

CONFIDENTIAL OFFERING MEMORANDUM

Continuous Offering

September 1, 2013

**ASTON HILL VANTAGE SHORT-TERM ENHANCED INCOME CLASS
ASTON HILL VANTAGE EQUITY INCOME CLASS
ASTON HILL VANTAGE HIGH YIELD CLASS
ASTON HILL VANTAGE EQUITY CLASS
ASTON HILL VANTAGE GLOBAL EQUITY CLASS**

(the “Funds”)

Each offering:

**Series A Shares
Series F Shares
and
Series I Shares
(the “Shares”)**

This Confidential Offering Memorandum relates to the offering of Shares by each Fund only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This offering is not, and under no circumstances is to be construed as, a public offering of Shares or a prospectus or advertisement relating to the Shares. No securities commission or similar regulatory authority in Canada has in any way passed upon the merits of the Shares, nor has it reviewed this Confidential Offering Memorandum, and any representation to the contrary is an offence.

No person has been authorized to give any information or to make any representations in connection with the offering of Shares other than those contained in this Confidential Offering Memorandum and, if given or made, any such information or representation must not be relied upon. This Confidential Offering Memorandum is confidential. By their acceptance thereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this Confidential Offering Memorandum or any information contained herein, included herewith or incorporated in this document.

An investment in Shares is speculative. A subscription for Shares should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Funds.

There is no market through which the Shares may be sold and none is expected to develop. Transfer of the Shares is subject to approval by the Manager and the Shares also are subject to resale restrictions under applicable securities legislation. Persons who receive this Confidential Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Shares under applicable securities legislation. Redemptions of Shares may be suspended in certain circumstances. See “Redemption of Shares”. There are additional risks associated with investing in Shares. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in Shares. See the information under “Resale Restrictions” and “Risk Factors”.

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GLOSSARY OF TERMS

“**Articles**” means the articles of incorporation of the Corporation, as they may be amended from time to time.

“**Aston Hill**” means Aston Hill Asset Management Inc.

“**Business Day**” means each day on which there is a regular trading session of the Toronto Stock Exchange.

“**Corporation**” means Aston Hill Pooled Funds Inc., a corporation subsisting under the laws of the Province of Ontario.

“**Funds**” means Aston Hill Vantage Short-Term Enhanced Income Class, Aston Hill Vantage Equity Income Class, Aston Hill Vantage High Yield Class, Aston Hill Vantage Equity Class and Aston Hill Vantage Global Equity Class, and “**Fund**” means one of the Funds.

“**Investment Objective**” means the investment objective of the relevant Fund as described under “The Funds”.

“**Investment Strategies**” means the investment strategies of the relevant Fund as described under “The Funds”.

“**Management Agreement**” means the master management agreement dated as of September 1, 2013 pursuant to which the Manager acts as the manager of each Fund, as it may be amended from time to time.

“**Management Fees**” has the meaning ascribed herein under the heading “Fees and Expenses - Management Fees”.

“**Manager**” means Aston Hill in its capacity as the manager of each Fund.

“**NAV per Series**” has the meaning ascribed herein under the heading “Valuation of the Funds and Shares”.

“**NAV per Share**” has the meaning ascribed herein under the heading “Valuation of the Funds and Shares”.

“**Net Asset Value**” or “**NAV**” means the net asset value of the relevant Fund calculated in the manner described under “Valuation of the Funds and Shares”.

“**NI 81-102**” means National Instrument 81-102 – *Mutual Funds* of the Canadian securities regulators.

“**Purchaser**” means a person who purchases Shares of a Fund.

“**Redemption Date**” has the meaning ascribed herein under the heading “Redemption of Shares”.

“**Redemption Price**” means an amount equal to (a) the applicable NAV per Share determined as of the Redemption Date plus all declared and unpaid dividends and distributions thereon, less (b) any costs of funding the redemption, including commissions.

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

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tax Proposals**” means all specific proposals to amend the Tax Act and the regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof.

“**Shareholder**” means a holder of one or more Shares of a Fund.

“**Shares**” means Series A shares, Series F shares and Series I shares of each Fund.

“Valuation Date” means the 15th day (or, if the 15th day is not a Business Day, the Business Day immediately preceding the 15th day) and the last Business Day of each calendar month.

THE FUNDS

Aston Hill Pooled Funds Inc. (the “**Corporation**”) is a corporation subsisting under the laws of the Province of Ontario. The Corporation was incorporated on December 9, 2010 and, prior to April 5, 2013, was a non-redeemable investment fund, the shares of which traded on the Toronto Stock Exchange. On September 1, 2013, the Corporation completed a reorganization pursuant to which the Corporation now offers multiple investment funds, each structured as a separate class of shares of the Corporation. The Corporation no longer is a reporting issuer under any securities legislation in Canada.

The investment funds currently offered by the Corporation are:

Aston Hill Vantage Short-Term Enhanced Income Class
Aston Hill Vantage Equity Income Class
Aston Hill Vantage High Yield Class
Aston Hill Vantage Equity Class
Aston Hill Vantage Global Equity Class

(the “**Funds**” and, individually, a “**Fund**”).

Each Fund was established on August 30, 2013. The Corporation may establish and offer additional Funds in the future. Aston Hill Asset Management Inc. is the manager (in such capacity, the “**Manager**”) of each Fund.

The shares of each Fund are issuable in series and each Fund currently offers Series A Shares, Series F Shares and Series I Shares (together, the “**Shares**”) for sale to investors. Although each Fund is a “mutual fund” as defined in applicable securities legislation, none of the Funds are required to (and do not) operate in accordance with the requirements of NI 81-102 and other regulations and policies of the Canadian securities regulators that are applicable only to public mutual funds.

The head office of the Corporation, each Fund and the Manager is currently located at 77 King Street West, Suite 2110, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8.

Each Fund has an investment objective (its “**Investment Objective**”) and utilized strategies (its “**Investment Strategies**”) to pursue its Investment Objective. Set out below are the Investment Objectives and current Investment Strategies of each Fund. A Fund may change its Investment Strategies at any time, and each Fund may depart temporarily from its Investment Objective by investing its assets in cash or cash equivalents, or fixed income securities issued or guaranteed by the Canadian or U.S. governments, a government agency, or a company, in order to protect and preserve its assets during a market downturn or for other reasons.

Aston Hill Vantage Short-Term Enhanced Income Class

Investment Objective

The Fund’s investment objective is to seek to provide current income that is consistent with preservation of capital and liquidity by investing primarily in short duration fixed income securities.

Investment Strategies

To achieve its investment objective, the Fund invests primarily in high quality fixed income securities of issuers located primarily in Canada or the United States such that the average credit quality of the portfolio as a whole is not less than Standard & Poor’s BBB (or the equivalent of another rating agency). Up to 25% of the Fund’s assets may be invested in fixed income securities that are below investment grade. Individual fixed income securities will have a duration less than five years and the average duration of the portfolio will be less than 3.5 years. At least 90% of the Fund’s investments will be in fixed income securities denominated in Canadian dollars, provided that up to 30% of the Fund’s assets may be

invested in fixed income securities denominated in a foreign currency if the currency exposure of such investments is hedged back to the Canadian dollar.

Aston Hill Vantage Equity Income Class

Investment Objective

The Fund's objective is to generate a high level of dividend income and to preserve capital. It invests primarily in dividend paying securities of Canadian companies.

Investment Strategies

To achieve its investment objective, the Fund invests in companies that have the potential for growth and value in their industry. The Fund's assets are invested in equity and fixed income securities according to market conditions.

The Fund uses techniques such as fundamental analysis to assess growth and value potential. This means evaluating the financial condition and management of each company, its industry and the overall economy. The Fund may invest in other common shares, fixed income securities and income trusts, as well as in foreign securities.

Aston Hill Vantage High Yield Class

Investment Objective

The Fund's investment objective is to seek to provide investors with a high yield by investing primarily in, or obtaining exposure primarily to, fixed income securities of corporate issuers located in Canada and the United States.

Investment Strategies

To achieve its investment objective, the Fund invests in an actively managed portfolio comprised primarily of Canadian and U.S. dollar denominated high yield debt securities, convertible bonds and loans and also may invest in any other yield-based security or asset class that develops over time. The Fund seeks to select securities based on their expected return relative to risk characteristics, taking into consideration factors such as industry attractiveness, issuer credit quality, yield, duration and call protection. The Fund seeks to maintain a portfolio diversified by company, market capitalization, sector, industry, credit rating and, where appropriate, region. To a lesser extent, the Fund may invest in other types of fixed income securities and dividend-paying common shares. The Fund may hold other equity securities from time to time resulting from the conversion or restructuring of the Fund's other investments, and may take short positions in equity securities as a hedge for the Fund's long positions in convertible bonds of such issuers. The Fund may hold Canadian or U.S. government debt and/or cash equivalents may be held from time to time as market conditions dictate.

Aston Hill Vantage Equity Class

Investment Objective

The Fund's investment objective is to achieve long-term capital appreciation by seeking to invest primarily in high quality companies. The Fund's holdings are not restricted by market capitalization size or sector.

Investment Strategies

To achieve its investment objectives, the Fund invests in companies with a track record of earnings, which typically have a market capitalization of more than \$1 billion. It uses a bottom-up, value-oriented approach to investing in equity securities of high quality companies that have low price-to-book and price-to-earnings ratios. In addition to equity securities, the Fund may hold securities that are convertible into common shares and may invest in securities of foreign issuers to an extent that will vary from time to time but is not generally expected to exceed 50% of the Net Asset Value of the Fund. The Fund also may invest in index participation units and other similar instruments.

Aston Hill Vantage Global Equity Class

Investment Objective

The Fund's investment objective is to obtain maximum long-term capital growth by investing in securities that the Manager believes are undervalued and have the potential for future growth.

Investment Strategies

To achieve its investment objective, the Fund invests primarily in diversified portfolio of equity and equity-related securities of companies around the world and, from time to time, will take short positions in such securities. The Fund may make large investments in any country, including emerging markets or emerging industries of any market.

The Fund may take long and short positions in equity securities and, under normal circumstances, 70% to 80% of the Fund's investments will be comprised of long positions in equity securities and 10% to 20% of the Fund's investments will be in short positions in equity securities. A majority of the Fund's holdings will be in equity securities of small and mid-capitalization issuers listed on exchanges around the world.

The Manager employs a three part process for building and maintaining a diversified portfolio of investment opportunities for the Fund: the Manager utilizes disciplined fundamental analysis of a broad universe of small and mid-capitalization companies; the Manager then applies rigorous valuation analysis of the equity securities of these companies; and, finally, the Manager continues to assess the collective risk-reward parameters of the entire investment portfolio of the Fund.

The Manager performs an in-depth analysis of company fundamentals on each of the companies within the coverage universe to understand the risks and prospects for each of the different businesses. The Manager combines this bottom-up view with a top-down assessment of each of the global industry sectors.

Investment Strategies common to all Funds

Each Fund may use the additional Investment Strategies described below.

Derivatives

Each Fund may use derivatives at the Manager's discretion. A "**derivative**" is an investment that derives its value from another investment - called the underlying investment. This could be a stock, bond, currency or market index. Derivatives usually take the form of a contract with another party to buy or sell an asset at a later time. Some examples of derivatives are options, futures and forward contracts. Each Fund may use derivatives to:

- hedge its investments against losses from factors like currency fluctuations, stock market risks and interest rate changes
- invest indirectly in securities or financial markets, provided the investment is consistent with the Fund's investment objective.

Securities lending, repurchase agreements and reverse repurchase agreements

Each Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions to earn additional income and thereby enhance its performance.

A "**securities lending transaction**" is where a Fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the Fund at a later date an equal number of the same securities and to pay a fee to the Fund for borrowing the securities. While the securities are borrowed, the borrower provides the Fund with collateral consisting of a combination of cash and securities. In this way, the Fund retains exposure to changes in the value of the borrowed securities while earning additional fees.

A “**repurchase transaction**” is where a Fund sells portfolio securities that it owns to a third party for cash and simultaneously agrees to buy back the securities at a later date at a specified price using the cash received by the Fund from the third party. While the Fund retains its exposure to changes in the value of the portfolio securities, it also earns fees for participating in the repurchase transaction.

A “**reverse repurchase transaction**” is where a Fund purchases certain types of debt securities from a third party and simultaneously agrees to sell the securities back to the third party at a later date at a specified price. The difference between the Fund’s purchase price for the debt instruments and the resale price provides the Fund with additional income.

Short selling

Each Fund may short sell securities. A “**short sale**” by a Fund involves borrowing securities from a lender and selling those securities in the open market (or “selling short” the securities). At a later date, the same number of securities are repurchased by that Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pays compensation to the lender on the borrowed securities. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund will make a profit for the difference (less any compensation the Fund is required to pay to the lender). Selling short provides the Funds with more opportunities for profits when markets are generally volatile or declining.

VALUATION OF THE FUNDS AND SHARES

The net asset value (“**Net Asset Value**” or “**NAV**”) of each Fund is calculated by the Manager as of 4:00 p.m. (Toronto time) on each Valuation Date. A “**Valuation Date**” is the 15th day (or, if the 15th day is not a Business Day, the Business Day immediately preceding the 15th day) and the last Business Day of each calendar month. A “**Business Day**” is each day on which there is a regular trading session of the Toronto Stock Exchange. The NAV is equal to the fair value of the assets of the Fund less the fair value of the liabilities of the Fund. The net asset value for each series of Shares of the Fund (“**NAV per Series**”) also is calculated as of 4:00 p.m. on each Valuation Date as (a) the fair value of the assets of the Fund attributable to such series, less (b) the fair value of (i) the portion of the Corporation’s liabilities that are common to more than one class or series of Shares, and (ii) all liabilities referable to that particular class and series.

The net asset value per Share of each Series of each Fund (“**NAV per Share**”) is calculated by the Manager as of 4:00 p.m. (Toronto time) on each Valuation Date as the amount determined by dividing the NAV per Series of that class and series of Shares by the number of Shares of that class and series outstanding on the Valuation Date, before giving effect to any subscriptions or redemptions of Shares on that Valuation Date.

DESCRIPTION OF SHARES

Each class of Shares of the Corporation represents a separate Investment Objective and therefore each class is a separate investment fund. Each Fund currently offers Series A Shares, Series F Shares and Series I Shares and the number of Shares in each series that may be issued by each Fund is unlimited. Each Fund may offer additional series in the future.

Series A Shares are available to all qualified investors. A “**qualified investor**” is an investor who is able to purchase Shares on a prospectus-exempt basis under applicable securities legislation.

Series F Shares are intended for qualified investors who participate in fee-based programs through their dealer. These investors pay their dealer an annual investment advisory fee (which the investor negotiates with his or her dealer) for ongoing services. Since the Manager pays no trailer fees to dealers in these circumstances and the Fund’s servicing costs are lower, the Manager charges a lower management fee to the Fund in respect of Series F Shares than for Series A Shares.

Series I Shares are available only to institutional clients and investors who have been approved by us and have entered into a Series I Account Agreement with us. The criteria for approval may include the size of the investment, the expected level of account activity and the investor’s total investment with us. The minimum initial investment for Series I Shares is determined when the investor enters into a Series I Account Agreement with us. No management or performance fees are

charged to the Funds with respect to Series I Shares. Instead, each investor negotiates a separate fee which is payable directly to us. Series I Shares also are available to directors and employees of us and our affiliates.

See “Sales Commissions and Trailer Fees” later in this document for additional information.

The following describes the rights attached to the classes of Shares.

Dividend rights and distributions

The board of directors of the Corporation determines when dividends are paid by the Corporation. The history of dividends paid from the Corporation is no indication of future dividend payments. Several factors determine the dividends to be paid from the Corporation. These include, but are not limited to, net switches, realized and unrealized gains, and distributions from the underlying investments.

Switching rights

As described under “Switching Shares”, every series of Shares can be switched into a different series of Shares in certain circumstances. This is sometimes referred to as a “conversion” of Shares or “converting” the Shares.

At the option of the Shareholder, all series of Shares are convertible by a Shareholder at the NAV per Share of the relevant series to another series of the same Fund or to another Fund by following the procedures described under “Switching Shares” and provided the Shareholder meets the eligibility requirements for such series as described under “Description of Shares”.

At the option of the Corporation, Shares of a particular series held by a Shareholder may be converted by the Corporation to another series where the Shareholder fails to meet the eligibility requirements to hold the series (such as the minimum dollar amount to hold such series) or if the Shareholder’s dealer does not or cannot offer such series.

Liquidation rights

In the event of the liquidation or dissolution of the Corporation, all Funds have the right to participate in the remaining property of the Corporation based on the relative Net Asset Value of each Fund. In the event of the liquidation or dissolution of the Corporation, if amounts payable on a return of capital in respect of a series of Shares are not paid in full, the Shares of all series of a Fund participate rateably on a return of capital based on the relative NAV per Series of each series of such Fund.

Voting rights

Shareholders of each Fund do not have the right to vote except as required by the *Business Corporations Act* (Ontario) (the “**OBCA**”). If Shareholders of a Fund are entitled to vote, they will have one vote for each Share held.

Under the OBCA, Shareholders of a Fund, or a series of a Fund, have the right to vote on any proposal to:

- add, change or remove the rights, privileges, restrictions or conditions attached to the Shares of the Fund including to (i) remove or change prejudicially rights to accrued dividends or rights to cumulative dividends, (ii) add, remove or change prejudicially redemption rights, (iii) reduce or remove a dividend preference or a liquidation preference, or (iv) add, remove or change prejudicially conversion privileges, options, voting, transfer or pre-emptive rights, or rights to acquire securities of a corporation, or sinking fund provisions;
- increase the rights or privileges of other Fund(s) having rights or privileges equal or superior to the Fund;
- make another Fund having rights or privileges inferior to the Fund equal or superior to the Shares of the Fund;
- effect an exchange or create a right of exchange of all or part of the Shares of another Fund into the Shares of the Fund; and

- constrain the issue, transfer or ownership of the Shares of the Fund or change or remove such a constraint.

The holders of a series of Shares of a Fund are entitled to vote separately from other series of that Fund on any of the matters described above only if that series is affected differently from other series of that Fund. However, no separate vote of Shareholders of a Fund or series of that Fund is required (and no rights to dissent arise) to:

- increase any maximum number of authorized Shares of a Fund having rights or privileges equal or superior to the Shares of such Fund;
- effect an exchange, reclassification or cancellation of all or part of the Shares of the Fund; or
- create a new Fund having rights equal or superior to the Shares of such Fund.

The Shareholders of the Funds do not have the right to:

- vote on the election of the directors of the Corporation or the appointment of the auditors of the Corporation;
- vote on amendments to the Articles or any other special resolutions except, as described above, as may be required by the OBCA or by Canadian securities legislation; or
- requisition a meeting of Shareholders or submit a proposal to be heard at the annual meeting of Shareholders.

In addition, prior to the issuance of any Shares in a series of a Fund and at any time subsequently where no Shares of the series of the Fund are outstanding, the board of directors of the Corporation may approve any changes to such series.

Redemption rights

At the option of the Shareholder, all series of Shares of each Fund are redeemable by the Shareholder at their NAV per Share by following the procedures described under “Redemption of Shares”.

At the option of the Corporation, Shares held by a particular Shareholder may be redeemed by the Corporation at their NAV per Share in the following circumstances:

- if the aggregate value of the Shareholder’s holdings of the Fund falls below the amount specified from time to time by the Corporation;
- to pay any outstanding fees or expenses owed by the Shareholder in accordance with this Confidential Offering Memorandum;
- if the Shareholder fails to meet the eligibility requirements for the Shares of the particular series of the Fund, or otherwise fails to meet the criteria for investment in the Fund or series that are specified by the Corporation from time to time;
- if authorized to do so by applicable securities law or securities regulators; or
- if the holding of Shares by such Shareholder may have an adverse effect on other Shareholders of the Corporation.

Special voting shares

The Corporation also is authorized to issue a class of special voting shares, which are not offered under this Confidential Offering Memorandum. The special voting shares vote on the election of the directors of the Corporation and the appointment of the auditors of the Corporation. The special voting shares also are entitled to vote at all meetings of Shareholders (including those specified under “Voting rights” above) and on all special resolutions (including those to amend the Articles), except at meetings of a class or series of Shares. The special voting shares are entitled to \$10 per share on redemption or on the liquidation of the Corporation but have no rights to dividends or distributions or to participate in the remaining property of the Corporation on the liquidation of the Corporation.

PURCHASE OF SHARES

Subscription Procedure

Prospective investors who wish to subscribe for Shares must complete, execute and deliver to the Manager a completed version of the subscription agreement which accompanies this Confidential Offering Memorandum, together with a cheque (or other form of funds transfer acceptable to the Manager, including through the facilities of FundSERV) representing payment of the subscription price. Subscriptions received by 4:00 p.m. on a Valuation Date will be processed on such Valuation Date. Subscriptions received after that time will be processed on the next Valuation Date.

Subscriptions for Shares are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. In the event a subscription for Shares is rejected, any subscription funds forwarded by the subscriber will be returned, without interest or deduction.

Minimum Investment

Shares will be issued at the NAV per Share in effect on the applicable Valuation Date. The minimum initial investment in Shares of a Fund by a prospective investor who qualifies as an accredited investor is \$25,000. The minimum investment in Shares of a Fund by a prospective investor who does not qualify as an accredited investor is \$150,000. See the representations, warranties and certifications contained in the subscription agreement which accompanies this Confidential Offering Memorandum for the criteria to qualify as an “accredited investor”. Each subsequent investment in a Fund must be for an amount not less than \$5,000. The Manager may, in its discretion, waive these minimum amounts from time to time.

Sales Commissions and Trailer Fees

There is no commission payable to the Manager in respect of Shares purchased by a prospective investor directly through the Manager.

A prospective investor who purchases Shares through a dealer other than the Manager may pay a commission to his or her dealer that is negotiated between the prospective investor and his or her dealer. The minimum subscription amounts described above are net of such commissions.

The Manager pays, out of its management fee, a trailer fee to dealers in respect of Series A Shares. The trailer fee is calculated monthly and is equal to one-twelfth of 1.1% (one-twelfth of 0.5% in the case of Aston Hill Vantage Short-Term Enhanced Income Class) of the total client assets invested in Series A Shares held by all of the dealer’s clients throughout the month. The trailer fee is payable monthly or quarterly. The Manager may change or cancel trailer fees at any time.

The Manager also may, from time to time, pay up to 10% of its Performance Fee as additional trailer fee to dealers in respect of Series A Shares and/or Series F Shares.

REDEMPTION OF SHARES

Subject to the provisions of applicable law and to the provisions set out in the Articles, each Shareholder is entitled on each Valuation Date to require the Fund to redeem any or all Shares registered in the name of such Shareholder at a price per Share equal to the Redemption Price (as defined below) on such Valuation Date (the “**Redemption Date**”). Redemption requests must be received by the Manager not later than 4:00 p.m. (Toronto time) at least 5 Business Days prior to the Redemption Date, otherwise the redemption will be processed on the next following Valuation Date.

A Shareholder who surrenders a Share for redemption will be entitled to receive an amount (the “**Redemption Price**”) equal to the applicable NAV per Share determined as of the Redemption Date, less any costs of funding the redemption, including commissions. Such Shareholder will receive payment of the Redemption Price on or before the 5th Business Day following the Redemption Date.

If the Manager has received requests to redeem 10% or more of the outstanding Shares of a Fund on any Redemption Date, the Manager may, in its sole discretion, defer the payment of the Redemption Price for some or all of the Shares in respect of which redemption has been requested in order to permit an orderly liquidation of the Fund's assets in connection with such redemption. The Fund will pay any deferred Redemption Price on one or more dates, as determined by the Manager, during the period not exceeding 120 days after such Redemption Date.

The Manager may suspend the redemption of Shares of a Fund or payment of redemption proceeds 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 Net Asset Value of the Fund. The suspension shall apply to all requests for redemption received by the Fund prior to the suspension, but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Shareholders making such requests will be advised that they have the right to withdraw their requests for redemption. The suspension will terminate in any event on the first 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. Redemptions following the termination of a suspension of redemptions will be made utilizing the applicable NAV per Share at the next scheduled Valuation Date, and payment to the redeeming Shareholders will be made within 10 Business Days thereafter.

A holder of a Share surrendered to a Fund by way of a redemption request by such holder for redemption on a Redemption Date which is not redeemed shall continue to be entitled to exercise all of the rights of a Shareholder in respect of such Shares. Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn at any time before such Share is redeemed.

SWITCHING SHARES

Shareholders may switch the Shares they hold for of one Fund for Shares of a different Fund. Shareholders also may switch Shares they hold of a Fund for Shares of a different series of the same Fund if they are eligible to hold such series. Switches are processed on a Valuation Date.

Switch requests must be received by the Manager not later than 4:00 p.m. (Toronto time) at least 5 Business Days prior to the Valuation Date on which the switch is to occur, otherwise the switch will be processed on the next following Valuation Date.

Switching Shares from one Fund to a different Fund, or from one series of a Fund to a different series of the same Fund, is not a disposition for tax purposes.

RISK FACTORS

An investment in Shares is subject to certain risks. Summarized below are the principal risks associated with investing in Shares of the Funds.

Changes in Net Asset Value

The NAV per Share of a Fund will change as the value of the investments held in the Fund changes. As a result, upon redemption, a Shareholder may receive less than the amount paid by the Shareholder for his or her Shares. Shares of the Funds are not guaranteed by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Achieving the Investment Objective

There is no assurance that any Fund will achieve its Investment Objective. An investment in Shares may not earn any positive return and an investment in a Fund is appropriate only for investors who have the capacity to absorb the loss of some or all of their investment. Investors should review closely the Investment Objective and Investment Strategies to determine whether an investment in a Fund is suitable for them.

General Economic and Market Conditions

The success of each Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair a Fund's profitability or result in losses.

Limited History of the Funds

Although persons involved in the management of each Fund have had long experience in their fields of specialization, the Funds have no operating or performance history upon which prospective investors can evaluate the Funds' likely performance.

Liquidity

Liquidity is often described as the speed and ease with which an asset can be sold and converted into cash. It is expected that each Fund will be able to sell most of the securities it owns promptly and at a fair price and therefore those securities can be described as relatively liquid. However, each Fund also may invest in securities that are illiquid. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, or for other reasons. Sometimes, there may simply be a shortage of buyers. If a Fund has difficulty selling a security, it can lose value or incur extra costs. In addition, illiquid securities may be more difficult to value accurately and may experience larger price changes. This can cause greater fluctuations in its NAV per Share.

Leverage

Each Fund may use leverage in an effort to realize greater profits from its security selection. The instruments and borrowings utilized by a Fund to leverage investments may be collateralized by the Fund's assets. Accordingly, each Fund may pledge its assets in order to borrow additional funds or otherwise obtain leverage for investment or other purposes. The amount of borrowings which a Fund may have outstanding at any time may be substantial in relation to its capital.

The use of leverage will allow each Fund to borrow in order to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. The use of leverage will magnify the volatility of changes in the Net Asset Value of a Fund. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to its investments could result in substantial losses to the Fund, which would be greater than if the Fund were not leveraged.

While leverage increases the buying power of a Fund and presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. For example, funds borrowed for leveraging will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Fund's portfolio. Leverage will increase the investment return of a Fund if an investment purchased with or utilizing leverage earns a greater return than the cost to the Fund of such leverage. The use of leverage will decrease the investment return if the Fund fails to recover the cost of such leverage.

A Fund may also invest in financial instruments, such as exchange traded funds, which themselves employ leverage, and may thereby indirectly assume the risks of employing leverage.

Changes in Legislation

There can be no assurance that certain laws applicable to the Funds, including income tax laws and applicable securities laws, will not be changed in a manner which adversely affects the distributions received or to be made by the Funds or the manner in which the Funds may invest their assets.

Marketability and Transferability of Shares

There is no market for the Shares and their resale, transfer and redemption are subject to restrictions imposed by the Articles, consent by the Corporation, and applicable securities legislation. See “Resale Restrictions”. Consequently, Shareholders may not be able to liquidate their investment in a timely manner. As well, Shares may not be readily accepted as collateral for a loan.

Large Redemptions

Substantial redemptions of its Shares could require a Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions of Shares.

Not a Public Mutual Fund

Although each Fund is a “mutual fund” as defined in the securities legislation applicable in certain provinces, it is not required to (and does not) operate in accordance with the requirements of laws, regulations and policies and regulations of the Canadian securities regulators that are applicable only to public mutual funds such as NI 81-102. As a result, the Funds is not subject to (among other matters) the investment restrictions placed on public mutual funds to ensure diversification and liquidity of each Fund’s investments and the avoidance of financial leverage.

High Yield Securities

A Fund may invest in high yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter market place, which is less transparent than the exchange-traded marketplace. In addition, each Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. The market values of certain of these lower-rated and unrated debt securities tend to reflect changes in the issuer’s own circumstances to a greater extent than do high-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are lower-rated securities. It is possible that a major economic recession could disrupt severely the market for such high-yield securities and may have an adverse impact on the value of such securities or the ability of the issuers of such securities to pay interest and repay principal thereon.

Distressed Securities

Each Fund may invest in “distressed” securities, claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Distressed securities may result in significant returns to the Fund, but also involve a substantial degree of risk. A Fund may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the Fund’s investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such instruments may also be subject to abrupt and erratic market movements and above average price volatility. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Credit Default Swap Agreements

Each Fund may be either the buyer or seller in a credit default swap transaction. The buyer in a credit default swap contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or an obligation acceleration. Credit default swaps involve greater risk than investing in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk.

Hedging Strategies

Some of each Fund's investments from time to time may be intended to hedge some of the risks associated with other investments of the Fund. Although a hedge is intended to reduce risk, it does not eliminate risk entirely. A hedging strategy may not be effective. The use of hedges, if used, involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to a Fund if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. The Manager may discontinue any hedging activities at any time in its sole discretion.

Short Selling

Each Fund may engage in short selling securities as one of its Investment Strategies. A short sale of a security may expose the Fund to losses if the price of the security sold short increases since the Fund may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is unlimited, since there is no limit on how much the price of a security may appreciate before the short position is closed out. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. There is no assurance that the lender of the security will not require the security to be repaid before the Fund wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In the event that numerous lenders of the security in the market simultaneously recall the same security, a "short-squeeze" may occur, whereby the market price of the borrowed security may increase significantly. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy. In addition, there is no assurance that the security sold short can be repurchased due to supply and demand constraints in the marketplace.

Securities Lending

Each Fund may enter into securities lending transactions (including repurchase transactions and reverse repurchase transactions) to generate additional income from securities held in the Fund. If the other party to the transaction becomes insolvent or otherwise cannot fulfill its agreement, the Fund may suffer losses.

Derivatives

Each Fund may use derivatives. A derivative is a contract whose value is based on, or derived from, the value or performance of another investment, index or benchmark. Examples of derivatives include options, futures, swaps and forward contracts. Derivative contracts require or allow the holder to purchase or sell assets such as stocks, currencies or commodities at a certain price now or in the future. Some of the most common risks associated with derivatives are the following:

- Derivatives may not prevent changes in the market value of the Fund's investments or prevent losses if the market value of the investments falls.
- The Fund may not be able to purchase or sell a derivative to make a profit or limit a loss.
- Derivatives can limit the Fund's ability to benefit from increases in the stock markets.
- There is no guarantee that the counterparty in a derivative contract will meet its obligations.

- If the counterparty in a derivative, or a third party holding assets of the Fund in connection with a derivative, goes bankrupt, the Fund could lose all or any part of a deposit or collateral it deposited and any gains made on the derivative.
- Some derivatives traded on foreign markets may be harder to trade and have higher credit risk than derivatives traded in North America.

Options

Each Fund may write call and put options. Selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option. However, investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale of an uncovered option, there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

Trading Costs

Each Fund may engage in a high rate of trading activity, resulting in correspondingly high costs being borne by the Fund.

Foreign Currency Exposure

Certain of the investments in a Fund, at any time, may consist of securities denominated in currencies other than the Canadian dollar. Accordingly, the Net Asset Value of the Fund will, when measured in Canadian dollars, be affected by fluctuations in the value of the Canadian dollar relative to the foreign currency in which the Fund's investments are denominated.

Foreign Market Exposure

Each Fund may, at any time, hold securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and the United States companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or United States company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Calculation of Net Asset Value

While each Fund is independently audited by its auditors on an annual basis, the valuation of each Fund's securities and other investments may involve uncertainties and judgmental determination and, if such valuation should prove to be incorrect, the Net Asset Value and NAV per Share of the Fund could be adversely affected. Independent pricing information may not at times be available regarding certain of a Fund's securities and other investments. Valuation determination will be made by the Manager in good faith.

To the extent that the value assigned to any such investment differs from the actual value, the NAV per Share of a Fund may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Shareholder who redeems all or part of his or her Shares while the Fund holds such investments will be paid an amount less than such Shareholder would otherwise be paid if the actual value of such investments is higher than the Net Asset Value used for determining the redemption price of the Shares redeemed. Similarly, there is a risk that such Shareholder might, in effect, be overpaid if the actual value of such investments is lower than the redemption price. In addition, there is risk that an investment in a Fund by a new Shareholder (or an additional investment by an existing Shareholder) could dilute the value of such investments for the other Shareholder if the actual value of such investments is higher than the NAV per Share

used for determining the subscription price of the new Shares. Further, there is risk that a new Shareholder (or an existing Shareholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the subscription price.

U.S. Withholding Tax and Reporting Requirements

The Foreign Account Tax Compliance Act (“**FATCA**”) provisions of the *U.S. Hiring Incentive to Restore Employment Act* generally impose a reporting and 30% withholding tax regime with respect to (a) certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends; and (b) certain non-U.S. source payments made by non-U.S. financial institutions acting in the capacity of withholding agents pursuant to procedures established under FATCA. For purposes of the FATCA rules and regulations, each Fund is expected to be treated as a non-U.S. financial institution. As a non-U.S. financial institution, each Fund can choose to enter into an agreement (a “**FATCA Agreement**”) with the U.S. Internal Revenue Service (the “**IRS**”) pursuant to which it agrees to (i) report to the IRS information regarding U.S. taxpayers (“**U.S. Persons**”) directly holding interests in the Funds and certain U.S. Persons that indirectly hold interests in the Funds (other than equity and debt interests that are regularly traded on an established securities market), (ii) comply with other reporting, verification, and due diligence requirements, and (iii) act in the capacity of a withholding agent. Accordingly, if a Fund enters into a FATCA Agreement, the Fund may be required under certain circumstances to withhold U.S. tax on non-U.S. source payments that it makes to Shareholders depending on the content of future guidance by the IRS regarding the taxation of non-U.S. source payments under FATCA. In particular, if the Shares are not regularly traded on an established securities market, the Funds may be required to withhold U.S. tax on certain non-U.S. source payments that the Funds make after December 31, 2016 to Shareholders who fail to provide information requested by the Funds to satisfy the terms of its FATCA Agreement. In addition, each Fund may be required to withhold U.S. tax on certain non-U.S. source payments that it makes after December 31, 2016 to any non-U.S. financial institution (for example, an investor’s Canadian investment dealer holding Shares of the Fund on their behalf) if such non-U.S. financial institution has not entered into a FATCA Agreement (and is not otherwise deemed to comply with FATCA). If such non-U.S. financial institution enters into a FATCA Agreement, the non-U.S. financial institution will not be subject to withholding under FATCA but, as a result of entering into a FATCA Agreement, may be required to comply with the withholding obligations described in the foregoing discussion.

Unless a Fund enters into a FATCA Agreement (or is subject to an IGA as discussed further below), the Fund will be subject to a 30% withholding tax on payments of certain U.S. source income (including interest and dividends) that it receives after December 31, 2013 and on gross proceeds that it receives after December 31, 2016 from the sale or other disposition of property that can produce U.S. source interest or dividends. In addition, unless a Fund enters into a FATCA Agreement (or is subject to an IGA as discussed further below), the Fund may be subject to withholding tax, depending on future guidance provided by the IRS, on certain non-U.S. source payments that it receives after December 31, 2016 from other non-U.S. financial institutions acting in the capacity of withholding agents pursuant to FATCA. It is not expected that the Funds will receive any U.S. source income that would be subject to withholding under FATCA or any gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends or any non-U.S. source payments that would be subject to withholding under FATCA if the Funds are FATCA-compliant and provide the necessary information to the withholding agent in a timely manner.

On July 26, 2012, the U.S. Department of Treasury released Model Intergovernmental Agreements (“**IGAs**”) for FATCA. An IGA establishes an alternative and more practical framework for financial institutions for purposes of complying with FATCA and reporting certain account information to their respective tax authorities. Under a Canada-U.S. IGA, the Funds will not have to enter into an individual agreement with the IRS but will have to comply with the terms of the IGA including registration requirements with the IRS and requirements to identify, and report certain information on, accounts held by U.S. Persons owning, directly or indirectly, an interest in a Fund, or report on accounts held by certain other persons or entities. Under the IGA, if a Fund’s investor does not provide information requested for FATCA purposes in a timely manner or refuses to provide such information, the Fund does not have to redeem securities held by, or on account for, the investor, if certain information related to the account is reported to the local tax authority. Finally, the payments made by a Fund to non-participating foreign financial institutions, as defined under the FATCA regulations and IGA, or to

the account of an investor, will not be subject to withholding of taxes by the Fund but will have to be reported to the local tax authority under certain situations.

This description is based on guidance issued by the IRS, including recently issued final regulations and the Model Intergovernmental Agreements released by the U.S. Department of Treasury. As the Canada-U.S. IGA is not in final form, it is not possible to determine at this time (i) whether the Funds will be able to comply and (ii) what impact, if any, the IGA will have on each Fund’s investors. It is possible that the administrative costs of the Funds could increase as a result of complying with FATCA and the Canada-U.S. IGA and future guidance may affect the application of FATCA to the Shares of the Funds.

Certain Funds that invest in specific U.S. debt securities may be considered to be engaged in a U.S. trade or business causing such funds to be subject to U.S. income tax. In order to mitigate these tax consequences, the Manager will establish guidelines for investments in such securities.

Prime Brokers

Some or all of each Fund’s assets may be held in one or more margin accounts. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The broker may also lend, pledge or hypothecate the Fund’s assets in such accounts as collateral, which may result in a potential loss of such assets. As a result, the Fund’s assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets at the broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded. In addition, the broker is unlikely to be able to provide leverage to the Fund, which would affect adversely the Fund’s returns.

THE MANAGER

Pursuant to the Management Agreement, Aston Hill Asset Management Inc. is the Manager of each Fund and has exclusive authority to manage the operations and activities of the Funds, including to act as the portfolio advisor to each 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 and the Shareholders to do so. In accordance with the requirements of the *Securities Act* (Ontario), the Manager is required to act honestly, in good faith and in the best interests of each Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances.

FEES AND EXPENSES

Management Fees

As compensation for its services rendered to the Funds, the Manager is entitled to receive annual management fees (the “**Management Fees**”) from each Fund calculated as a percentage of the NAV per Series for each series of Shares of each Fund (other than Series I Shares). The maximum annual rate of the Management Fee for each series is set out below.

Fund	Maximum annual management fee (%)	
	Series A	Series F
	<u>Shares</u>	<u>Shares</u>
Aston Hill Vantage Short-Term Enhanced Income Class	1.0	0.5
Aston Hill Vantage Equity Income Class	2.0	0.9
Aston Hill Vantage High Yield Class	2.0	0.9
Aston Hill Vantage Equity Class	2.0	0.9
Aston Hill Vantage Global Equity Class	2.0	0.9

The Management Fees are calculated and paid on each Valuation Date in arrears.

No Management Fees are charged directly to the Fund in respect of Series I Shares. Instead, Investors in Series I Shares are charged a management fee directly by us that is negotiated between the investor and us.

Performance Fees

In addition to the Management Fees, each Fund (other than Aston Hill Vantage Short-Term Enhanced Income Class) will pay to the Manager, a performance fee (the “**Performance Fees**”) in respect of each outstanding Series A Share and Series F Share. The Performance Fee is calculated and accrued on each Valuation Date and is payable to the Manager on the last Business Day of each calendar quarter.

The Performance Fee for each Share in each calendar quarter is equal to 20% of the amount (if any) by which its NAV per Share on the last Valuation Date in the calendar quarter (excluding any accrued Performance Fee for such calendar quarter) exceeds its Highwater Mark for the calendar quarter. The “**Highwater Mark**” for a Share in a calendar quarter is the greatest of (a) \$10.00, (b) the NAV per Share of that Series on the most recent Valuation Date that a Performance Fee was payable to the Manager in respect of such Series (after payment of such Performance Fee), and (c) the NAV per Share of that Series on the last Business Day of the immediately preceding calendar quarter (after payment of any Performance Fee for such previous calendar quarter). Where a Share is redeemed on a Redemption Date other than the last Valuation Date of a calendar quarter, the Fund will pay the Manager a Performance Fee in respect of such redeemed Share as if the Redemption Date was the last Valuation Date in the calendar quarter.

The Manager may make such adjustments to the NAV per Share and the Highwater Mark as are determined by the Manager to be necessary to account for the payment of any dividends and distributions on Shares, any Share subdivisions or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of Performance Fees. Any such determination of the Manager shall, absent manifest error, be binding on all Shareholders.

Operating Expenses

Each Fund pays its own operating expenses. These expenses include legal, audit and custodial safekeeping fees, taxes, interest, operating and administrative costs, investor servicing costs and the costs for reports and offering documentation. Each Fund also reimburses the Manager for all expenses incurred on behalf of the Fund in connection with its duties as Manager.

DISTRIBUTION POLICY

The distribution policy of the Corporation is to pay such dividends annually as are necessary for the Corporation to obtain refunds of any refundable taxes. Generally, any annual capital gains dividend will be paid within sixty (60) days following December 31 and any other annual dividend that will provide the Corporation with a refund of taxes will be paid on or before December 31. The Corporation does not have a policy of regularly paying dividends. The board of directors of the Corporation has the right to pay dividends on Shares of any class or series and in any amount that the board believes is appropriate in the relevant circumstances. The Corporation may change or deviate from the distribution policies described above at any time, and with respect to any class or series of Shares.

INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations with respect to acquiring, owning and disposing of Shares of the Funds. It applies only to an individual investor (other than a trust) who, for the purposes of the Tax Act, is resident in Canada, deals at arm’s length with the Funds and holds the Shares as capital property.

This is a general summary and is not intended to be advice to any particular investor. You should seek independent advice about the income tax consequences of investing in Shares of the Funds, based on your own circumstances.

This summary is based on the current provisions of the Tax Act, the regulations under the Tax Act, specific proposals to amend the Tax Act and the regulations announced by the Minister of Finance (Canada) before the date of this Confidential Offering Memorandum and the current publicly available administrative practices and policies published by the Canada Revenue Agency (“CRA”). This summary assumes that such practices and policies will continue to be applied in a consistent manner. This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative or judicial action. It also does not take into account provincial or foreign income tax legislation or considerations.

Aston Hill Pooled Funds Inc. qualifies as a mutual fund corporation under the Tax Act.

Taxation of the Funds

The Corporation is generally taxable on its taxable income, including the taxable portion of capital gains (net of any applicable capital losses) realized by it, at full corporate income tax rates applicable to mutual fund corporations. It is also subject to a 33 1/3% refundable tax on certain taxable dividends it receives in respect of shares of taxable Canadian corporations. This refundable tax is refunded when the Corporation pays taxable dividends to its shareholders at a rate of \$1 of refund for every \$3 of taxable dividends paid. The Corporation may also receive a refund (calculated based on a formula) of taxes paid on realized capital gains when it pays capital gains dividends or when shares are redeemed. Mutual fund corporations do not qualify for reduced corporate tax rates that are available to other corporations for certain types of income.

Because the Corporation is a corporation, the revenues, deductible expenses, capital gains and capital losses of all of its investment portfolios and other items relevant to its tax position (including the tax attributes of its assets) will be taken into account in determining the income or loss of the corporation and taxes payable by it as a whole. Generally, gains and losses from using derivatives will be realized on income account rather than on capital account. Gains (and losses) from using derivatives for purposes of hedging foreign currency exposure on the market value of portfolio securities held as capital property may be (and may be treated by the Corporation as being) on capital account. Gains (and losses) from short selling used to hedge portfolio securities held on capital account may be (and may be treated by the Corporation as being) on capital account. If such gains were instead on income account, after-tax returns to shareholders may be reduced and the Corporation could be subject to non-refundable income tax from such transactions.

The “suspended loss” rules in the Tax Act may prevent the Corporation from recognizing capital losses on the disposition of securities in certain circumstances, which may increase the amount of capital gains dividends to be paid to investors.

The Corporation is required to calculate its net income and net realized capital gains in Canadian dollars for purposes of the Tax Act, and may, as a consequence, realize income or capital gains from changes in the value of the U.S. dollar or other relevant currencies relative to the Canadian dollar.

The Corporation will, on a discretionary basis, allocate its income or loss and the applicable taxes payable to each of its respective Fund. The Corporation may pay capital gains dividends to Shareholders of any of its Funds so that it can receive a refund of capital gains taxes it has paid. Capital gains taxes may arise when a Shareholder of one Fund switches to another Fund and the first Fund must dispose of a portion of its portfolio as a result.

Taxation of Shareholders

Shareholders, generally, will be required to include in computing their income the amount (computed in Canadian dollars) of any dividend paid to them by a Fund whether or not such amount is automatically reinvested in additional Shares of that Fund. A Shareholder will be taxable on dividends received after the Shares are purchased even though the dividend is paid out of income or gains that accrued or were realized before the Shares were acquired.

To the extent that such dividends constitute capital gains dividends under the Tax Act, the dividend will be deemed to be a capital gain of the Shareholder. To the extent that any dividends paid to a Shareholder do not constitute capital gains dividends, they will constitute ordinary taxable dividends and will be subject to the gross-up and dividend tax credit rules

applicable under the Tax Act to taxable dividends received from taxable Canadian corporations including, to the extent available, the enhanced dividend tax credit in respect of eligible dividends.

Upon the disposition or deemed disposition by a Shareholder of a Share, whether by redemption, sale, switch or otherwise, a capital gain (or capital loss) will be realized to the extent that the proceeds of disposition, less any reasonable costs of disposition, are greater (or less) than the adjusted cost base to the Shareholder of the Share. One-half of a capital gain (or capital loss) is included in determining a Shareholder's taxable capital gain (or allowable capital loss).

In general, the adjusted cost base of a Shareholder's Shares of a series of a Fund equals:

- the Shareholder's initial investment in Shares of that series of that Fund (including any sales charges paid)
- plus the cost of any additional investments in Shares of that series of that Fund (including any sales charges paid)
- plus reinvested dividends and distributions paid on that series of Shares of that Fund (included in the Shareholder's income)
- minus the capital returned in any distributions paid on that series of Shares of that Fund
- minus the adjusted cost base of any previous redemptions of Shares of that series,

all divided by

- the number of Shares of that series of that Fund held by the Shareholder at that time.

If a Shareholder switches Shares of one Fund into Shares of another Fund, or switches Shares of one series to Shares of another series of the same Fund, the Shareholder will not be considered to have disposed of the Shares so switched for the purposes of the Tax Act. If those redeemed Shares are held outside a Registered Plan, Shareholders may realize a taxable capital gain. The cost to the Shareholder of the Shares received on the switch will be deemed to be the adjusted cost base to the Shareholder of the Shares that were switched. In certain circumstances, if a Shareholder switches Shares of one Fund into another Fund, the Corporation may have to pay capital gains dividends to the Shareholders who continue to hold Shares of the first Fund or to the other Fund in order that the Corporation can obtain a refund of capital gains taxes.

In certain situations where a Shareholder disposes of Shares of a Fund and would otherwise realize a capital loss, the loss will be denied. This may occur if the Shareholder, the Shareholder's spouse or another person affiliated with the Shareholder (including a corporation controlled by the Shareholder) has acquired Shares of the same Fund (which are considered to be "substituted property") within 30 days before or after the Shareholder disposed of the Shareholder's Shares. In these circumstances, the Shareholder's capital loss may be deemed to be a "superficial loss" and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the Shares which are substituted property.

Ordinary dividends, capital gains dividends and capital gains may give rise to a liability for alternative minimum tax under the Tax Act.

Non-taxable investors

Shares of each Fund are qualified investments for Registered Plans. In general, a Shareholder that is a Registered Plan will not be liable to tax on net income, net realized capital gains, dividends or capital gains dividends paid or payable by a Fund to, or capital gains realized by, the Shareholder until these amounts are withdrawn from the Registered Plan. However, amounts withdrawn from a tax-free savings account are not taxable. You should consult your tax advisor about the special rules that apply to each particular Registered Plan, including whether or not an investment in a Fund would be a prohibited investment for your Registered Plan.

REPORTING TO SHAREHOLDERS

The fiscal year end of each Fund is December 31. Shareholders will be sent annual audited financial statements and semi-annual unaudited financial statements of each Fund in which they hold Shares in accordance with the requirements of applicable legislation unless they instruct the Fund otherwise.

CONFLICTS OF INTEREST

The services of the Manager are not exclusive to the Funds. The Manager may act as the manager of or portfolio advisor to other investment funds and clients which invest primarily in the same securities or which employ the same investment strategies and which could be considered competitors of the Funds. In addition, the directors and officers of the Manager may be directors, officers or securityholders of one or more issuers from which the Funds may acquire securities.

Since the Manager, in its capacity as the portfolio advisor to the Funds, will continue to manage the investments of its other clients, the Manager may acquire or dispose of the same investment for a Fund and one or more of the Manager's other clients. However, because of different investment policies, the Manager may be selling an investment for one client and buying the same investment for another client. Under the Management Agreement, the Manager has agreed, in accordance with its policies and procedures, to allocate opportunities to acquire and dispose of investments fairly among the Funds and the Manager's other clients that have similar investment objectives.

The Manager is entitled to receive from each Fund the Management Fees and reimbursement of expenses described under the heading "Fees and Expenses".

BROKERAGE SERVICES

The Manager determines the brokerage arrangements of each Fund. The decisions of the Manager as to the purchase and sale of portfolio securities and the execution of portfolio transactions for the Fund, including the selection of markets and dealers and the negotiation of commissions, are based on elements such as price, speed of execution, certainty of execution and total transaction costs.

The Manager may receive research and order execution goods and services in return for directing brokerage transactions for the Funds to registered dealers. When the Manager does so, the Manager ensures that the goods or services are used by the Funds to assist with investment or trading decisions, or with effecting securities transactions, on behalf of the Funds. The Manager also makes a good faith determination that the Funds receive a reasonable benefit considering both the use of the goods and services and the amount of brokerage commissions paid.

CUSTODIAN AND AUDITOR

RBC Investor Services Trust serves as custodian for each Fund and is responsible for the safekeeping of each Fund's portfolio securities. The address of the custodian is 155 Wellington Street West, Toronto, Ontario M5V 3L3. Some or all of the assets of a Fund may, from time to time, be held in margin accounts with dealers rather than with the custodian.

PricewaterhouseCoopers LLP is the auditor of each Fund. The address of the auditor is 111-5th Avenue S.W., Suite 3100, Calgary, Alberta T2P 5L3.

RESALE RESTRICTIONS

The Shares offered by this Confidential Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements of applicable securities laws. Consequently, the resale of Shares by investors is subject to restrictions. An investor should refer to applicable provisions in consultation with a legal advisor. Furthermore, no transfer of Shares may be effected unless the Manager, in its sole discretion, approves the transfer and the proposed transferee. There is no market for these Shares and no market is expected to develop; therefore it may be difficult or even impossible for the purchaser to sell the Shares.

REPRESENTATIONS OF PURCHASERS

Each prospective purchaser who purchases Shares will be deemed to have represented to each Fund and any dealer who sells the Shares to such prospective purchaser that (among other matters): (a) the offering of the Share was made exclusively through the Confidential Offering Memorandum and such purchaser is basing his or her investment decision solely upon the information contained in the Confidential Offering Memorandum; (b) such purchaser is purchasing as principal for its own account and not as agent or, if it is not purchasing as principal, it is deemed to be purchasing such Shares as principal for accounts fully managed by it pursuant to a statutory exemption or an exemption order from relevant securities regulatory authorities in the applicable jurisdictions permitting such purchase; and (c) such Purchaser is entitled under applicable Canadian securities laws to purchase such Shares without the benefit of a prospectus qualified under such securities laws. See the form of subscription agreement which accompanies this Confidential Offering Memorandum for additional representations, warranties and certifications to be made by a purchaser of Shares.

PURCHASERS' RIGHTS OF ACTION

Since many attributes of the Funds and their Shares are identical and because there is a common Manager, a single Confidential Offering Memorandum is being used to offer the Shares of the Funds. However, each Fund is only responsible for the disclosure herein relating to it and assumes no responsibility or liability for any misrepresentation relating to any of the other Funds.

Set out in Schedule A is a description of the rights of action and rescission required to be offered by each Fund under the securities legislation in the provinces and territories of Canada.

SCHEDULE A

STATUTORY RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain provinces and territories of Canada provides purchasers (“**Purchasers**”) of the shares which are offered under the attached Confidential Offering Memorandum (the “**Shares**”) with, in addition to any other right they may have at law, rights of rescission or damages, or both, where this Confidential Offering Memorandum, any amendment thereto and, in some cases, advertising, and sales literature used in connection with the offering of Shares, contains a misrepresentation. For the purposes of this section, “misrepresentation” means:

- (a) an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of Shares (a “material fact”); or
- (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

In addition, securities legislation in certain provinces of Canada provides Purchasers with, in addition to any other right they may have at law, the right to withdraw their subscription for Shares.

These rights must be exercised by Purchasers within the prescribed time limits under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province or territory for the full particulars of these rights or consult with their legal advisor.

The rights of action for rescission or damages provided under such securities legislation are in addition to and do not derogate from any other right that Purchasers may have at law.

The following is a summary of the rights of withdrawal and the rights of action provided under the applicable securities laws. Reference should be made to the full text of the provisions summarized below relating to statutory rights of withdrawal and rights of action. Prospective Purchasers should consult their own legal advisers with respect to their rights and the remedies available to them.

British Columbia

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in British Columbia who purchases Shares has, without regard to whether the investor relied on the misrepresentation, a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum, but may elect to exercise a right of recession against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person or company will be liable when the Fund or such person or company proves that the Purchaser had knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation; and
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which Shares were offered in this Confidential Offering Memorandum.

No person or company, except the Fund, shall be liable:

- (a) where the person or company proves that this Confidential Offering Memorandum was sent to the Purchaser without the person’s or company’s knowledge or consent, and that, on becoming aware of its being sent, the

person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;

- (b) if the person or company proves that, on becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless such person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In British Columbia, no action shall be commenced to enforce such right of action unless the right is exercised:

- (a) in the case of an action for rescission, not later than 180 days after the date the Purchaser purchased the Shares; and
- (b) in any other case, not later than the earlier of (i) 180 days after the Purchaser first had knowledge of the facts giving rise to the cause of action or (ii) three (3) years after the date the Purchaser purchased the Shares.

Alberta

If this Confidential Offering Memorandum contains a misrepresentation when a Purchaser resident in Alberta buys Shares, securities legislation in Alberta provides that every such Purchaser has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Shares that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person or company will be liable if the Fund or such person or company proves that the Purchaser purchased the Shares with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person or company will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of the Shares as a result of the misrepresentation relied on; and
- (c) in no case will the amount recoverable under this right of action exceed the price at which the Shares were sold to the Purchaser.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
- (b) if the person or company proves that the person or company, on becoming aware of the misrepresentation, withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In Alberta, no action may be commenced to enforce such right of action described above unless the right is exercised:

- (a) in the case of action for rescission, not later than 180 days from the date the Purchaser purchased the Shares; or
- (b) in the case of any action, other than an action for rescission, not later than the earlier of: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Shares.

Saskatchewan

If this Confidential Offering Memorandum or any amendment thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every Purchaser of Shares of the Fund resident in Saskatchewan has, without regard to whether the Purchaser relied on the misrepresentation, a right of action, in addition to any other rights they may have at law, for damages against:

- (a) the Fund;
- (b) every promoter and director of the Fund at the time this Confidential Offering Memorandum or any amendment thereto was sent or delivered or at the time the advertising or sales literature was disseminated, as the case may be;
- (c) every person or company that signed this Confidential Offering Memorandum or any amendments thereto (if there was a misrepresentation in this Confidential Offering Memorandum); and
- (d) every person or company that sells Shares on behalf of the Fund under this Confidential Offering Memorandum or amendment thereto or in respect of which the advertising or sales literature was disseminated, as the case may be.

Alternatively, where the Purchaser purchased the Shares from the Fund, the Purchaser may elect to exercise a right of rescission against the Fund and, when the Purchaser so elects, the Purchaser shall have no right of action for damages against the Fund.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum, or any advertising, or sales literature was sent or delivered, or disseminated, as the case may be, to the Purchaser without the person's or company's knowledge or consent and that, on becoming aware that it was sent and delivered or disseminated, the person or company promptly gave reasonable general notice that it was so sent and delivered or disseminated;
- (b) if the person or company proves that after the filing of this Confidential Offering Memorandum, or after the dissemination of the advertising or sales literature, and before the purchase of the Shares by the Purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum, or to the advertising or sales literature and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum, or any advertising or sales literature not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In addition, where an individual makes a verbal statement to a Purchaser that contains a misrepresentation relating to the Shares and the verbal statement is made either before or contemporaneously with the purchase of the Shares, the

Purchaser has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

- (a) that individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation (this defence is also available to every person or company that sells Shares on behalf of the Fund where there is a misrepresentation in the advertising or sales literature used in connection with the offering of Shares under this Confidential Offering Memorandum); or
- (b) prior to the purchase of the Shares by the Purchaser, that individual notified the Purchaser that the individual's statement contained a misrepresentation.

Neither the Fund nor any other person or company will be liable, whether for misrepresentations in this Confidential Offering Memorandum, advertising or sales literature or in a verbal statement:

- (a) if the Fund or such person or company proves that the Purchaser purchased the Shares with knowledge of the misrepresentation; or
- (b) in an action for damages, for all or any portion of the damages that the Fund or such person or company proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied on.

In no case will the amount recoverable by a Purchaser for a misrepresentation in this Confidential Offering Memorandum, advertising and sales literature, or a verbal misrepresentation exceed the price at which Shares were sold to the Purchaser.

In Saskatchewan, no action may be commenced to enforce a right of action for rescission or damages more than:

- (a) in the case of an action for rescission, 180 days after the date the Purchaser purchased the Shares; and
- (b) in the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the Purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the Purchaser purchased the Shares.

Manitoba

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in Manitoba who purchases Shares of the Fund offered by this Confidential Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has (a) a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum; and (b) a right of rescission against the Fund. If the Purchaser chooses to exercise a right of rescission against the Fund, the Purchaser has no right of action for damages.

No person or company is liable if the person or company proves that the Purchaser had knowledge of the misrepresentation.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (b) if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or

- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

The amount recoverable under the right of action for damages may not exceed the price at which the Shares were offered under this Confidential Offering Memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Shares as a result of the misrepresentation.

No action may be commenced to enforce the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the day on which the Purchaser purchases the Shares; or
- (b) in any other case, the earlier of (i) 180 days after the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the day on which the Purchaser purchased the Shares, whichever occurs earlier.

Ontario

A Purchaser of Shares of the Fund who is resident in Ontario and to whom this Confidential Offering Memorandum was delivered may, if the amount of the purchase does not exceed the sum of \$50,000, rescind the contract to purchase such Shares by sending written notice to the Fund within 48 hours from the time the Purchaser received the confirmation for the purchase of the Shares. The amount the Purchaser is entitled to recover on exercise of the right to rescind may not exceed the net asset value of the Shares purchased at the time the right to rescind is exercised, but will be entitled to reimbursement from every registered dealer through whom such Shares were purchased (if any) for the amount of sales charges and fees relevant to the investment of the Purchaser in the Fund in respect of the Shares for which the notice of rescission was given.

In the event that this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in Ontario who purchases Shares of the Fund offered by this Confidential Offering Memorandum during the period of distribution has, without regard to whether the Purchaser relied upon the misrepresentation, a right of action for damages against the Fund or, alternatively, while still the owner of the Shares, for rescission against the Fund provided that:

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

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date the Purchaser purchased the Shares; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the Purchaser first had knowledge of the facts giving rise to the cause of action; or

- (ii) three (3) years after the date the Purchaser purchased the Shares.

This Confidential Offering Memorandum is being delivered in connection with a distribution made in Ontario in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to above do not apply if this Confidential Offering Memorandum is delivered to a prospective Purchaser in Ontario in connection with a distribution made in Ontario in reliance on the accredited investor exemption if the prospective Purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

New Brunswick

If this Confidential Offering Memorandum or any information relating to the offering provided to the Purchaser of the Shares thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every Purchaser of Shares of the Fund resident in New Brunswick purchasing Shares of the Fund pursuant to this Confidential Offering Memorandum shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and will have a right of action, in addition to any other rights they may have at law, for damages against the Fund. Alternatively, where the Purchaser purchased the Shares from the Fund, the Purchaser may elect to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages against the Fund.

In addition, if advertising or sales literature is relied upon by a Purchaser in connection with a purchase of Shares, the Purchaser shall also have a right of action for damages or rescission against every promoter or director of the Fund at the time the advertising or sales literature was disseminated.

In addition, where an individual makes a verbal statement to a prospective Purchaser that contains a misrepresentation relating to the Shares and the verbal statement is made either before or contemporaneously with the purchase of the Shares, the Purchaser shall be deemed to have relied upon the misrepresentation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

- (a) that individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation; or
- (b) no individual is liable if, prior to the purchase of the Shares by the Purchaser, that individual notified the Purchaser that the individual’s statement contained a misrepresentation.

Neither the Fund nor any other person referred to above will be liable, whether for misrepresentations in this Confidential Offering Memorandum, any advertising or sales literature or in a verbal statement:

- (a) if the Fund or such other person proves that the Purchaser purchased the Shares with knowledge of the misrepresentation; or
- (b) in an action for damages, for all or any portion of the damages that the Fund or such other person proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied on.

No person, other than the Fund, is liable for misrepresentations in any advertising or sales literature if the person proves:

- (a) that the advertising or sales literature was disseminated without the person's knowledge or consent and that, on becoming aware of its dissemination, the person gave reasonable general notice that it was so disseminated,
- (b) that, after the dissemination of the advertising or sales literature and before the purchase of the Shares by the Purchaser, on becoming aware of any misrepresentation in the advertising or sales literature the person withdrew the person's consent to it and gave reasonable general notice of the withdrawal and the reason for the withdrawal, or
- (c) that, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or an extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from, the document, and the person had reasonable grounds to believe and did believe that the statement was true.

No person, other than the Fund, is liable with respect to any part of the advertising or sales literature not purporting to be made on the authority of an expert and not purporting to be a copy of or, an extract from, a report, opinion or statement of an expert unless the person:

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

Any person who at the time the advertising or sales literature was disseminated, sells Shares on behalf of the Fund with respect to which the advertising or sales literature was disseminated is not liable if that person can establish that the person cannot reasonably be expected to have had knowledge that the advertising or sales literature was disseminated or contained a misrepresentation.

In no case will the amount recoverable by a Purchaser exceed the price at which Shares were sold to the Purchaser.

In New Brunswick, no action may be commenced to enforce such right of action more than:

- (a) in the case of an action for rescission, 180 days after the date the Purchaser purchased the Shares; or
- (b) in the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the Purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the Purchaser purchased the Shares.

Nova Scotia

If this Confidential Offering Memorandum or any amendment thereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection therewith contains a misrepresentation, every Purchaser resident in Nova Scotia of Shares of the Fund in reliance on an exemption under the *Securities Act* (Nova Scotia), the regulations thereunder or a decision of the Nova Scotia Securities Commission pursuant to this Confidential Offering Memorandum shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action, in addition to any other rights they may have at law, for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Shares of the Fund that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case such Purchaser shall have no right of action for damages.

Neither the Fund nor any other person or company will be liable if the Fund or such person or company proves that the Purchaser purchased the Shares with knowledge of the misrepresentation.

No person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent or delivered to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its delivery, the person or company promptly gave reasonable general notice that it was delivered without the person's or company's knowledge and consent;
- (b) if the person or company proves that after delivery of this Confidential Offering Memorandum, and before the purchase of the Shares by the Purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, neither the Fund nor any other person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon.

In no case shall the amount recoverable under the right of action described herein exceed the price at which the Shares were sold to the Purchaser.

No action shall be commenced to enforce these rights more than 120 days after the date on which payment was made for the Shares.

Prince Edward Island

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in Prince Edward Island who buys Shares of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Shares of the Fund that it purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person or company will be liable if the Fund or such person or company proves that the Purchaser purchased the Shares with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person or company will be liable for all or any portion of such damages if the Fund or such person or company proves that they do not represent the depreciation in value of the Shares as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Shares purchased by the Purchaser were offered.

In an action for damages, no person or company, other than the Fund, is liable:

- (a) if the person or company proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware that it was sent, the person or company had promptly given reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (b) if the person or company proves that on becoming aware of the misrepresentation, the person or company had withdrawn the person's or company's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or

- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In Prince Edward Island, no action may be commenced to enforce such right of action described above more than:

- (a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Shares; or
- (b) in the case of any action, other than an action for rescission: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Shares, whichever period expires first.

Newfoundland and Labrador

In the event that this Confidential Offering Memorandum and any amendment thereto contains a misrepresentation, an investor resident in Newfoundland and Labrador who purchases the Shares of the Fund, has, without regard to whether the investor relied on the misrepresentation, a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum, and a right of action for rescission against the Fund. Where the Purchaser elects to exercise a right of rescission against the Fund, the Purchaser shall have no right of action for damages.

Neither the Fund nor any other person or company will be liable when the Fund or such person or company proves that the Purchaser had knowledge of the misrepresentation.

No person or company, except the Fund, shall be liable:

- (a) where the person or company proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (b) if the person or company proves that, on becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Confidential Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless such person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, neither the Fund nor any other person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation;

In no case shall the amount recoverable under the right of action described herein exceed the price at which Shares were offered in this Confidential Offering Memorandum;

In Newfoundland and Labrador, no action shall be commenced to enforce such right of action more than:

- (a) in the case of an action for rescission, 180 days after the date the Purchaser purchased the Shares; and
- (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the Purchaser first had knowledge of the facts giving rise to the cause of action or (ii) three (3) years after the date the Purchaser purchased the Shares.

Northwest Territories

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in the Northwest Territories who buys Shares of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Shares of the Fund that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person will be liable if the Fund or such person proves that the Purchaser purchased the Shares with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person will be liable for all or any portion of such damages if the Fund or such person proves that they do not represent the depreciation in value of the Shares as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Shares purchased by the Purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;
- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Northwest Territories, no action may be commenced to enforce such right of action described above more than:

- (a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Shares; or
- (b) in the case of any action, other than an action for rescission, the later of: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Shares, whichever period expires first.

Nunavut Territory

If this Confidential Offering Memorandum contains a misrepresentation, a Purchaser resident in the Nunavut Territory who buys Shares of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of the Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Shares that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person will be liable if the Fund or such person proves that the Purchaser purchased the Shares with knowledge of the misrepresentation;

- (b) in an action for damages, neither the Fund nor any other person will be liable for all or any portion of such damages if the Fund or such person proves that they do not represent the depreciation in value of the Shares as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Shares purchased by the Purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;
- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Nunavut Territory, no action may be commenced to enforce such right of action described above more than:

- (a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Shares; or
- (b) in the case of any action, other than an action for rescission, the later of: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Shares, whichever period expires first.

Yukon Territory

If this Confidential Offering Memorandum contains a misrepresentation when a Purchaser resident in the Yukon Territory who buys Shares of the Fund during the period of distribution, has, without regard to whether the Purchaser relied on the misrepresentation, a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Confidential Offering Memorandum, and (iii) every person or company who signed this Confidential Offering Memorandum, but may elect (while still the owner of any of the Shares of the Fund that such Purchaser purchased) to exercise a right of rescission against the Fund, in which case the Purchaser shall have no right of action for damages, provided that:

- (a) neither the Fund nor any other person will be liable if the Fund or such person proves that the Purchaser purchased the Shares with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor any other person will be liable for all or any portion of such damages if the Fund or such person proves that they do not represent the depreciation in value of the Shares as a result of the misrepresentation relied on; and
- (c) the amount recoverable under this right of action must not exceed the price at which the Shares purchased by the Purchaser were offered.

In an action for damages, no person, other than the Fund, is liable:

- (a) if the person proves that this Confidential Offering Memorandum was sent to the Purchaser without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it was sent without the person's knowledge and consent;
- (b) if the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Confidential Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Confidential Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct an investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Yukon Territory, no action may be commenced to enforce such right of action described above more than:

- (a) in the case of action for rescission, 180 days from the date the Purchaser purchased the Shares; or

in the case of any action, other than an action for rescission, the later of: (i) 180 days from the day that the Purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the Purchaser purchased the Shares, whichever period expires first.