND REGISTRAR .....	14
5.8	PORTFOLIO TRANSACTIONS AND BROKERAGE .....	14
<b>6</b>	<b>FEES AND EXPENSES.....</b>	<b>15</b>
6.1	INITIAL FEES AND EXPENSES .....	15
6.2	MANAGEMENT FEES .....	15
6.3	SERVICE FEES.....	15
6.4	ONGOING EXPENSES .....	15
<b>7</b>	<b>CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....</b>	<b>15</b>
7.1	STATUS OF THE FUND .....	16
7.2	TAXATION OF THE FUND.....	16
7.3	TAXATION OF UNITHOLDERS .....	16
<b>8</b>	<b>MATERIAL CONTRACTS .....</b>	<b>17</b>

## **1 DESCRIPTION OF THE BUSINESS**

### ***1.1 NAME AND FORMATION***

Low Volatility Canadian Equities Income Fund (the “Fund”) is a closed-end investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement dated January 25, 2012 (the “Trust Agreement”) between LOGIQ Asset Management Ltd. (formerly, Aston Hill Capital Markets Inc.) (the “Manager”) in its capacity as manager and RBC Investor Services Trust as trustee (the “Trustee”). The principal place of business of the Fund and registered office of the Manager is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is October 31.

### ***1.2 STATUS OF LOW VOLATILITY CANADIAN EQUITIES INCOME 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 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.

### ***1.3 ISSUE OF UNITS***

On February 7, 2012, the Fund completed its initial public offering pursuant to the Prospectus dated January 25, 2012. \$30,000,000 was raised through the issue of 3,000,000 Units at \$10.00 per Unit. Agents’ fees and issue expenses were \$2,025,000 or \$0.675 per Unit, for an opening Transactional NAV of \$9.325 per Unit.

On February 27, 2012, the Agents exercised an over-allotment option in respect of 86,505 Units, raising a further \$865,050. Agents’ fees and issue expenses totaled \$61,041.

## **2 DESCRIPTION OF THE PORTFOLIO**

### ***2.1 THE FUND***

#### ***2.1.1 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.

#### ***2.1.2 Investment Strategy***

In order to achieve the Fund’s investment objectives, the Fund invests 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 Manager writes 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.

The Portfolio is rebalanced semi-annually on an equally-weighted basis within 15 Business Days following the last Business Day of January and July 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.

### **2.1.3 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 are 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.

### **2.1.4 Investment Restrictions of the Fund**

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 16<sup>th</sup> 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.

### **3 UNITHOLDERS’ EQUITY**

#### **3.1 DESCRIPTION OF UNITHOLDERS’ EQUITY**

##### **3.1.1 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.

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.

##### **3.1.2 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 Toronto Stock Exchange (the “TSX”) or such other exchange or market on which the Units are then listed.

The Fund did not purchase any Units for cancellation during the years ended October 31, 2016 or 2015.

##### **3.1.3 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.

##### **3.1.4 Book-Entry Only System**

Registration of interests in and transfers of the Units are made only through the Book-Entry Only System. On the Closing Date, the Manager, on behalf of the Fund delivers to CDS certificates representing the aggregate number of Units then subscribed for under the Offering. The 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 are made or delivered by CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the

Unitholders 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.

### **3.2 UNITHOLDER MATTERS**

#### **3.2.1 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.

#### **3.2.2 Amendments to the Trust Agreement**

Except as provided below, 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.

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.

### **3.2.3 Reporting to Unitholders**

The Fund makes 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 makes 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.

### **3.3 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.

### **3.4 DISTRIBUTIONS**

The Fund does not have a fixed distribution policy, but intends to make monthly distributions based on the actual and expected returns on the Portfolio.

The Fund paid an initial distribution of \$0.0871 per Unit covering the period from February 7, 2012 (commencement of operations) to March 30, 2012. The distribution amount represents an annualized current yield of 6.0% based on the initial offering price of \$10.00 per Unit. The Fund paid regular monthly distributions of \$0.05 per Unit thereafter.

The Fund has made all its scheduled distributions during the year ended October 31, 2016, paying \$0.60 per Unit (\$0.60 per Unit during the year ended October 31, 2016).

### **3.5 REDEMPTION OF UNITS**

#### **3.5.1 Annual Redemptions**

Units may be redeemed on an Annual Redemption Date, which is the second to last Business Day (any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day the TSX is not open for trading) of July of each year, 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, which is the 10th Business Day of the month immediately following the Annual Redemption Date. Redeeming Unitholders are entitled to receive a redemption price in an amount equal to 100% of the Annual Redemption Price. The Annual Redemption Price is the redemption price per Unit equal to 100% of the Net Asset Value per Unit on the 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. 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. 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.

#### **3.5.2 Monthly Redemptions**

In addition to the annual redemption right, Units may also be redeemed on a Monthly Redemption Date, which is the second to last Business Day of each month other than the month of July, 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, which is the 10th Business Day of the month immediately following the Monthly Redemption 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, which is the weighted average trading price on the TSX for the 10 trading days immediately preceding the Monthly Redemption Date and (ii) 100% of the Closing Market Price of a Unit, which is the closing price on the TSX on such Monthly Redemption Date 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 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.

#### **3.5.3 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.

#### **3.5.4 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.

## **4 VALUATION**

### **4.1 CALCULATION OF NET ASSET VALUE**

RBC Investor Services Trust also acts as Valuation Agent for the Fund (the "Valuation Agent"). The Valuation Agent calculates the Net Asset Value per Unit as at the close of business on each Valuation Date. The Fund makes available to the financial press for publication on a daily basis the Net Asset Value per Unit. Such amount is also available on the Manager's website at [www.logiqasset.com](http://www.logiqasset.com) and [www.astonhill.ca](http://www.astonhill.ca).

### **4.2 VALUATION POLICIES AND PROCEDURES**

For transactional reporting purposes, the Net Asset Value on a particular date is 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 is 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 is 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.

#### **4.2.1 Reporting of Net Asset Value**

The Net Asset Value per Unit is provided daily to Unitholders at no cost on the Manager's website at [www.logiqasset.com](http://www.logiqasset.com)

And [www.astonhill.ca](http://www.astonhill.ca), and is also available to Unitholders upon request, at no cost, by calling 1-800-513-3868.

### **4.3 AUDIT OF FINANCIAL STATEMENTS**

The annual financial statements of the Fund are audited by the Fund's auditor in accordance with the International Financial Reporting Standards. The auditor is asked to report on the fair presentation of the annual financial statements in accordance with the International Financial Reporting Standards.

## **5 MANAGEMENT OF THE FUND**

### **5.1 THE MANAGER**

On November 30, 2016 Aston Hill Capital Markets Inc. (the former Manager) was amalgamated into Aston Hill Asset Management Inc. On December 8, 2016, Aston Hill Asset Management Inc. was renamed LOGiQ Asset Management Ltd. (the “Manager”). The Manager oversees, manages and implements the objectives of the Fund. The Manager is entitled to receive fees as compensation for management services rendered to the Fund. See “Duties and Services to be Provided by the Manager” below and “Fees and Expenses”.

#### **5.1.1 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 performs, or arranges 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 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 also implements and monitors the Fund’s investment strategy to ensure compliance with the Fund’s investment guidelines.

The Fund entered 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.

#### **5.1.2 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 judgment, 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.

### 5.1.3 *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 are 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.

### 5.1.4 *Accounting and Reporting*

The Fund's fiscal year-end is October 31. The Manager ensures that the Fund complies with all applicable reporting and administrative requirements.

The Manager keeps adequate books and records reflecting the activities of the Fund. A Unitholder or his or her duly authorized representative has 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.

### 5.1.5 *Officers and Directors of the Manager*

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

<b>Name and Municipality</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
Joe Canavan Toronto, Ontario	Director and Chief	Director, LOGIQ Asset Management Ltd. Chief Executive Officer, LOGIQ Asset Management Inc.
Kal Zakarneh Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, LOGIQ Asset Management Ltd.
Derek Slemko Alberta, Calgary	Director and President	Chief Financial Officer, LOGIQ Asset Management Inc.
Sasha Rnjak Woodbridge, Ontario	Chief Compliance Officer	Vice-President, Fund Operations and Chief Compliance Officer, LOGIQ Asset Management Inc.

**Joe Canavan:** B.Comm, Concordia University. Mr. Canavan also holds an OPM, Business from Harvard Business School joined LOGIQ Asset Management Ltd. in 2016. Prior thereto, Mr. Canavan held the positions of Chairman and CEO of Assante Wealth Management and United Financial Corporation and CEO of Synergy Asset Management, a company he founded in 1997 (now part of CI Financial).

**Kal Zakarneh:** B.Comm, University of Jordan. Mr. Zakarneh joined LOGIQ Asset Management Ltd. in 2013. Prior thereto Mr. Zakarneh was a Fund Accounting Controller with Connor, Clark & Lunn Financial Group since 2005.

**Derek Slemko:** C.A.; B.Comm, University of Alberta. Mr. Slemko joined LOGIQ Asset Management Inc. in 2006. Prior thereto, Mr. Slemko was controller of Vault Energy Trust from 2005 to 2006.

**Sasha Rnjak:** BA Economics, University of Western Ontario, Vice-President, Fund Operations and Chief Compliance Officer, LOGIQ Asset Management Ltd., since April 2011; prior thereto, Compliance Manager, CI Investments Inc., since September, 2007.

## 5.2 PROXY VOTING DISCLOSURE FOR PORTFOLIO ASSETS HELD

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 are 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 are 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.

## 5.3 INDEPENDENT REVIEW COMMITTEE

The Manager has appointed an independent review committee (the "Independent Review Committee") in accordance with NI 81-107 comprised of four 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 report annually to the Fund which report is available free of charge upon request to the Manager and is also posted on the Manager's website at [www.logiqasset.com](http://www.logiqasset.com) or [www.astonhill.ca](http://www.astonhill.ca).

The members of the Independent Review Committee are John Crow (chair), Joseph Wright, Robert B. Falconer and Scott Browning. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager.

The principal occupations and biographies of the Independent Review Committee members are set out below:

**John Crow (chair)** is the former Governor of the Bank of Canada and a noted economist. He is a director or advisor to a number of companies, and is also a Senior Fellow of the C.D. Howe Institute. In 1999, he chaired a committee of international experts that was commissioned by the Executive Board of the International Monetary Fund (the "IMF") to evaluate IMF bilateral, regional, and multilateral surveillance activities, and in 2002, he took part in a high level international mission to advise on monetary problems in Argentina. In 2003, he chaired an international task force commissioned by the International Federation of Accountants to examine the loss of credibility in financial reporting and how to restore it. Mr. Crow is the author (2002) of *Making Money: An Insider's Perspective on Finance, Politics, and Canada's Central Bank*.

**C. Scott Browning** received his doctorate in chemistry from the University of Toronto in 1992. He returned to join the faculty at UofT after a sixteen month term as a post-doctoral Fellow at the National Institute of Bioscience in Japan. His research on the modular design, synthesis and properties of tunable phosphine ligands has been published in the journals of the Royal Society of Chemistry and the American Chemical Society and presented at international conferences. Dr. Browning is a Fellow of the University of St. Michael's College and is currently coauthoring a textbook that emphasizes a strong mechanistic approach to understanding organic chemistry.

**Robert B. Falconer** is a Member of Board of Directors, Audit and Valuation, Investment and Independent Review Committee (chair) of VentureLink Funds and has financial consulting contracts with Altamira Financial Services, Ontario Clean Water Agency and GHD International. He recently worked as a Director of Community Loans Policy & Risk Control for Ontario Strategic Infrastructure Financing Authority and as a Vice President of Corporate Finance for Altamira Financial Services.

**Joseph H. Wright** spent 23 years with Citibank in New York, Geneva and Toronto. He left Citibank in 1986 to join Burns Fry

Limited where he worked until 1994, finishing as a Vice Chairman. In 1995, he joined Swiss Bank Corporation (Canada) as President & CEO. Following Swiss Bank, he has spent 16 years as a corporate director, serving on the boards of Loblaw Companies Limited, O & Y Real Estate Investment Trust, Call-Net Enterprises Inc. and St. Laurent Paperboard Inc., to name a few. He also served for 5 years as the Chair.

The IRC members each receive \$15,000 per annum (\$20,000 for the Chairman) plus \$1,250 per meeting for acting in such capacity and are also reimbursed for expenses in connection with performing their duties. These fees and expense reimbursements are allocated across investment funds that are managed by the Manager in a manner that is fair and reasonable.

For the year ended October 31, 2016, the Fund's share of the IRC fees amounted to \$278 (\$88 for the year ended October 31, 2015).

#### **5.4 THE TRUSTEE**

RBC Investor Services Trust is also 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.

#### **5.5 THE CUSTODIAN**

RBC Investor Services Trust also acts as custodian (the "Custodian") of the assets of the Fund pursuant to the Trust Agreement. The Custodian, in its capacity as valuation services agent, also carries out certain aspects of the day-to-day administration of the Fund, including calculating 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.

#### **5.6 THE AUDITOR**

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Accountants, located at 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

#### **5.7 TRANSFER AGENT AND REGISTRAR**

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

#### **5.8 PORTFOLIO TRANSACTIONS AND BROKERAGE**

The Manager is responsible for selecting members of securities exchanges, brokers and investment dealers for the execution of transactions in respect of the Fund's investments and, when applicable, the negotiation of commissions in connection therewith. The Fund is responsible to pay those commissions.

## **6 FEES AND EXPENSES**

### **6.1 INITIAL FEES AND EXPENSES**

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing the prospectus, legal expenses, marketing expenses and reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which were \$2,086,041, were paid out of the gross proceeds of the Offering by the Fund.

### **6.2 MANAGEMENT FEES**

The Manager receives 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 applicable taxes, plus an amount equal to the Service Fee payable to registered dealers of 0.30% per annum of the Net Asset Value.

The management fees charged to the Fund, net of the service fees, during the year ended October 31, 2016 were \$44,035 plus applicable taxes (\$66,696 plus applicable taxes during the year ended October 31, 2015).

### **6.3 SERVICE FEES**

The Manager pays to the registered dealers a service fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) with respect to the Units equal to 0.30% per annum of the Net Asset Value. The Manager pays 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 fees charged to the Fund during the year ended October 31, 2016 were \$20,087 (\$29,291 during the year ended October 31, 2015).

### **6.4 ONGOING EXPENSES**

The Fund pays 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 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.

Administration and operating costs were \$110,065 plus applicable taxes and brokerage commission charges were \$3,722 during the year ended October 31, 2016 (administration and operating costs were \$124,096 plus applicable taxes and brokerage commission charges were \$8,419 during the year ended October 31, 2015).

## **7 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

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

## **7.1 STATUS OF THE FUND**

The Fund qualifies as a “unit trust” and a “mutual fund trust” within the meaning of the Tax Act and the Fund elected 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.

## **7.2 TAXATION OF THE FUND**

The Fund is 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.

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 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 is 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.

## **7.3 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.

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.

## **8 MATERIAL CONTRACTS**

The following contracts that have been entered into by the Fund can reasonably be regarded as material to Unitholders:

- (a) the Trust Agreement; and
- (b) the Agency Agreement.

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Fund. Copies of the Trust Agreement may be obtained at any time from the Manager on written request.

## **Low Volatility Canadian Equities Income Fund**

Additional information about Low Volatility Canadian Equities Income Fund is available in the financial statements. You can get a copy of the financial statements, including a statement of portfolio transactions, at no charge by contacting the Manager by:

- Mail: LOGIQ Asset Management Ltd.  
77 King Street West  
Suite 2110, P.O. Box 92  
Toronto, Ontario  
M5K 1G8  
[www.logiqasset.com](http://www.logiqasset.com)  
[www.astonhill.ca](http://www.astonhill.ca)
- Phone: 1-800-513-3868
- E-mail: [info@astonhill.ca](mailto:info@astonhill.ca)