



---

**Continuous Offering**

**July 1, 2020**

## **RESOLVE OSPREY FUND**

Series A, Series F and Series I Units

---

### **Offering Memorandum**

*This Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions where they may be lawfully offered for sale, and under no circumstances is to be construed as a prospectus or advertisement for a public offering of such securities. This Offering Memorandum is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating these securities. No securities commission or similar authority has passed on the merits of these securities nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence.*

## SUMMARY

*This summary is qualified by the more detailed information appearing elsewhere in this Offering Memorandum. Prospective investors are encouraged to consult their own professional advisers as to the tax and legal consequences of investing in units of the Resolve Osprey Fund.*

**The Fund:** The Resolve Osprey Fund (the “**Fund**”), an open-ended unit trust governed under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust dated as of the 29<sup>th</sup> day of June 2020 and an amended and restated regulation dated as of the 1<sup>st</sup> day of July 2020 by Resolve Asset Management Inc., as the manager and trustee of the Fund (the “**Manager**” or “**Resolve**”).

**The Manager:** Resolve is an investment manager that offers systematic investment strategies with a focus on advanced global asset allocation and downside protection. ReSolve’s active asset allocation strategies harness the most pervasive, persistent, and economically significant sources of excess return to deliver strong performance and peace of mind in good markets and bad.

The Manager is incorporated under the laws of Canada and is registered as an investment fund manager in Ontario, Québec, and Newfoundland and Labrador, and as a portfolio manager and exempt market dealer in Ontario, Alberta, British Columbia, and Newfoundland and Labrador. The Manager is also registered as a commodity trading manager in Ontario and as a portfolio manager and derivatives portfolio manager in Québec. In the U.S., the Manager is registered with the United States Securities and Exchange Commission as a non-resident investment advisor. The Manager is also registered with the Commodity Futures Trading Commission in the U.S. as a commodity trading advisor. This registration is administered through the National Futures Association. The Manager is responsible for the management and control of the affairs of the Fund on a day-to-day basis and provides investment advisory and portfolio management services to the Fund. The Manager receives a management fee and a performance fee from certain units of the Fund for its services.

**Investment Objective of the Fund:** The objective of the Fund is to generate high risk-adjusted returns by executing an ensemble of systematic sub-strategies across liquid futures contracts.

**Investment Approach of the Fund:** To pursue its investment objective, the Fund may invest in shares of the ReSolve Osprey S.P. (the “**Offshore SP**”) or other offshore funds. The Fund may also pursue its investment objective by investing in securities directly through accounts with its prime brokers. The investment objective and the investment restrictions of the Offshore SP are substantially the same as the investment objective and investment restrictions of the Fund.

**Investment Strategy** On behalf of the Fund, Resolve, directly or indirectly through the Offshore SP, will focus the assets of the Fund on sub-strategies generated by a proprietary machine learning process engineered by ReSolve to identify thousands of combinations of profitable trading signals. The strategy generation process selects features with return profiles consistent with the Fund’s objective and discards features that are not. Each candidate sub-

strategy is run through a rigorous battery of filters and validation steps to ensure that only the most robust strategies are chosen for final inclusion after accounting for overfitting, trading friction and costs. This process is repeated on a continual basis.

**Offering of Units:**

Available to qualified investors in Canadian dollars, a continuous offering of class D, series A units of the Fund in series (“**Series A Units**”), class D series F units of the Fund in series (“**Series F Units**”) and class D, series I units of the Fund (“**Series I Units**”).

**Series A Units:** Series A Units are available to accredited investors.

**Series F Units:** Series F Units are available to accredited investors who purchase such units through a dealer sponsored fee-for-service or wrap program and who pay an asset-based fee to their dealer. There are no service fees in connection with Series F Units and, as a result, the management fee of the Series F Units is lower than for the Series A Units.

**Series I Units:** Series I Units are available to institutional investors at the discretion of the Manager. The Manager will negotiate the terms of purchase of the Series I Units with each investor, including the management fee and the performance fee that will be charged to the investor. No sales commission is payable when an investor buys or redeems Series I Units from the Manager. An investor buying Series I Units must enter into a Series I Unit agreement with the Manager before the investor can buy Series I Units.

The Fund can also create and issue an unlimited number of classes or series of units of the Fund at any time.

**Minimum Investment in the Fund:**

The minimum initial investment for Series A Units and Series F Units is \$10,000. The minimum initial investment for Series I Units is \$5 million. The Manager, in its sole discretion, may vary these minimum investment thresholds.

**Subscriptions and Redemptions:**

Subscriptions for Series A Units, Series F Units and Series I Units (collectively, the “**Units**”) must be received by the Manager from interested investors before the close of business on the last business day of each calendar month (each a “**Valuation Day**”). The Manager may, in its sole discretion, accept or reject a subscription for Units in whole or in part. Subscriptions received after the close of business on a Valuation Day will be considered on the next Valuation Day.

Each Unit will be issued at a price equal to the net asset value per unit of that series of the Fund determined on the Valuation Day after the Manager receives a completed subscription agreement from an investor, with the applicable subscription proceeds.

If a unitholder of the Fund (a “**Unitholder**”) makes a subsequent investment in Units and does not execute a new subscription agreement when making such investment, the Unitholder will be deemed, pursuant to the Unitholder’s previous subscription agreement, to have repeated the representations and warranties contained in the Unitholder’s previous subscription agreement.

Requests to redeem Units must be submitted in writing by a Unitholder to the Manager at least five (5) business days before the Valuation Day on which such Units are to be redeemed. Requests to redeem Units that are received on less than five (5) business days' prior written notice will, unless waived by the Manager, be redeemed on the next Valuation Day.

In addition to redeeming Units on a Valuation Day, an investor can request that the Manager redeem Units during a month. An administrative fee will be charged to any investor redeeming Units on such basis.

Payment for any redeemed Units will be made by the Fund either by cheque or wire transfer within 10 business days following the date on which such Units are redeemed.

Any Unitholder who redeems Units within 180 days of purchasing such Units may at the discretion of the Manager be subject to a short-term trading fee payable to the Fund equal to three percent (3%) of the net asset value of the Units redeemed.

**Fund Management  
Fee:**

The management fees payable to the Manager by the Fund are 2.00% of the net asset value of the Series A Units per year and 1.00% of the net asset value of the Series F Units per year. The management fees for Series A Units and Series F Units are each calculated and paid to the Manager on each Valuation Day and are equal to 1/12<sup>th</sup> of the applicable annual management fee for that series of Units multiplied by the net asset value of that series of Units on that Valuation Day. The management fees for Series A Units and Series F Units are subject to harmonized sales tax and are charged to the applicable series of Units. The management fees for Series I Units are negotiated with, and paid by the Series I Unitholder to, the Manager.

**Fund Performance  
Fee:**

The Manager is entitled to receive a performance fee from the Series A Units and Series F Units equal to 20% of the amount by which the performance of that series of Units exceeds the previous High-Water Mark for that series of Units.

“**High Water Mark**” for a Series A Unit and a Series F Unit means, initially, its subscription price and thereafter will be adjusted from time to time to equal its net asset value immediately following the payment of a performance fee in respect of such Unit. The performance fees for the Series A Units and Series F Units, if any, are calculated and accrued on each Valuation Day and are payable to the Manager at the end of each calendar quarter. The performance fee for Series I Units is negotiated with, and paid by the Series I Unitholder to, the Manager.

**Fee Reductions:**

Adjustments will be made to the management fees and the performance fees charged by the Fund to the extent such fees, if any, are incurred by the Fund by investing in the Offshore SP.

**Fund Expenses:**

The Fund is responsible for paying its ongoing costs of operation, including without limitation, its trustee, custody, administrative, audit, legal, forward, brokerage, consulting and research fees, travel expenses related to research, investor relations expenses and taxes.

**Other Indirect Expenses:**

The Offshore SP is also each responsible for paying its ongoing costs. The organizational and initial offering costs of the Offshore SP were paid for by Resolve.

**Dealer Compensation:**

The Manager may pay quarterly service fees to dealers whose clients have purchased Series A Units based on the number of days in the relevant quarter that such clients remains invested in the Fund. The service fee rate the Manager may pay a dealer is 1.00% per annum of the aggregate net asset value of the Series A Units held by the clients of such dealer.

There is no service fee payable to dealers with respect to Series F Units or Series I Units.

Investors may choose to purchase Series F Units through dealer sponsored fee based accounts.

The Manager does not charge a commission when a subscriber buys Series A Units directly. An independent dealer has the option to charge a subscriber a negotiated sales commission of up to 2.5% of the net asset value of the Series A Units purchased. Any up-front sales commission will be deducted from the investor's subscription proceeds and paid to their dealer.

The Manager may also pay up to 10% of the quarterly performance fees that it earns on Series A Units and Series F Units to those dealers whose clients have purchased such Units of the Fund based on the number of days in the relevant quarter that such clients remains invested in the Fund.

**Distributions to Unitholders:**

The Fund intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each calendar year to ensure that the Fund is not liable for income tax under Part I of the *Income Tax Act* (Canada) (the "**Tax Act**"), after taking into account any loss carry forwards and capital gains refunds. Distributions will be made in a fair and reasonable manner by the Manager within each series of Units to each Unitholder as determined as of the close of business on the date of distribution.

The Fund does not intend to make cash distributions. Any distributions to Unitholders (less any amounts required by law to be deducted therefrom) will automatically be reinvested for the account of each Unitholder in additional Units of the same series at the net asset value per Unit of that series next determined after the declaration of the distribution. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. The costs of distributions, if any, will be paid by the Fund.

**Tax Consequences:**

A prospective investor should consider carefully all of the potential tax consequences of an investment in Units and should consult with their tax advisor before subscribing for Units.

<b>Eligibility for Investment:</b>	Provided that the Fund qualifies as a “mutual fund trust” for purposes of the Tax Act, Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.
<b>Risk Factors:</b>	Investments in Units are subject to various risk factors.
<b>Fiscal Year End:</b>	December 31 <sup>st</sup>
<b>Banker:</b>	Royal Bank of Canada
<b>Auditors:</b>	KPMG LLP, Toronto Ontario
<b>Legal:</b>	Fasken Martineau DuMoulin LLP, Toronto, Ontario
<b>Prime Broker:</b>	Société Générale Capital Canada Inc. and Interactive Brokers Canada
<b>Administrator:</b>	APEX Fund Services (Canada) Ltd.
<b>Trustee:</b>	Resolve Asset Management Inc., Toronto, Ontario

## TABLE OF CONTENTS

THE FUND.....	1
THE MANAGER.....	1
THE TRUSTEE .....	3
FUND ADMINISTRATION .....	3
OFFERING OF FUND UNITS .....	3
SUBSCRIPTIONS FOR UNITS .....	4
REDEMPTIONS OF UNITS.....	5
TRANSFER OF UNITS .....	6
ELIGIBILITY FOR INVESTMENT.....	6
OFFERING/REDEMPTION OF SECURITIES OF OFFSHORE SP.....	6
FUND - FEES AND EXPENSES.....	6
DEALER COMPENSATION.....	7
DETERMINATION OF FUND NET ASSET VALUE .....	8
DETERMINATION OF OFFSHORE SP NET ASSET VALUE .....	8
DISTRIBUTIONS OF INCOME AND CAPITAL GAINS .....	8
REPORTING TO UNITHOLDERS.....	9
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS .....	9
EXCHANGE OF TAX INFORMATION .....	14
RISK FACTORS .....	14
AMENDMENT OF DECLARATION OF TRUST .....	17
TERMINATION.....	17
CONFLICT OF INTEREST POLICY.....	17
MATERIAL AGREEMENTS .....	18
INTEREST OF MANAGER .....	18
PROMOTER.....	18
AUDITORS .....	18
LEGAL COUNSEL .....	18
RIGHTS OF ACTION FOR DAMAGES OR RESCISSION .....	19
SCHEDULE “A” – RIGHTS OF ACTION FOR DAMAGES OR RESCISSION	

## **THE FUND**

The Resolve Osprey Fund (the “**Fund**”) is an open-ended unit trust governed under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust dated as of the 29<sup>th</sup> day of June 2020 and an amended and restated regulation dated as of the 1<sup>st</sup> day of July 2020 (collectively, the “**Declaration of Trust**”) by Resolve Asset Management Inc., as the manager and trustee of the Fund (the “**Manager**” or “**Resolve**”). The address of the Fund’s and the Manager’s principal office is 1 Adelaide Street East, Suite 2000, Toronto, Ontario, Canada M5C 2V9.

### **Fund Objective**

The objective of the Fund is to generate high risk-adjusted returns by executing an ensemble of systematic sub-strategies across liquid futures contracts..

### **Investment Approach of the Fund**

To pursue its investment objective, the Fund may invest in shares of the ReSolve Osprey S.P. (the “**Offshore SP**”) or other offshore funds. The Fund may also pursue its investment objective by investing in securities directly through accounts with its prime brokers.

The investment objective and investment restrictions of the Offshore SP are substantially the same as the investment objective and investment restrictions of the Fund.

### **Investment Strategy**

On behalf of the Fund, Resolve, directly or indirectly through the Offshore SP, will focus the assets of the Fund on sub-strategies generated by a proprietary machine learning process engineered by ReSolve to identify thousands of combinations of profitable trading signals. The strategy generation process selects features with return profiles consistent with the Fund’s objective and discards features that are not. Each candidate sub-strategy is run through a rigorous battery of filters and validation steps to ensure that only the most robust strategies are chosen for final inclusion after accounting for overfitting, trading friction and costs. This process is repeated on a continual basis.

### **Offshore SP**

The Offshore SP is a segregated portfolio of the Cayman Emerging Manager Platform SPC (the “**Offshore Company**”), which is an exempted company with limited liability that was incorporated under the laws of the Cayman Islands on May 18, 2011 and which is registered as a segregated portfolio company. Resolve is the investment advisor of the Offshore SP.

## **THE MANAGER**

The Manager is incorporated under the laws of Canada and is registered as an investment fund manager in Ontario, Québec, and Newfoundland and Labrador and Quebec, and as a portfolio manager and exempt market dealer in Ontario, Alberta, British Columbia and Newfoundland and Labrador. The Manager is also registered as a commodity trading manager in Ontario and as a portfolio manager and derivatives portfolio manager in Québec. In the U.S., the Manager is registered with the United States Securities and Exchange Commission as a non-resident investment advisor. The Manager is also registered with the Commodity Futures Trading Commission in the U.S. as a commodity trading advisor. This registration is administered through the National Futures Association. The Manager is responsible for the management and control of the affairs of the Fund on a day-to-day basis and provides investment advisory and portfolio management services to the Fund. The Manager receives a management fee and a performance fee from certain units of the Fund for its services.

## Manager Bios

### **Adam Butler, CFA, CAIA, Chief Executive Officer and Chief Investment Officer of ReSolve**

Adam has 16 years of experience in investment management including 11 years as a Portfolio Manager, and is an advisor for the ReSolve Adaptive Asset Allocation Fund, the Horizons Global Risk Parity ETF, and all managed accounts. Prior to co-founding Resolve in 2015, Adam was a Portfolio Manager at Dundee Private Wealth from March 2014 to September 2015; Richardson GMP from December 2013 to March 2014; and Macquarie Private Wealth from November 2011 through December 2013. Adam is co-author of the book “*Adaptive Asset Allocation: Dynamic Global Portfolios to Profit in Good Times – And Bad*” (Wiley, 2016), and many investment related articles and whitepapers. He is also lead author of the ReSolve blog. Mr. Butler graduated with an Honors degree in Psychology from Queen’s University, and has earned both the Chartered Financial Analyst (CFA) and CAIA charters.

### **Nicholas Markos, Head of Futures**

Nicholas is directly involved with all aspects of Resolve’s investment and trading research. He develops and tests ideas related to signal generation, risk management, data integrity and portfolio construction. He is also responsible for Resolve’s data, technology and trading infrastructures. This involvement provides assurance that implementations of research ideas are accurately seen through to active production and trading operations. Nicholas has over 27 years of experience in alternative investments and is a member of the Alternative Investment Management Association (AIMA).

### **Rodrigo Gordillo, CIM, President of ReSolve**

Rodrigo has 16 years of experience in investment management including seven years as a Portfolio Manager, and is an advisor for the ReSolve Adaptive Asset Allocation Fund, the Horizons Global Risk Parity ETF, and all managed accounts. Prior to co-founding Resolve in 2015, Rodrigo was a Portfolio Manager at Dundee Private Wealth from March 2014 to September 2015; Richardson GMP from December 2013 to March 2014; and Macquarie Private Wealth from November 2011 through December 2013. Rodrigo is co-author of the book “*Adaptive Asset Allocation: Dynamic Global Portfolios to Profit in Good Times – And Bad*” (Wiley, 2016), and many investment related articles and whitepapers. Mr. Gordillo holds a Bachelor of Commerce degree from the Rotman School of Commerce at the University of Toronto, and is a Chartered Investment Manager®.

## THE TRUSTEE

Resolve Asset Management Inc. is also the trustee of the Fund (the “**Trustee**”) pursuant to the Declaration of Trust. The Trustee is responsible for carrying out various administrative and recording keeping functions on behalf of the Fund. The Trustee is required to exercise its powers and discharge the duties of its office honestly and in good faith and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Trustee may resign upon 90 days’ written notice to unitholders of the Fund (each a “**Unitholder**”).

## FUND ADMINISTRATION

The Manager has retained the services of APEX Fund Services (Canada) Ltd, as the Fund’s administrator, registrar and transfer agent, (the “**Administrator**”) pursuant to an administration agreement dated the 11<sup>th</sup> day of September 2018 (the “**Administration Agreement**”). The Administrator is responsible for calculating the net asset value of the Fund and the net asset value per unit of each class and series of the Fund, and preparing all reporting documents for Unitholders. The Administrator will also maintain the registrar of Unitholders and will ensure that all subscriptions and redemptions of Units are properly processed.

APEX Fund Services (Canada) Ltd. is also the administrator of the Offshore SP.

### **Brokerage Arrangements**

The Manager has complete discretion regarding the selection of prime brokers and dealers who execute portfolio transactions on behalf of the Fund and the Offshore SP and to select the market in which such transactions will be executed. The policy of the Manager in buying and selling securities for the Fund and the Offshore SP is to obtain the most favourable execution of transactions. The Manager will effect transactions with those prime brokers and dealers that the Manager believes provide the most favourable prices and who are capable of completing the transactions efficiently. The factors that the Manager will consider in determining if an order is being efficiently executed by a prime broker or a dealer include the size of the order, the difficulty of executing the order, the operational capabilities and facilities of the prime broker or the dealer involved and the prior experience of the prime broker or dealer in effecting transactions of the type the Manager wants to enter into on behalf of the Fund and the Offshore SP. Currently, the Fund and the Offshore SP use Société Générale Capital Canada Inc. and Interactive Brokers Canada as their prime brokers.

### **Payment Bank**

The Fund has established a bank account in its name at the Royal Bank of Canada to facilitate cash payments to and from it. The Offshore SP has also established a bank account in its name with an offshore financial institution to facilitate cash payments to and from it.

## **OFFERING OF FUND UNITS**

### **The Units**

Available to qualified investors in Canadian dollars, a continuous offering of class D, series A units of the Fund in series (“**Series A Units**”), class D, series F units of the Fund in series (“**Series F Units**”) and class D, series I units of the Fund (the “**Series I Units**”). The Fund can create and issue an unlimited number of classes and series of units of the Fund.

Additional classes or series of units of the Fund may be offered in the future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels.

Each unit of a class or series of the Fund represents an undivided interest in the net assets of the Fund attributable to that class or series of units of the Fund, respectively.

Three series of class D units of the Fund in series are offered under this Offering Memorandum:

- **Series A Units:** Series A Units are available to accredited investors.
- **Series F Units:** Series F Units are available to accredited investors who purchase such units through a dealer sponsored fee-for-service or wrap program and who pay an asset-based fee to their dealer. There are no service fees in connection with Series F Units and, as a result, the management fee is lower than for Series A Units.

If a Unitholder is no longer eligible to hold Series F Units, the Manager may require the Unitholder to switch their Series F Units into Series A Units after giving the Unitholder at least 30 days’ prior written notice. The switch will not be required if the Unitholder advises the Manager within such notice period, and the Manager agrees, that the Unitholder is again entitled to hold Series F Units. When switching to Series A Units, a Unitholder’s dealer may charge the Unitholder a sales charge and/or a switching fee.

- **Series I Units:** Series I Units are available to institutional investors at the discretion of the Manager. The Manager will negotiate the terms of purchase of the Series I Units with each investor, including the management fee and the performance fee that will be charged to the investor. No sales commission is payable when an investor buys or redeems Series I Units. An

investor buying Series I Units must enter into a Series I Unit agreement with the Manager before the investor can buy Series I Units.

If a Unitholder is no longer eligible to hold Series I Units, the Manager may require the Unitholder to switch their Series I Units into Series A Units after giving the Unitholder at least five (5) business days' prior written notice. The switch will not be required if the Unitholder advises the Manager within such notice period, and the Manager agrees, that the Unitholder is again entitled to hold Series I Units.

## **SUBSCRIPTIONS FOR UNITS**

To subscribe for Series A Units, Series F Units or Series I Units (collectively, the “**Units**”), a new investor must complete and execute a subscription agreement and forward it directly to the Manager, or through their dealer, who will forward it to the Manager on the same day they receive it. Payment must be provided via an electronic order system such as FundSERV or by cheque or bank draft made payable to the “Resolve Osprey Fund”. Wire transfers can also be used to pay for the Units as set out in the subscription agreement.

Subscriptions for Units must be received by the Manager from interested investors before the close of business on the last business day of each calendar month (each a “**Valuation Day**”). The Manager may, in its sole discretion, accept or reject a subscription for Units in whole or in part. Subscriptions received after the close of business on a Valuation Day will be considered on the next Valuation Day. If a subscription is rejected for any reason, any subscription proceeds forwarded by the subscriber will be returned in full without interest.

Each Unit will be issued at a price equal to the net asset value per Unit of the applicable series of the Fund determined on the Valuation Day after the Manager receives a completed subscription agreement from an investor, with the applicable subscription proceeds.

If a Unitholder makes a subsequent investment in Units and does not execute a new subscription agreement when making such investment, the Unitholder will be deemed, pursuant to the Unitholder's previous subscription agreement, to have repeated to the Fund and the Manager the representations and warranties contained in the Unitholder's previous subscription agreement.

A book-based system of registration is maintained by the Fund. The register for Units is kept at the office of the Administrator. Unit certificates will not be issued.

By executing a subscription agreement for Units, each subscriber is acknowledging that the investment portfolio and trading procedures of the Fund are confidential and agrees that all information received by the subscriber from the Fund from time to time shall be kept confidential and will not be disclosed to third parties without the prior written consent of the Manager.

### **Minimum Initial and Subsequent Investments**

The minimum initial investment for Series A Units and Series F Units is \$10,000. Initial investment for Series I Units is \$5 million.

Additional investments by a Unitholder must be in an amount of at least \$5,000 provided that the investor is an accredited investor at the time of the additional investment. The Manager, in its sole discretion, may vary these minimum investment thresholds from time to time.

### **Non-Residents of Canada**

U.S. and other non-resident investors are urged to consult their own tax advisors for advice with respect to their own particular circumstances.

**REDEMPTION OF UNITS**

Requests to redeem Units must be submitted in writing by a Unitholder to the Manager at least five (5) business days before the Valuation Day on which such Units are to be redeemed. Requests to redeem Units that are received on less than five (5) business days' prior notice will, unless waived by the Manager, be redeemed on the next Valuation Day.

In addition to redeeming Units on a Valuation Day, an investor can request that the Manager redeem Units during the month with at least five (5) business days' prior written notice. An administrative fee will be charged to any investor redeeming Units on such basis.

Payment for any redeemed Units will be made by the Fund either by cheque or wire transfer within 10 business days following the date on which such Units are redeemed.

Any payment, unless not honoured, will discharge the Fund and the Manager from all liability to the applicable Unitholder in respect of the Units redeemed. In no event will the Fund or the Manager be liable to a Unitholder for any interest or income on the redemption proceeds of any Units that have been redeemed, if such redemption proceeds cannot be delivered to the Unitholder through no fault of the Fund or the Manager.

The Manager may in its discretion redeem all or any portion of a Unitholder's Units by giving at least 14 days' prior written notice to the Unitholder, specifying the number of Units to be redeemed.

Pursuant to the Declaration of Trust, the Fund may allocate and designate any income or capital gains realized by the Fund as the result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate, designate and treat as having been paid, any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year or such other amount that is determined by the Manager to be reasonable and fair.

**Suspensions**

The Manager may suspend the redemption of Units during any period in which normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and traded. The redemption of Units may also be suspended at any other time if the Manager determines that conditions exist which render the Fund unable to sell any of its assets or it is not possible to determine the value of any of the Fund's assets.

Any suspension may apply to all requests for redemption received prior to the suspension, but which have not yet been paid, as well as to all requests received while the suspension is in effect. All Unitholders making redemption requests will (unless the suspension lasts for less than 48 hours) be advised by the Manager of the suspension and that redemption requests previously received will be effected on the first Valuation Day following the termination of the suspension. All such Unitholders will (unless the suspension lasts for less than 48 hours) be advised that they have the right to withdraw any requests for redemption previously submitted.

A suspension will terminate on the first day on which the condition giving rise to the suspension ceases to exist, provided no other conditions exist which would cause the suspension to continue. Subject to applicable law, any suspension of a redemption of Units by the Manager is conclusive. Any outstanding redemption requests will be processed at the applicable net asset value per Unit on the Valuation Day immediately following the termination of any suspension.

### **Short-Term Trading Fee**

Any Unitholder who redeems Units within 180 days of purchasing such Units may at the discretion of the Manager be subject to a short-term trading fee payable to the Fund equal to three percent (3%) of the net asset value of the Units redeemed. No short-term trading fee will be imposed by the Manager if Units are redeemed within 180 days of being purchased by a Unitholder due to the death of the Unitholder or as a result of a Unitholder exercising a statutory right of rescission. In addition, no short-term trading fee will be imposed on Units redeemed that were acquired through an automatic reinvestment of distributions. All short-term trading fees will become an asset of the Fund for the benefit of the remaining Unitholders.

### **TRANSFER OF UNITS**

Units generally cannot be transferred or resold. The Manager may in exceptional circumstances (e.g., the death of a Unitholder), permit Units to be transferred.

### **ELIGIBILITY FOR INVESTMENT**

Provided that the Fund qualifies as a “mutual fund trust” for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts. Notwithstanding the foregoing, Units may be a “prohibited investment” for certain registered plans. See “Canadian Federal Income Tax Considerations – Units held in a registered account”.

### **OFFERING/REDEMPTION OF SECURITIES OF OFFSHORE SP**

Available to qualified investors, the Offshore SP offers securities on a continuous basis on each Valuation Day or on such other dates or in such other manner as may be permitted from time to time.

### **FUND - FEES AND EXPENSES**

#### **Fund Management Fees**

The management fees payable to the Manager by the Fund are 2.00% of the net asset value of the Series A Units per year and 1.00% of the net asset value of the Series F Units per year. The management fees for Series A Units and Series F Units are calculated and paid to the Manager on each Valuation Day and are equal to 1/12<sup>th</sup> of the applicable annual management fee for that series of Unit multiplied by the net asset value of that series of Unit on that Valuation Day. The management fees for Series A Units and Series F Units are subject to harmonized sales tax and are charged to the applicable series of Units.

The management fees for Series I Units are negotiated with, and paid by the Series I Unitholder to, the Manager.

#### **Fund Performance Fee**

The Manager is entitled to receive a performance fee from the Series A Units and Series F Units equal to 20% of the amount by which the performance of that series of Units exceeds the previous High-Water Mark for that series of Units. “**High Water Mark**” for a Unit means, initially, its subscription price and thereafter will be adjusted from time to time to equal its net asset value immediately following the payment of a performance fee in respect of such Unit. The performance fees for the Series A Units and Series F Units, if any, are calculated and accrued on each Valuation Day and are payable to the Manager at the end of each calendar quarter. If the Manager is paid on a performance fee at the end of a calendar quarter, the Manager intends to consolidate all of the Units of each series on such date.

The performance fee for Series I Units is negotiated with, and paid by the Series I Unitholder to, the Manager.

**Fee Reductions**

Adjustments will be made to the management fees and the performance fees charged by the Fund to the extent such fees, if any, are incurred by the Fund by investing in the Offshore SP.

**Fund Expenses**

The Fund is responsible for paying its ongoing costs of operation, including without limitation, its trustee, custody, administrative, audit, legal, forward, brokerage, consulting and research fees, travel expenses related to research, investor relations expenses and taxes.

Each series of Units is responsible for the expenses specifically related to that series of that series of Units and its proportionate share of any general expenses of the Fund. The Manager will allocate expenses to each series of each series of Units in its sole discretion in such manner as it deems fair and reasonable in the circumstances.

The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver will affect its ability to receive such fees or reimbursement of expenses in the future.

**Other Indirect Expenses**

The Offshore SP is also each responsible for paying all ordinary costs incurred in connection with its operation and administration. The organizational and initial offering costs of the Offshore SP were paid for by Resolve.

**DEALER COMPENSATION**

The Manager may pay quarterly service fees to dealers whose clients have purchased Series A Units based on the number of days in the relevant quarter that such clients remains invested in the Fund. The service fee rate the Manager may pay a dealer is 1.00% per annum of the aggregate net asset value of the Series A Units held through by the clients of such dealer.

No service fee is payable with respect to Series F Units or Series I Units.

The Manager does not charge a commission when a subscriber buys Series A Units directly. An independent dealer has the option to charge a subscriber a negotiated sales commission of up to 2.50% of the net asset value of the Units. Any up-front sales commission will be deducted from the investor's subscription proceeds and paid to their dealer.

The Manager may also pay up to 10% of the quarterly performance fees that it earns on Series A Units and Series F Units to those dealers whose clients have purchased such units of the Fund based on the number of days in the relevant quarter that such clients remains invested in the Fund.

**Sales Practices**

The Manager may pay for marketing materials which it gives to dealers to help support their sales efforts and to help educate investors. These materials may include reports and commentaries on securities, the markets, the Fund and the services the Manager offers to investors. In addition, the Manager may share the cost of local advertising or other marketing or sales related expenses or provide various training support programs to assist dealers in servicing their clients, and in their efforts to sell Units of the Fund.

These programs may include training materials and audio/visual materials for seminar programs operated by the dealers. The Manager may pay a portion of the costs of educational seminars or conferences to teach them about, among other things, new developments in the investment fund industry, financial planning or new financial products. The Manager may also provide sales representatives with promotional items of nominal value and may engage in business promotion activities with sales representatives.

## **DETERMINATION OF FUND NET ASSET VALUE**

The net asset value of each series of Units will be determined by the Administrator within five (5) business days of each Valuation Day.

The net asset value of each series of Units is calculated by the Administrator on each Valuation Day by dividing the aggregate value of the assets of the Fund attributable to that series of Units less the aggregate amount of the liabilities of the Fund attributable to that series of Units. The net asset value of each series of Units on each Valuation Day is then divided by the number of Units of that series outstanding on that Valuation Day to determine the net asset value per Unit for that series of Units.

### **Valuation Principles**

The assets of the Fund will be valued using the following guidelines:

**Cash** - The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to Unitholders of record on a date before the applicable Valuation Day), and interest accrued and not yet received on any Valuation Day is deemed to be the full amount thereto, unless the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend or distribution received or interest is not worth such full amount, in which event, the Manager shall determine the reasonable value of such item.

**Exchange traded securities** - The value of any security, option or future listed on any exchange on any Valuation Day shall be determined by the closing sale price on such Valuation Day or, if there is no sale price, the average between the closing bid and the closing ask price on such Valuation Day, all as reported by any report in common use or authorized as official by such exchange; provided that if such exchange is not open for trading on that Valuation Day, then on the last previous business day on which such exchange was open for trading. For any exchange traded security where daily limits are in effect, fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin.

**Fixed Income** - The value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on the applicable Valuation Day at such times during the day as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest.

**Currencies** - Any assets of the Fund valued in a foreign currency, and all liabilities and obligations of the Fund that are payable in a foreign currency, shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Manager.

**Expenses** - All expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis.

If the above valuation principles cannot be reasonably applied, either because no price or yield equivalent quotations are available or for any other reason, the Manager may in its sole discretion value such security or asset of the Fund in such manner as it deems is fair and appropriate in the circumstances.

## **DETERMINATION OF OFFSHORE SP NET ASSET VALUE**

The net asset value of securities of the Offshore SP will be determined by the Administrator in a manner similar to the Fund.

## **DISTRIBUTIONS OF INCOME AND CAPITAL GAINS**

The Fund intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each calendar year to ensure that the Fund is not liable for income tax under Part I of the Tax Act, after

taking into account any loss carry forwards and capital gains refunds. All distributions will be made in a fair and reasonable manner by the Manager within each series of Units to each Unitholder as determined as of the close of business on the date of distribution.

The Fund does not intend to make cash distributions. Any distributions to Unitholders (less any amounts required by law to be deducted) will automatically be reinvested for the account of each Unitholder in additional Units of the same series at the net asset value per Unit of that series next determined after the declaration of the distribution. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment. The costs of distributions, if any, will be paid by the Fund.

The Fund may also make such additional distributions of net income and net realized capital gains on any other Valuation Day as the Manager deems appropriate in its sole discretion. The Fund may also effect a distribution that is a return of capital.

The Manager expects that Units will be automatically consolidated immediately after each distribution by the Fund to Unitholders (which distributions will automatically be reinvested in additional Units) such that the series net asset value per Unit following a consolidation will be equal to the series net asset value per Unit immediately prior to such distribution. These consolidations will provide a net asset value per Unit calculation which is not diluted by distributions, thereby allowing the Manager and Unitholders to better track the performance of the Units. The Manager may, in its discretion elect not to proceed with a consolidation. Notice to Unitholders will not be required provided that the consolidation would not be material to the Fund.

#### **REPORTING TO UNITHOLDERS**

Each Unitholder will receive a monthly statement from the Fund showing the number of Units that Unitholder holds, including any transactions (e.g., subscriptions, redemptions and/or reinvestments) that have occurred since the last statement. Each Unitholder will also be provided with all applicable income tax forms on an annual basis.

The Administrator will maintain the books and records of the Fund. Except for confidential information, as determined by the Manager to be in the best interests of the Fund, or as otherwise required by law, each Unitholder or its duly appointed representative has the right, on reasonable notice, to examine the books and records of the Fund during normal business hours at the office of the Administrator.

The fiscal year-end of the Fund is December 31<sup>st</sup>. Each Unitholder has the right to receive the audited annual financial statements of the Fund within 90 days of each year-end and the unaudited semi-annual financial statements of the Fund within 60 days of June 30<sup>th</sup> of each year.

Confirmations will be sent to each Unitholder who buys or redeems a Unit.

The Fund is not a reporting issuer for the purpose of applicable securities legislation.

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

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act that generally apply to the acquisition, holding and disposition of Units by a purchaser who acquires Units pursuant to this Offering Memorandum. This summary only applies to a Unitholder who is an individual (other than a trust), and who, for purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund and holds Units as capital property. Units will generally be considered capital property to a Unitholder unless the Unitholder holds the Units in the course of carrying on a business or has acquired the Units in a transaction or transactions considered to be an adventure or concern in the nature of a trade.

This summary is based on the assumption that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and an understanding of the current publicly available administrative and assessing policies of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all. This summary also relies on advice from the Manager relating to certain factual matters.

This summary is also based on the assumptions that (i) none of the securities held by the Fund will be an interest in a non-resident trust other than an “exempt foreign trust” (ii) none of the issuers of securities held by the Fund will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act and (iii) none of the issuers of securities held by the Fund will be a “foreign affiliate” (within the meaning of the Tax Act) of the Fund or any Unitholder.

This summary further assumes that the Fund will not be subject to a “loss restriction event” within the meaning of the Tax Act.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor’s particular circumstances including the province(s) or territory(ies) in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. Prospective investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units based on their particular circumstances.**

#### **Qualification as a Mutual Fund Trust**

As noted above, this summary is based on the assumption that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act.

In order to qualify as a mutual fund trust, the Fund cannot, and may not at any time, reasonably be considered to be established or maintained primarily for the benefit of non-resident persons unless certain exceptions apply. In addition, among other requirements, the Fund must have at least 150 Unitholders of a particular class of Units each of whom holds a minimum number and value of Units. The Manager expects that the Fund will meet all the conditions to be a mutual fund trust.

**If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below and under “Eligibility for Investment” would, in some respects, be materially and adversely different.**

This summary is also based on the assumption that the Fund will at no time be a “SIFT trust” as defined in the Tax Act, which among other things requires that the Units not be listed or traded on a stock exchange and that the Units not trade on any other trading system or organized facility.

#### **Taxation of the Fund**

##### *(a) General*

The Fund is subject to tax under Part I of the Tax Act in each year on the amount of its income for the taxation year, including net taxable capital gains as computed in accordance with the Tax Act, less the

portion thereof that is paid or payable to Unitholders in the year. An amount will be considered payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that the Fund will not be liable for any income tax under Part I of the Tax Act.

*(b) Offshore SP*

The securities of the Offshore SP should be considered an “offshore investment fund property” within the meaning of section 94.1 of the Tax Act. Consequently, the Fund is required to include in computing its income each taxation year a prescribed return on its investment in the securities of the Offshore SP. The prescribed return is computed based on a prescribed rate of interest multiplied by the Fund’s designated cost of the securities of the Offshore SP (the “**94.1 Income**”). The prescribed return is reduced to the extent that the Fund receives income (e.g., dividends) on securities of the Offshore SP. The current prescribed return for the purposes of these rules is three percent (3%). The rate is set each quarter and is based on the average yield of 90-day Government of Canada Treasury Bills plus two percent (2%). The 94.1 Income will therefore fluctuate from time to time and will increase if the 90-day Government of Canada Treasury Bill rate increases.

*(d) Computation of Income of the Fund*

In determining the income of the Fund, gains or losses realized upon dispositions of securities of the Fund which are not “Canadian securities” and not the subject of short sales, for example a disposition of securities of the Offshore SP upon a redemption of such securities, should constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of a trade.

Generally, the Fund includes gains and deducts losses in connection with investments made through derivative securities on income account except where such derivatives are used to hedge securities held on capital account, and the Fund recognizes such gains and losses for tax purposes at the time that they are realized. Gains and losses of the Fund in respect of short sales of securities are generally considered to be on income account; unless the short sale is in respect of “Canadian securities.”

The Fund is entitled to deduct in computing its income reasonable administrative and other operating expenses (other than expenses on account of capital) incurred by it for the purposes of earning income from property or a business.

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property (e.g., securities of Offshore SP) is considered to be a suspended loss when the Fund acquires a property (a “substituted property”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the Fund to be made payable to Unitholders.

The Fund is required to compute all amounts, including interest, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of the Fund’s income, expenses and capital gains or capital losses may be affected by changes in the value of a foreign currency relative to the Canadian dollar

The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined

under the Tax Act based on the redemptions of Units during the year (“**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

*(e) Loss Restriction Event Rules*

The Tax Act contains “loss restriction event” (“**LRE**”) rules that could potentially apply to certain trusts including the Fund. In general, a LRE occurs to the Fund if a person (or group of persons) acquires more than 50% of the Units of the Fund. If a LRE occurs to the Fund (i) the Fund will be deemed to have a year-end for tax purposes, (ii) any net income and net realized capital gains of the Fund at such year-end will be distributed to Unitholders of the Fund, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) on going forward basis.

**Taxation of Unitholders**

Unitholders are required to include in their income for tax purposes for a particular year the amount of net income and net taxable capital gains, if any, paid or payable to them by the Fund, whether or not reinvested in additional Units. If the Fund realizes 94.1 Income, such income net of any deductible expenses or losses of the Fund will be made payable to Unitholders without any corresponding cash distribution.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends received or deemed to be received by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply including an enhanced gross-up and dividend tax credit in respect of “eligible dividends” paid by taxable Canadian corporations.

In addition, provided that appropriate designations are made by the Fund in respect of foreign income or gains of the Fund, for the purpose of computing any foreign tax credit available to a Unitholder, and subject to the rules in the Tax Act, the Unitholder will be deemed to have paid as tax to the government of a foreign country the Unitholder’s share of the taxes paid or considered to be paid by the Fund to that country.

Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

To the extent that distributions to a Unitholder exceed the net income and net realized capital gains of the Fund for the year, such excess distributions will be a return of capital and will not be taxable in the hands of the Unitholder but will reduce the adjusted cost base to the Unitholder of such Unitholder’s Units, except to the extent such amount is the non-taxable portion of a capital gain of the Fund, the taxable portion of which was designated to the Unitholder. To the extent that the adjusted cost base of a Unit would be less than zero, the negative amount will be deemed to be a capital gain realized by a Unitholder from the disposition of the Unit and the Unitholder’s adjusted cost base of the Units will be increased by the amount of such deemed capital gain.

Unitholders are advised each year of the amount of net income, net taxable capital gains and return of capital paid or payable to them, the amount of net income considered to have been received as a taxable dividend and the amount of any foreign taxes considered to have been paid by them.

Any upfront sales charges payable by Unitholders to dealers on the acquisition of Units are not deductible by such Unitholders but are added to the adjusted cost of the Units purchased.

The cost of additional Units acquired by a Unitholder at a particular time (including on a reinvestment of distributions) must be averaged with the adjusted cost base of all other Units held by the Unitholder at such time as capital property.

Upon the actual or deemed disposition of a Unit, including the redemption of a Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit to a Unitholder and any costs of disposition. Under the Tax Act, one-half of capital gains (“**taxable capital gains**”) is included in an individual’s income and one-half of capital losses (“**allowable capital losses**”) is generally deductible only against taxable capital gains realized in the year. Allowable capital losses for a taxation year in excess of taxable capital gains of such year may be carried back and deducted in any of the three (3) preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Pursuant to the Declaration of Trust, the Fund may allocate, designate and treat as having been paid to a Unitholder who redeems Units during a year, any income or capital gains realized by the Fund in the year as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to such Unitholder. In addition, the Fund has the authority to distribute, allocate, designate and treat as having been paid, any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the Fund’s income and capital gains for the year or such other amount that is determined by the Fund to be reasonable. Any such allocations will reduce the redeeming Unitholder’s proceeds of distribution.

A reclassification of one series of Units into another series of Units will not result in a disposition of Units under the Tax Act.

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

The net asset value per Unit will, in part, reflect any income and gains of the Fund that have accrued or been realized, but have not been made payable at the time Units of the Fund were acquired by a Unitholder. Accordingly, a Unitholder who acquires Units, including on a reinvestment of distributions, may become taxable on the Unitholder’s share of income and gains of the Fund that accrued before the Units were acquired.

#### **Units held in a registered account**

If a Unitholder holds Units in an registered retirement saving plan (a “**RRSP**”), a registered retirement income fund (a “**RRIF**”), a deferred profit sharing plan, a registered education saving plan (a “**RESP**”), a registered disability savings plan (a “**RDSP**”) or a tax-free savings account (a “**TFSA**”), the Unitholder generally pays no tax on distributions from the Fund or on any capital gains that the Unitholder’s registered plan receives from selling Units as long the money remains in the registered plan. When a Unitholder withdraws money from a registered plan (other than a TFSA or, in some circumstances, a RESP or a RDSP), it will generally be subject to tax at the Unitholder’s marginal tax rate.

A Unitholder who is a holder of a TFSA or a RDSP, or an annuitant of a RRSP or a RRIF, or a subscriber of a RESP, that holds Units will be subject to a penalty tax as set out in the Tax Act if the Units are a “prohibited investment” for such plans. A “prohibited investment” includes a unit of a trust, (such as the Fund), if the Fund does not deal at arm’s length with the holder, or in which the holder has a significant interest, which, in general terms, means the ownership of 10% or more of the value of the trust’s outstanding units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm’s length. Unitholders are advised to consult their own tax advisors regarding the application of these rules in their particular circumstances.

## EXCHANGE OF TAX INFORMATION

The *Hiring Incentives to Restore Employment Act of 2010* provides for a U.S. withholding tax system, often referred to as the *Foreign Account Tax Compliance Act* (“**FATCA**”). FATCA requires a “foreign financial institution” (a “**FFI**”), the broad definition of which includes an investment fund such as the Fund, to undertake certain due diligence, reporting, withholding and certification obligations with respect to its direct investors. Failure to comply with FATCA could subject the Fund or its Unitholders to certain sanctions including a 30% U.S. withholding tax on certain payments to them, unless an exemption is met.

The intergovernmental agreement between Canada and the United States (the “**Canada-U.S. IGA**”) and provisions in the Tax Act import certain FATCA provisions into Canadian law, which modifies the U.S. tax reporting and withholding provisions as they apply to Canadian FFIs. Under these rules, the Fund must comply with certain due diligence and reporting obligations to the Canada Revenue Agency on “U.S. Reportable Accounts.” A Canadian FFI that complies with the requisite due diligence and reporting requirements of the Canada-U.S. IGA will generally be relieved from certain obligations that would otherwise have been applicable under FATCA, including the obligation to withhold on payments to, or to close accounts of, individual unitholders who do not provide requested information to permit the FFI to establish whether they are any U.S. reportable accounts.

The Tax Act contains similar rules that apply in respect of other non-Canadian investors in the Fund.

## RISK FACTORS

**There are certain risks associated with an investment in the Fund. An investment in the Fund should be viewed as a means of diversification within the context of an overall investment portfolio, and an investment should be made only after consulting with independent and qualified sources of investment and tax advice. Prospective investors should consider the following risk factors before subscribing for Units.**

### No Assurance of Achieving Investment Objective

There can be no assurance that the Fund will achieve its investment objectives or that an investment in Units will earn any positive return in the short or long term. The value of Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Fund’s portfolio.

An investment in the Fund is not intended as a complete investment program. Rather, it is intended to be a component of a balanced or growth portfolio. A subscription for Units should be considered only by investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from the Fund, who are financially able to maintain their investment and who can afford the loss of their entire investment. All potential investors in the Fund should understand the investment approaches and techniques that the Manager expects to use in the management of the Fund and the particular risks associated with those approaches and techniques.

### Tax Related Risks

It is anticipated that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act. In order for the Fund to qualify as a “mutual fund trust,” it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Fund and the dispersal of ownership of its Units. In addition, the Fund will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than “taxable Canadian property” as defined in the Tax Act. In the event that the Fund were not to qualify as a mutual fund trust under the Tax Act at all times, there may be adverse tax consequences to Unitholders.

The Fund will include in computing its income for tax purposes each taxation year a prescribed return in respect of its investment in securities of the Offshore SP. The income inclusion is computed based on a prescribed rate of interest multiplied by the Fund’s designated cost of the securities of the Offshore SP.

The prescribed return is reduced to the extent that the Fund receives income (e.g., dividends) on the securities of the Offshore SP. The current prescribed return for the purposes of these rules is three percent (3%) which applies from July through September 2020. The rate is set each quarter and is based on the average yield of 90-day Government of Canada Treasury Bills plus two percent (2%). The income inclusion will therefore fluctuate from time to time and will increase if the 90-day Government of Canada Treasury Bill rate increases. Any increase in the rate will result in increased income in the Fund and a corresponding increase in the income distributed by the Fund to Unitholders even if there is no underlying income actually realized by the Fund to support such distribution.

There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts or taxation in general will not be changed in a manner that adversely affects the Unitholders.

### **Liquidity of Units**

While Unitholders may redeem their Units as described under the heading “Redemptions of Units”, under certain circumstances redemptions may be temporarily restricted or suspended. Unitholders requesting redemptions may therefore experience delays in receiving redemption payments. An investment in Units is suitable only for sophisticated investors who do not need full liquidity with respect to their investment in the Fund.

### **Reliance on the Manager**

The Fund will be relying on the skill, judgment and expertise of the Manager. The loss of key personnel could affect the Fund and/or the Offshore SP. Unitholders have no right to take part in the management of the Fund.

### **Liquidity of Investments**

Positions cannot always be liquidated at the desired price. In certain circumstances it may not be possible to initiate or liquidate a position promptly. Some futures markets are subject to daily price fluctuation limits which may restrict trading on any one or more consecutive days.

### **Derivative Instruments**

The Fund and/or the Offshore SP trade derivatives instruments including futures, options and forward contracts. There is no guarantee that the use of derivatives by the Fund and/or the Offshore SP will be effective. For example, the use of a derivative may not always produce the same result as it has in the past, depending on market conditions or other factors, the Fund and/or the Offshore SP may not be able to buy or sell a derivative to make a profit or limit a loss, and derivatives do not prevent changes in the market value of an investment by the Fund and/or the Offshore SP and may not prevent losses if the market value of the investment falls.

### **Credit**

The Fund, and/or the Offshore SP will be subject to credit risk with respect to any assets that it places on deposit with financial institutions or its investments in money market instruments, as the case may be.

### **Registration Status**

The Manager is incorporated under the laws of Canada and is registered as an investment fund manager in Ontario and Newfoundland and Labrador, and as a portfolio manager and exempt market dealer in Ontario, Alberta, British Columbia and Newfoundland and Labrador. The Manager is also registered as a commodity trading manager in Ontario. In the U.S., the Manager is registered with the United States Securities and Exchange Commission as a non-resident investment advisor. The Manager is also registered with the Commodity Futures Trading Commission in the U.S. as a commodity trading advisor. This registration is administered through the National Futures Association. None of these registrations implies any endorsement of the Manager’s abilities under such registrations or its ability to generate positive results for the Fund.

**Leverage**

Low margin deposits in futures trading can mean that a relatively small movement in a futures contract can produce a loss that is equal to or substantially greater than the margin deposit.

**Short Selling**

The potential loss on selling securities short is unlimited. In addition, if there is a call on borrowed securities, the Fund and/or the Offshore SP may be forced to cover its short positions by having to buy the security at an unattractive price. Borrowing securities also entails the payment of a borrowing fee, which are subject to change due to market conditions.

**Foreign Markets/Currency**

The Fund and/or the Offshore SP may invest in securities denominated or traded in foreign currencies. Changes in foreign exchange rates may affect the value of securities in the Fund and/or the Offshore SP.

**Fees and Expenses**

Regardless of whether the Fund and/or the Offshore SP realizes a profit, each may be obligated to pay management fees, trading costs and other expenses. Under certain circumstances, the Fund and/or the Offshore SP may be subject to indemnification obligations payable out of its assets in respect of Resolve and/or certain parties related to it.

**Electronic Trading**

The Manager places trades for the Fund and/or the Offshore SP using an electronic order routing system. Electronic trading, while more efficient than traditional order placement methods, exposes the Fund and/or the Offshore SP to the risks associated with the system including the failure of hardware or software components. The result of such failure can lead to order execution problems that can result in losses. The Manager has procedures and backups in place to mitigate the effect of any system outage. However, provided the Manager has adhered to its standard of care, the Manager will not be responsible for any losses that may be incurred due to failures of the electronic trading system or the failure of any other technology.

**Conflicts of Interest**

The Manager and its officers and directors may also engage in the promotion, management or investment management of one or more other funds, trusts or accounts that invest in the same securities as the Fund and/or the Offshore SP. However, the Manager will ensure over time that all of its clients have the same investment opportunities and that no client is given any preferential investment preference.

**Restrictions on Certain Unitholders and Liquidity of Units**

At no time may non-residents of Canada be the beneficial owner of a majority of Units. This restriction may limit the rights of certain Unitholders, including non-residents of Canada, to acquire Units. This restriction may also limit the demand for Units by certain investors and thereby adversely affect the liquidity and market value of Units that are held by other investors.

**Liability of Unitholders**

No Unitholder shall be subject to any personal liability for the satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Fund or the Manager according to the Declaration of Trust. Rather, only the Fund property is intended to be liable and subject to levy or execution for such satisfaction.

However, despite this statement in the Declaration of Trust, there is no guarantee that a Unitholder could not be made a party to a legal action involving the Fund. While considered remote, if this were to occur, the Unitholder will be entitled to be reimbursed from any available assets of the Fund.

**Changes in Applicable Law**

Legal, tax and regulatory changes may occur that may adversely affect the Fund and Unitholders.

**Effect of Redemptions and Termination**

A significant redemption of Units by a Unitholder may cause a temporary imbalance in the Fund's portfolio assets that may adversely affect the remaining Unitholders. In addition, the Fund may be wound up at any time. In the event of termination, the Fund will distribute to each Unitholder their *pro rata* interest in the assets of the applicable series of the Fund held by such Unitholders. A significant redemption of Units or the termination of the Fund may also create adverse tax and/or economic consequences to Unitholders depending on the timing of such redemption or termination.

**The foregoing factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in Units.**

**AMENDMENT OF DECLARATION OF TRUST**

Any provision of the Declaration of Trust may be amended by the Trustee if the amendment is not a material change and does not adversely affect the pecuniary value of the interest of any Unitholder, except those items set out below which must be approved of by a majority of Unitholders of the applicable series of Units. The Manager will usually give Unitholders at least 30 days prior written notice of any amendment to the Declaration of Trust, unless such change is not detrimental to the interest of any Unitholder.

The following items can only be changed by a majority of the votes of Unitholders of the applicable series of Units:

- (a) to change how the Declaration of Trust may be amended;
- (b) to make any change in the position, authority or responsibility of the Manager, if such change is material;
- (c) subject to the terms of the Declaration of Trust, to substitute any other person or company as manager of the Fund in the place of the Manager (other than an affiliate of the Manager) or any other person or company occupying that capacity upon the resignation of the Manager;
- (d) to make any change in the investment policy of the Fund or the Declaration of Trust if such change is material or is otherwise required by the Declaration of Trust; or
- (e) to increase the fees payable to the Manager.

**TERMINATION**

The Manager may terminate the Fund at any time by giving Unitholders at least 90 days prior written notice. No Units can be redeemed after such notice is given. The Manager shall take all necessary steps to convert the assets of the Fund into cash, and to distribute such assets to Unitholders based on the number of Units held by each Unitholder, after all liabilities of the Fund have been paid.

**CONFLICT OF INTEREST POLICY**

The Manager may provide investment management services to other accounts and funds that may or may not follow investment programs substantially similar to that of the Fund and/or the Offshore SP, and in which the Fund and/or the Offshore SP have no interest. The services of the Manager to the Fund and the Offshore SP are not exclusive, and nothing in the constating documents of the Fund and the Offshore SP prevents the Manager from providing similar services to other investment funds and other clients (whether their investment objectives and policies are similar to those of the Fund and/or the Offshore SP) or from engaging in other activities.

Participation in specific investment opportunities may be appropriate, at times, for the Fund and/or the Offshore SP and one or more other clients of the Manager. In such cases, participation in such opportunities will be allocated on an equitable basis taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, the clients for which participation is appropriate and the investment programs and portfolio positions of each client for which participation is appropriate. Although other clients may pursue investment objectives that are similar to the Fund and/or the Offshore SP, the portfolio of the Fund and/or the Offshore SP and such other clients may differ as a result of subscriptions and redemptions being made at different times and in different amounts, as well as because of different tax and regulatory considerations, among other factors. The Manager may give advice and recommend securities to other clients which may differ from advice given to, or securities recommended, or bought, for the Fund and/or the Offshore SP.

The Manager may engage in investment activities for its own accounts and for family members and friends. Such activities may involve the purchase and sale of securities that are the same as, but in different concentrations or at different times than, those purchased or sold by the Fund and/or the Offshore SP. In addition, they may involve the purchase and sale of securities that are different from those purchased by the Fund and/or the Offshore SP.

In the course of providing services to the Fund and/or the Offshore SP, the Manager will attempt to avoid potential conflicts of interest that may arise as a result of its registration as an adviser and as an exempt market dealer, by discharging its duties to the Fund and/or the Offshore SP, honestly and in good faith and in the best interests of the Fund and/or the Offshore SP, respectively, and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. In addition, the Manager shall not undertake any trading activities on behalf of the Fund and/or the Offshore SP, unless such trades are transacted at prices that generally reflect current market rates.

In the course of its activities, the Manager may also provide advice in respect of the purchase or sale of securities of other companies or issuers which may be considered to be related issuers or connected issuers to the Manager, including other investment vehicles that may be formed, sponsored and/or managed by the Manager. The Fund and the Offshore Fund are each a connected issuer of the Manager. A copy of the Manager's relationship disclosure document will be provided to any Unitholder on request.

### **MATERIAL AGREEMENTS**

The material agreements of the Fund currently consist of the Declaration of Trust and the Administration Agreement. A copy of each agreement will be made available to a Unitholder on request.

### **INTEREST OF MANAGER**

Other than the right to buy securities, to receive certain fees from the Fund and/or the Offshore SP and to be reimbursed by the Fund and/or the Offshore SP in respect of certain expenses, neither the Manager or any affiliate has any material financial interest in the Fund or the Offshore SP.

### **PROMOTER**

The Manager is the promoter of the Fund and the Offshore SP, having taken the initiative in the establishment of the Fund and the Offshore SP.

### **AUDITORS**

KPMG LLP, Chartered Accountants, Toronto, Ontario currently acts as the auditor of the Fund.

### **LEGAL COUNSEL**

Fasken Martineau DuMoulin LLP, Toronto, Ontario currently acts as legal counsel for the Manager and the Fund.

**RIGHTS OF ACTION FOR DAMAGES OR RESCISSION**

Securities legislation in certain provinces and territories of Canada provides purchasers of Units with, in addition to any other right they may have at law, rights of rescission or damages, or both, where this Offering Memorandum, any amendment thereto and, in some cases, advertising, and sales literature used in connection with the offering of Units, 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 Units (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.

These rights must be exercised by purchasers of Units 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 such securities legislation are in addition to and do not derogate from any other right that purchasers of Units may have at law.

A summary of these statutory rights of action for rescission or damages, or both, are described in Schedule “A”. Prospective purchasers of Units should consult their own legal advisers with respect to their rights and the remedies available to them.

## Schedule "A"

### Rights of Action for Damages or Rescission

#### Alberta

If this Offering Memorandum contains a misrepresentation, securities legislation in Alberta provides that every purchaser resident in Alberta who buys Units shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund and every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of the Units that they 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 anyone signing this Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Offering Memorandum 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 Units 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 Units were sold to the purchaser.

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

- (a) if the person or company proves that this 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 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 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, no later than 180 days from the date the purchaser purchased Units; 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 Units.

## Manitoba

If this Offering Memorandum contains a misrepresentation, a purchaser who purchases Units offered by this 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 and (ii) every person or company who signed this 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 Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and (ii) 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 Offering Memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (c) if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of this Offering Memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (d) with respect to any part of this 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 Units were offered under this 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 Units as a result of the misrepresentation.

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

- (a) 180 days after the day on which the purchaser acquired the Units, in the case of an action for rescission; or
- (b) 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 of the purchase of the Units, in any other case.

## **New Brunswick**

If this Offering Memorandum or any information relating to the offering provided to the purchaser of the securities thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every purchaser of Units that is resident in New Brunswick that buys Units pursuant to this Offering Memorandum shall be deemed to have relied on the representation, 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, 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 Units, the purchaser shall also have a right of action for damages or rescission against every promoter or director of the Fund.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to Units and the verbal statement is made either before or contemporaneously with the purchase of Units, the purchaser 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 securities by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

The Fund and any promoter, person or company referred to above will not be liable, whether for misrepresentations in the Offering Memorandum, any advertising or sales literature or in a verbal statement:

- (a) if the Fund or such promoter, person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, for all or any portion of the damages that the Fund or such promoter, person or company proves do not represent the depreciation in value of Units 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 securities 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 Units 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 that was disseminated contained a misrepresentation.

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

In New Brunswick, no action may be commenced to enforce such right of action unless the right is exercised:

- (a) in the case of an action for rescission, 180 days after the date the purchaser purchased Units; 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 Units.

### **Newfoundland and Labrador**

In the event that this Offering Memorandum and any amendment thereto contains a misrepresentation, an investor to whom this Offering Memorandum was delivered and who purchases Units offered under it will be considered to have relied on the misrepresentation, if it was a misrepresentation on the date of investment, and will have, subject as hereinafter provided, a right of action for rescission or damages against the Fund and every each person or company who signed the Offering Memorandum, provided that:

- (a) neither the Fund nor anyone signing this Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Offering Memorandum will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of Units as a result of the misrepresentation relied upon;
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which Units were offered; and
- (d) the rights of action for rescission or damages are in addition to any other right or remedy available at law to the purchaser.

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

- (a) if the person or company proves that this 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 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 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.

No action shall be commenced to enforce a contractual right of action unless the purchaser gives notice to the Fund of the purchaser's intention to exercise such right not more than 90 days subsequent to the date on which the purchaser paid for Units, and an action is commenced to enforce such right:

- (a) in the case of an action for rescission, not later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of an action for damages, the earlier of 180 days after the person had knowledge of the facts giving rise to the cause of action or three (3) years from the date the purchaser purchased Units.

### **Northwest Territories**

If this Offering Memorandum contains a misrepresentation when a purchaser resident in the Northwest Territories buys Units, securities legislation in the Northwest Territories provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of the Units that they 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 anyone signing this Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Offering Memorandum 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 Units 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 Units purchased by the purchaser were offered.

No person or company, other than the Fund, shall be liable:

- (a) if the person or company proves that this 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 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 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 the Northwest Territories, 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, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, 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 Units.

### **Nova Scotia**

If this 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 Units 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 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 the Fund and every person who signed this Offering Memorandum, but may elect (while still the owner of any of the Units that they purchased) to exercise a right of rescission against the Fund, in which case he or she shall have no right of action for damages, provided that:

- (a) neither the Fund nor anyone signing this Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Offering Memorandum will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of Units as a result of the misrepresentation relied upon;
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which Units were sold to the purchaser.

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

- (a) if the person or company proves that this 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 Offering Memorandum, and before the purchase of the Securities by the purchaser, on becoming aware of any misrepresentation, the

person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it; or

- (c) with respect to any part of this 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.

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

### **Nunavut Territory**

If this Offering Memorandum contains a misrepresentation when a purchaser resident in the Nunavut Territory buys Units, securities legislation in the Nunavut Territory provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of the Units that they 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 anyone signing this Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Offering Memorandum 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 Units 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 Units 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 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 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 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 unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, 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 Units.

### **Ontario**

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of Units pursuant to this Offering Memorandum shall have a statutory right of action for damages or rescission against the Fund and any selling security holder of the Fund in the event that this Offering Memorandum contains a misrepresentation. A purchaser who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of Units, 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 Units 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 Units as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which Units were offered.

Section 138 of the *Securities Act* (Ontario) provides that 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 of the transaction that gave rise to the cause of action; 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 years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum is being delivered 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 in section 130.1 of the *Securities Act* (Ontario) do not apply if this 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.

### **Prince Edward Island**

If this Offering Memorandum contains a misrepresentation when a purchaser resident in Prince Edward Island buys Units, securities legislation in Prince Edward Island provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of the Units that they 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 anyone signing this Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Offering Memorandum 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 Units 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 Units 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 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 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 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 unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, 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 Units.

## Saskatchewan

If this Offering Memorandum or any amendment thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every purchaser of Units that is resident in Saskatchewan shall be deemed to have relied on the representation, 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:

- (a) the Fund;
- (b) the promoters of the Fund;
- (c) every person or company that signed this Offering Memorandum or any amendments thereto; and
- (d) every person or company that sells Units on behalf of the Fund under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased Units 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.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to Units and the verbal statement is made either before or contemporaneously with the purchase of Units, the purchaser 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 securities by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

Neither the Fund nor any promoter, person or company referred to above will be liable, whether for misrepresentations in the Offering Memorandum or in a verbal statement:

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

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

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

- (a) if the person or company proves that this 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 Offering Memorandum, or after the dissemination of the advertising or sales literature, and before the purchase of the Securities by the purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to this 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 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 Saskatchewan, no action may be commenced to enforce such right of action unless the right is exercised:

- (a) in the case of an action for rescission, 180 days after the date the purchaser purchased the Units; 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 Units.

### **Yukon Territory**

If this Offering Memorandum contains a misrepresentation when a purchaser resident in the Yukon Territory buys Units, securities legislation in the Yukon Territory provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund and every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of Units that they 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 anyone signing this Offering Memorandum will be liable if the Fund or such person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, neither the Fund nor anyone signing this Offering Memorandum 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 Units 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 Units 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 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 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 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 unless the right is exercised:

- (a) in the case of action for rescission, no later than 180 days from the date the purchaser purchased Units; or
- (b) in the case of any action, other than an action for rescission, 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 Units.

# **Resolve Asset Management Inc.**

1 Adelaide Street East, Suite 2000  
Toronto, Ontario, Canada M5C 2V9

Telephone: (416) 572-5474

[www.investresolve.com](http://www.investresolve.com)