

Focused Global Trends Fund
Class A Units and Class F Units

Annual Information Form

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

June 2011

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1 THE FUND

1.1 NAME AND FORMATION

Focused Global Trends Fund (the “Fund”) is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of June 28, 2007 (the “Trust Agreement”) between Connor, Clark & Lunn Capital Markets Inc. (the “Manager”) in its capacity as manager and RBC Dexia Investor Services Trust (the “Trustee”) as trustee. The Manager was incorporated under the Business Corporations Act (Ontario) on January 15, 2001 and is wholly-owned by CC&L Capital Markets Partnership.

The principal place of business of the Fund and the registered office of the Manager is Suite 300, 181 University Ave., Toronto, Ontario M5H 3M7.

1.2 STATUS OF THE FUND

The Fund is not a “mutual fund” for securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws are not available to investors in the Units.

2 DESCRIPTION OF THE BUSINESS

2.1 ISSUE OF UNITS

On July 19, 2007, the Fund completed an initial public offering pursuant to the prospectus dated June 28, 2007. \$48,057,000 was raised through the issue of 4,805,700 Class A Combined Units at \$10.00 per Unit, and \$1,943,000 was raised through the issue of 194,300 Class F Combined Units at a price of \$10.00 per Combined Unit for aggregate gross proceeds of \$50 million. On August 20, 2007, Class A Combined Units and Class F Combined Units were separated, where each Class A Combined Unit commenced trading separately on the Toronto Stock Exchange as one Class A Unit and one-half of a transferable Warrant for one Class A Unit, and each Class F Combined Unit separated into transferable Class F Unit and one-half of a transferable Warrant for one Class F Unit. No Warrants for Class A and Class F Units were exercised during the exercise period from August 20, 2007 to July 30, 2010.

2.2 INVESTMENT OBJECTIVES AND STRATEGY

The Fund has been designed to take advantage of the expertise of Carnegie Asset Management Fondsmæglerelskab A/S of Copenhagen, Denmark (the “Sub-Advisor” or “Carnegie”) in investing in global equities. Carnegie has one of the premier long-term track records of any global equity manager and believes that global equities identified using its unique investment approach will continue to provide excellent long-term investment returns.

Carnegie’s philosophy and focused portfolio management style have been unchanged since 1986. Carnegie believes that global trends are important drivers in directing and attracting capital, that a focused portfolio of 25 to 30 stocks managed with strict discipline and risk control is the best way to implement investment ideas, and that patient, long-term investing achieves the highest return.

The Fund’s investment objectives are to:

- (i) provide holders of the Units (“Unitholders”) with a stable stream of monthly cash distributions initially targeted to be \$0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of \$10.00 per Combined Unit); and
- (ii) preserve and enhance the Net Asset Value per Unit of the Fund.

In order to achieve the Fund’s investment objectives, the net proceeds of the Offerings were invested in an actively managed portfolio (the “Portfolio”) consisting of equity securities of global companies. The Portfolio is actively managed by Carnegie.

2.3 INVESTMENTS GUIDELINES

2.3.1 Investment Restrictions of the Fund

The investment activities of the Fund are conducted in accordance with, among other things, the following investment restrictions:

- (i) **Investments.** The Fund will invest in securities of global companies. Up to 10% of NAV may be invested in specialized pooled funds managed by Carnegie.
- (ii) **Concentration.** The Fund will restrict its investments in any one issuer to no more than 10% of its total assets at the time of investment in such issuer.
- (iii) **Leverage.** The Fund may not borrow or use other forms of leverage except for working capital purposes in an amount not exceeding 5% of NAV.
- (iv) **Commodities.** The Fund will not purchase or sell commodities or commodity contracts for the Portfolio.
- (v) **Illiquid Securities.** Not more than 10% of the assets (determined at the time of purchase) of the Portfolio will be invested in “illiquid securities”. The term “illiquid securities” for this purpose means securities that cannot be disposed of within seven days in the ordinary course of business at approximately the amount at which the securities are valued for the Portfolio.
- (vi) **Real Estate other than Real Estate Investment Trusts (“REITs”).** The Fund will not purchase real estate (other than through the purchase of securities of issuers that invest primarily in real estate or interests therein, including REITs, up to a maximum of 10% of the Fund’s total assets).
- (vii) **Control.** The Fund will not own more than 10% of the outstanding equity securities of an issuer or purchase the securities of an issuer for the purpose of exercising control over management of that issuer.
- (viii) **No Guarantee.** The Fund will not guarantee securities or obligations of another person or company other than the Manager, and then only in respect of the activities of the Fund.
- (ix) **Status under the Tax Act.** The Fund will not make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”).
- (x) **Foreign Investment Entities.** The Fund will not acquire any interest in a non-resident trust that is not an “exempt foreign trust”, or invest in the securities of any non-resident corporation or trust or other non-resident entity if the Fund would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed sections 94.1 or 94.3 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities and non-resident trusts contained in Bill C-33, which received first reading in the Senate on June 18, 2007 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto).
- (xi) **Foreign Affiliates.** The Fund will not invest in any securities of any entity that would be a controlled foreign affiliate of the Fund for purposes of the Tax Act.
- (xii) **Taxable Canadian Property.** The Fund will not acquire or hold any property that is “taxable Canadian property” within the meaning of the Tax Act or that will otherwise constitute “specified property” within the meaning of the proposed amendments to the Tax Act announced on September 16, 2004 (or amendments to such proposals as enacted into law or successor provisions thereto).
- (xiii) **Tax Proposals Regarding SIFT Trusts.** The Fund will not make or hold any investment that would result in the Fund becoming a “SIFT trust”, as defined in subsection 122.1(1) of the Tax Act for purposes of amendments to the Tax Act enacted on June 22, 2007 (the “SIFT Amendments”), as such provisions may be amended. Among other requirements, in order for the Fund to so qualify:

- (a) the Fund must not hold “securities” of a “subject entity” (as defined in the SIFT Amendments) if such securities have a total fair market value that is greater than 10% of the fair market value of all of the issued and outstanding shares or interests in such entity; and
- (b) the Fund must not hold “securities” of a “subject entity” (as defined in the SIFT Amendments) if, together with all of the securities that the Fund holds of entities affiliated with the particular subject entity, such securities have a total fair market value that is greater than 50% of the fair market value of all of the issued and outstanding Units of the Fund.

2.3.2 Currency Hedging and Use of Other Derivative Instruments

The Fund is exposed to a number of foreign currencies. The Sub-Advisor takes currency exposure into account in managing the Portfolio. The Manager intends that at least 80% of the value of the Portfolio’s non-Canadian currency exposure is hedged back to the Canadian dollar.

The Fund may utilize derivatives consistent with its investment strategy and in accordance with National Instrument 81-102 of the Canadian Securities Administrators (“NI 81-102”) (as if the Fund were subject to NI 81-102) or as otherwise may be permitted by Canadian securities regulators from time to time. The Sub- Advisor does not intend to employ derivatives in the management of the Portfolio.

2.3.3 Loan Facility

The Fund may establish a loan facility that may be used for working capital purposes from time to time. Borrowings by the Fund thereunder shall not exceed 5% of the Net Asset Value of the Fund at the time of borrowing. The Fund expects that the terms, conditions, interest rates, fees and expenses of and under the loan facility will be typical for loans of this nature.

2.3.4 Securities Lending

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool. Any borrower of securities from the Fund must maintain with a qualified agent collateral having a market value equal to at least 102% of the market value of the securities borrowed, and must provide the Fund with a right to sell the collateral if the borrower defaults on its obligations under the transaction. The Fund will provide to the borrower a right to sell the securities if the Fund defaults on its obligations under the transaction. The value of the collateral and the securities will be monitored daily and collateral will be adjusted appropriately on each business day. Any securities lending transaction must qualify as a “securities lending arrangement” for purposes of the Tax Act.

3 MANAGEMENT OF THE FUND

3.1 THE MANAGER

Connor, Clark & Lunn Capital Markets Inc. performs management services for the Fund pursuant to the terms of the Trust Agreement. The Manager is entitled to receive fees as compensation for management services rendered to the Fund. See “Duties and Services to be provided by the Manager” below and “Fees and Expenses”.

The Manager is part of the Connor, Clark & Lunn Financial Group, which also includes Connor, Clark & Lunn Investment Management Ltd., Connor, Clark & Lunn Private Capital Ltd., Baker Gilmore & Associates Inc., PCJ Investment Counsel Ltd., Scheer Rowlett & Associates Investment Management Ltd., New Star Canada Inc., Connor, Clark & Lunn Arrowstreet Capital Ltd, Connor, Clark & Lunn Infrastructure Ltd, Banyan Capital Partners Management Partnership, Global Alpha Capital Management Ltd., Gyrus Investment Management Inc. and Crestpoint Real Estate Investments Ltd.(collectively, the “CC&L Group”). The CC&L Group offers professional management of financial assets for pension plan sponsors, capital accumulation plans, corporations, foundations, mutual funds and individual investors.

The Manager also acts as manager or investment advisor for the following investment funds: Connor, Clark & Lunn 2009 Flow-Through Limited Partnership, Connor, Clark & Lunn 2010 Flow-Through Limited Partnership, Connor, Clark & Lunn Real

Return Income Fund, Connor, Connor, Clark & Lunn Conservative Income and Growth Fund, CANADIAN Financials & Utilities Split Corp., Focused Global Trends Fund, Connor, Clark & Lunn Global Financials Fund II, Connor, Clark & Lunn Natural Resources Class, Connor, Clark & Lunn Balanced Portfolio Class, Build America Investment Grade Bond Fund, Canadian Banc Capital securities Trust, North American Financials Capital Securities Trust, HBanc Capital Securities Trust, Australian Banc Capital Securities Trust, Macquarie Emerging Markets Infrastructure Income Fund, Australian Banc Income Fund and ING Floating Rate Senior Loan Fund.

3.1.1 Duties and Services to be provided by the Manager

Pursuant to the Trust Agreement, the Manager has exclusive authority to manage the operations and affairs of the Fund, to make all decisions regarding the business of the Fund and to bind the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

The Manager's duties include maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund's reports to Unitholders and to the Canadian securities regulators; providing the Custodian with information and reports necessary for the Custodian to fulfill its fiduciary responsibilities; administering the retraction and redemption of Units; arranging for any payment required on or about the Termination Date; dealing and communicating with Unitholders; and negotiating contracts with third party providers of services, including, but not limited to, custodians, transfer agents, auditors and printers.

The Manager has entered into the registrar, transfer agency and distribution agency agreement. Such agreement does not in any way release the Manager from compliance with its obligations to the Fund under the Trust Agreement. The Manager may terminate the foregoing agreement upon notice.

3.1.2 Trust Agreement

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders, and in connection therewith, to exercise the care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances.

Pier 21 Asset Management Inc. (the "Investment Manager") is responsible for the Fund's investment strategy and has retained Carnegie to provide investment advisory and portfolio management services to the Fund.

The Manager has entered into an Investment Management Agreement dated May 28, 2007 (the "Investment Management Agreement") with the Investment Manager and the Fund, pursuant to which the Investment Manager will be responsible for the Fund's investment strategy.

The Manager may resign as manager of the Fund upon 60 days' notice to the Unitholders and the Fund or upon such lesser notice period as the Fund may accept. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, the successor must be approved by Unitholders. If the Manager is in material default of its obligations under the Trust Agreement and such default has not been cured within 20 business days (any day on which commercial banks are open for business in Toronto, Ontario hereinafter referred to as a "business day") after notice of same has been given to the Manager, the Fund shall give notice thereof to Unitholders and the Unitholders may remove the Manager and appoint a successor manager of the Fund.

The Manager is entitled to fees for its services under the Trust Agreement as described under "Fees and Expenses" and is reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. In addition, the Manager and each of its directors, officers, employees and agents are indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from the Manager's willful misconduct, bad faith or negligence.

3.1.3 Accounting and Reporting

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

The Manager keeps adequate books and records reflecting the activities of the Fund. A Unitholder or his or her duly authorized representatives have the right to examine the books and records of the Fund during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

3.1.4 Officers and Directors of the Manager

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

Name and Municipality	Position with the Manager	Principal Occupation
W. Neil Murdoch Oakville, Ontario	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer, Connor, Clark & Lunn Capital Markets Inc.
Michael W. Freund Toronto, Ontario	Director, Chairman and Chief Financial Officer	Managing Partner, Connor, Clark & Lunn Financial Group
Darren N. Cabral Toronto, Ontario	Director, Vice-President and Chief Financial Officer	Vice-President, Connor, Clark & Lunn Capital Markets Inc.

W. Neil Murdoch: CFA; BComm, McGill University; LLB, University of Toronto; Master of Management, Kellogg Graduate School of Management, Northwestern University. Mr. Murdoch joined Connor, Clark & Lunn Capital Markets Inc. in December 2003. Prior thereto, Mr. Murdoch was Executive Vice President and Portfolio Manager at AIC Group of Funds.

Michael W. Freund: B.Bus.Sci., University of Capetown. Mr. Freund has held various management positions within the CC&L Group of companies since 1997. Mr. Freund's current principal occupation is managing partner of the Connor, Clark & Lunn Financial Group.

Darren N. Cabral: CFA; BA (Hons.), York University; MBA, Schulich School of Business, York University. Mr. Cabral joined Connor, Clark & Lunn Capital Markets Inc. in May 2007. Prior thereto, Mr. Cabral held various positions with affiliates of Middlefield Group Limited from September 2001 to April 2007, including Executive Director of Research at Middlefield Capital Corporation and Managing Director of Middlefield International Limited.

3.2 PROXY VOTING POLICIES AND PROCEDURES

With regard to voting on matters for which the Fund receives, in its capacity as a shareholder, proxy materials for a meeting of security holders of an issuer, the Manager has a fiduciary duty to act solely in the best interests of the Fund and its Unitholders. The Manager intends to vote securities in a timely manner and make voting decisions that are in the best interests of the Fund. The proxy voting policy provides that routine matters to be considered at annual meetings will generally be voted in accordance with management's recommendations unless there are concerns about the level of disclosure, procedures followed or the judgment of management. More complex or non-routine matters, for example relating to compensation, related party transactions, restructurings and share and debt issuances will be determined on a case-by-case basis. In addition to its own

research, the Manager has entered into an agreement with Research Recommendations and Electronic Voting Limited (“RREV”), a joint venture between the National Association of Pension Funds (“NAPF”) and Institutional Shareholder Services Inc. (“ISS”), to provide an analysis of all proxy issues. Contentious issues are identified as part of the research process undertaken by RREV and are raised independently with the Manager, who uses the research provided to take any necessary actions. The Manager has adopted the RREV standard policy for proxy voting and as such, is compliant with both NAPF Corporate Governance Policy and the ISS US Voting Manual Recommendations. The Manager has agreed pursuant to the Investment Management Agreement to vote proxies in accordance with these guidelines subject to the Manager’s discretion to depart from such guidelines where necessary in the best interests of the Fund and Unitholders.

3.3 THE ADVISORY BOARD

The Fund has established an advisory board (the “Advisory Board”) consisting of two members appointed by the Manager each of whom is independent of the Manager, the Investment Manager, and each of their affiliates, and free from any interest and any business or other relationship which could, or could be reasonably perceived to, materially interfere with the exercise of an Advisory Board member’s judgment. The Advisory Board provides independent advice to the Manager to assist the Manager in performing its services under the Trust Agreement, including with respect to conflicts of interest or potential conflicts of interest (other than those described under “Conflicts of Interest”) or related party transactions identified by the Manager. The members of the Advisory Board are required to act honestly and in good faith in the best interests of the Fund and the Unitholders, and in connection with that duty will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Manager will report to the Advisory Board on the operation and performance of the Fund on a quarterly basis, including with respect to compliance with applicable investment restrictions and material contracts as amended from time to time.

The Manager is required under the Trust Agreement to notify each member of the Advisory Board in writing of any conflicts of interest, potential conflicts of interest or related party transactions concerning the Manager or the Fund (other than any such conflicts of interest, potential conflicts of interest or related party transactions relating to matters with respect to which the approval of Unitholders is required under the Trust Agreement) and to consult with the Advisory Board in respect of any such conflicts of interest, potential conflicts of interest or related party transactions.

In the event of a dispute between the Advisory Board and the Manager with respect to a conflict of interest, potential conflict of interest or related party transaction, upon written direction of the Advisory Board, the Manager will call a meeting of Unitholders to consider the conflict of interest, potential conflict of interest or related party transaction.

The Fund’s annual report to Unitholders includes any report by the Advisory Board summarizing any recommendations made by the Advisory Board, including recommendations made and not followed by the Manager, as applicable, and any other matter that the Advisory Board determines to be appropriate in the circumstances.

All fees and expenses of the Advisory Board incurred in connection with its duties with respect to the Fund are paid by the Fund. The Board of advisors’ fees paid during the year ended March 31, 2011 were \$21,830 (\$21,000 during the year ended March 31, 2010). The Advisory Board also has the authority to retain, at the expense of the Fund, independent counsel or other advisors if the Advisory Board deems it appropriate to do so. See “Fees and Expenses”.

The members of the Advisory Board will be indemnified by the Fund except in cases of willful misconduct, bad faith, negligence or breach of their standard of care. The Advisory Board members will not be responsible for the investments made by the Fund or for the performance of the Fund. The members of the Advisory Board may serve in a similar capacity in respect of other entities managed by the Manager.

The following is a brief description of the backgrounds of the members of the Advisory Board:

Fred Lazar is a Professor of Economics at York University’s Schulich School of Business. In addition to a distinguished academic career, Mr. Lazar has served as a senior advisor to the governments of Canada and Ontario and to a number of national and international companies.

Joseph Wright currently serves on the board of directors of several public companies and private organizations, including

Loblaw Companies Limited and BFI Canada Income Fund. His former positions include the Chief Executive Officer of Swiss Bank Corporation (Canada) and Vice-Chairman and Director of Burns Fry Limited.

3.4 INDEPENDENT REVIEW COMMITTEE

The Manager has appointed an independent review committee (the “Independent Review Committee”) in accordance with NI 81-107 comprised of three members, each of whom is independent of the Manager and entities related to the Manager. The Independent Review Committee intends to function in accordance with applicable securities law, including NI 81-107. The mandate of the Independent Review Committee is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the Independent Review Committee in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The Independent Review Committee has adopted a written charter which it follows when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the Independent Review Committee are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Independent Review Committee will report annually to the Fund which report will be available free of charge upon request to the Manager and will also be posted on the Manager’s website at www.cclgroup.com. Information contained on the Manager’s website is not part of this prospectus and is not incorporated herein by reference.

The members of the Independent Review Committee are Fred Lazar, Frank Santangeli and Joseph Wright. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager and by Connor, Clark & Lunn Managed Portfolios Inc., an affiliate of the Manager.

The principal occupations and biographies of the IRC members are set out below.

Fred Lazar is a Professor of Economics at York University’s Schulich School of Business. In addition to a distinguished academic career, Mr. Lazar has served as a senior advisor to the governments of Canada and Ontario and to a number of national and international companies.

Frank Santangeli has worked in the financial services industry since 1960. Positions he has held include Vice-President of Sunlife Canada, President and Chief Executive Officer of Finsco Investment Management Corporation, and Vice President of Imasco Financial Corporation. He has also served as Chairman of The Investment Funds Institute of Canada.

Joseph Wright currently serves on the board of directors of several public companies and private organizations, including Loblaw Companies Limited and BFI Canada Income Fund. His former positions include the Chief Executive Officer of Swiss Bank Corporation (Canada) and Vice-Chairman and Director of Burns Fry Limited.

The Independent Review committee fees paid by the Fund during the year ended March 31, 2011 were \$2,255 (\$1,893 during year ended March 31, 2010).

3.5 THE TRUSTEE

RBC Dexia Investor Services Trust is the trustee of the Fund under the Trust Agreement and, as such, is responsible for certain aspects of the day-to-day administration of the Fund as described in the Trust Agreement, including calculating NAV, net income and net realized capital gains of the Fund and executing instruments on behalf of the Fund.

The Trustee may resign upon 60 days’ notice to Unitholders. The Trustee may be removed with the approval of a simple majority vote cast at a meeting of Unitholders called for such purpose or by the Manager, if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Trust Agreement which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns, its successor may be appointed by the Manager. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a

successor.

The Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except where it is in breach of its obligations under the Trust Agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to corporate trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee is entitled to receive fees from the Fund as described under “Fees and Expenses”. The Trustee is entitled to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Fund.

3.6 THE CUSTODIAN

RBC Dexia Investor Services Trust will act as custodian (the “Custodian”) of the assets of the Fund pursuant to the Trust Agreement to be entered into prior to the closing of the Offering between the Fund and the Custodian. The Custodian, or an affiliate of the Custodian, will also carry out certain aspects of the day-to-day administration of the Fund, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

3.7 THE SUB-ADVISOR

The Sub-Advisor provides investment advisory and portfolio management advice to the Fund and actively manages the Portfolio in a manner consistent with the investment restrictions of the Fund.

The name, municipality of residence, position with the Sub-Advisor and principal occupation of the relevant directors and officers of the Investment Manager are set out below.

<u>Name and Municipality</u>	<u>Position with the Sub-Advisor</u>	<u>Principal Occupation</u>
MIKAEL RANDEL Copenhagen, Denmark	Managing Director and Portfolio Manager	Managing Director, Carnegie Asset Management Fondsmaeglerselskab A/S
BO KNUDSEN Copenhagen, Denmark	Portfolio Manager	Portfolio Manager, Carnegie Asset Management Fondsmaeglerselskab A/S
BENGT SEGER Copenhagen, Denmark	Portfolio Manager	Portfolio Manager, Carnegie Asset Management Fondsmaeglerselskab A/S
LARS WINCENTSEN Copenhagen, Denmark	Portfolio Manager	Portfolio Manager, Carnegie Asset Management Fondsmaeglerselskab A/S

Each of the foregoing has held his or her current office or has held a similar office with the Sub-Advisor during the five years preceding the date hereof.

The team of investment professionals responsible for investment management at Carnegie all have significant experience in managing investment portfolios. The employees of the Sub-Advisor are primarily responsible for managing the Portfolio are Mikael Randel, Bo Knudsen, Bengt Seger and Lars Wincentzen supported by Kim Nielsen, Morten Springborg, Henrik Brandt, Peter Holt and Mogens Akselsen.

3.7.1 Investment Advisory Agreement

The Sub-Advisor provides investment advisory and portfolio management services for the Fund pursuant to an investment sub-advisory agreement (the “Investment Advisory Agreement”) dated August 25, 2006 between the Investment Manager and the Sub-Advisor. Decisions regarding the purchase and sale of securities and the execution of transactions for the Portfolio have been delegated to the Sub-Advisor by the Investment Manager, in accordance with and subject to the terms of the Investment Advisory Agreement. Subject to the terms of the Investment Advisory Agreement, the Sub-Advisor implements the investment strategy and allocates the assets among the permitted asset classes for the Portfolio on an ongoing basis.

Under the Investment Advisory Agreement, the Sub-Advisor agrees to exercise its powers and duties honestly, in good faith and in the best interests of the Unitholders and agrees to devote such time and attention and exercise such degree of care, diligence and skill as reasonably may be expected of a prudent and experienced investment counsel in comparable circumstances. The Investment Advisory Agreement provides that if the Sub-Advisor has met its standard of care, it will not be liable under the Investment Advisory Agreement for any error of judgment or for any loss suffered by a Unitholder or for any diminution in the value of the Portfolio. There may be difficulty in enforcing legal rights against the Sub-Advisor because it is not a resident of Canada and all or a substantial portion of its assets are located outside of Canada.

The Investment Advisory Agreement will continue in force under normal operating conditions. The Investment Advisory Agreement will be immediately terminated upon written notice if the continuance of the agreement and the performance of the obligations of the parties thereunder would contravene any applicable law. The agreement may be terminated by the Sub-Advisor on one month’s written notice from the Sub-Advisor if Mr. David M. Star, President and Chief Executive Officer of the Investment Manager (or entities fully controlled by him) no longer controls the majority of votes of the Investment Manager or if Mr. David M. Star is no longer actively engaged in the operations of the Investment Manager. In addition, the agreement may be terminated by either the Investment Manager or the Sub-Advisor if a material change in the relationship, business or operations of the other party occurs.

In the event that the Investment Manager is no longer able to act as investment manager to the Fund (except in the event of a change of control of the Investment Manager), Carnegie has agreed to continue to provide services substantially similar to those contemplated by the Investment Advisory Agreement to the Manager for the benefit of the Fund.

The Investment Manager is responsible for payment of the fees of the Sub-Advisor out of the Investment Manager’s fees. See “Fees and Expenses”.

3.8 THE INVESTMENT MANAGER

Pier 21 Asset Management Inc., the Fund’s Investment Manager, offers a variety of global and international investment opportunities through strategic alignments with well established investment managers from around the world. The Firm outsources its portfolio management responsibilities by entering into exclusive sub-advisory agreements with these sub-advisors. Pier 21 Asset Management Inc.’s philosophy is that using the best international managers from around the world with diversified sources of research adds value for Canadian investors.

Pier 21 Asset Management Inc. has retained Carnegie, the Sub-Advisor, to provide investment advisory and portfolio management services to the Fund.

The name, municipality of residence, position with the Investment Manager and principal occupation of the relevant directors and officers of the Investment Manager are set out below.

<u>Name and Municipality</u>	<u>Position with the Sub-Advisor</u>	<u>Principal Occupation</u>
DAVID M. STAR Westmount, Quebec	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer of Pier 21 Asset Management Inc.
EMILY K. MURRAY Toronto, Ontario	Senior Vice-President	Senior Vice-President of Pier 21 Asset Management Inc.

David M. Star: BBA, Acadia University. Mr. Star founded Pier 21 Asset Management Inc. in 2005. Prior thereto, he was a First Vice-President at TAL Global Asset Management Inc. He has over 20 years of experience in the financial services industry.

Emily K. Murray: CFA, BPR, Mount Saint Vincent University. Prior to joining Pier 21 Asset Management Inc. in 2006, Ms. Murray was Director, Marketing and Communications for CIBC Global Asset Management Inc. Prior thereto, she was Director, Institutional Sales at AGF Funds Inc.

3.8.1 Investment Management Agreement

Under the Investment Management Agreement, the Investment Manager is required to act honestly, in good faith and in the best interests of Unitholders of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Management Agreement provides that the Investment Manager shall not be liable in any way for the making, retention or sale of any investment or for any loss to or diminution of, the assets of the Fund if it has fulfilled the duties and satisfied the standard of care, diligence and skill set forth above. The Investment Manager will incur liability in cases of willful misconduct, bad faith, negligence or breach of its standard of care.

The Investment Manager is responsible for any investment advice provided by it to the Fund and for all investment advice provided by the Sub-Advisor, and is responsible to the Fund for any loss that arises out of a breach of the Sub-Advisor's standard of care.

The Investment Management Agreement, unless terminated as described below, will continue in effect until the termination of the Fund. If the Manager is terminated, the Investment Management Agreement will terminate at such time. The Manager may terminate the Investment Management Agreement if the Investment Manager has committed certain events of bankruptcy or insolvency, has lost any registration, license or other authorization required to perform its services thereunder, is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 business days after notice thereof has been given to the Investment Manager and the Trustee by the Manager, if the Investment Manager has acted with willful misconduct, bad faith or negligence and as a result there has been a material adverse effect on the Fund or its portfolio, the Sub-Advisor is no longer acting as portfolio sub-advisor for the Investment Manager or if any material amendment is made to the portfolio sub-advisory arrangements or relationship between the Investment Manager and the Sub-Advisor.

The Investment Manager may terminate the Investment Management Agreement upon 20 business days' notice in the event that the Manager has committed certain events of bankruptcy or insolvency, is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 business days' notice of same to the Manager and to the Trustee, or in the event that there is a material change in the investment restrictions of the Fund.

The Investment Management Agreement will not be subject to termination for material breach or default if such breach or default cannot be cured within the 20-business-day period but the cure is commenced within the 20-business-day period and is completed within 45 days thereof.

If the Investment Management Agreement is terminated, the Manager will promptly appoint a successor investment manager to carry out the activities of the Investment Manager until a meeting of Unitholders of the Fund is held to confirm such appointment.

The Investment Manager has agreed that, in the event that it is no longer able to act as investment manager to the Fund, it will cooperate in respect of Carnegie's continued provision of services to the Fund.

The Investment Manager is entitled to fees for its services under the Investment Management Agreement and is reimbursed for all reasonable costs and expenses incurred by the Investment Manager on behalf of the Fund. In addition, the Investment Manager and each of its directors, officers, employees and agents are indemnified by the Fund for all claims whatsoever brought against the Investment Manager for any act or omission, except those resulting from the Sub-Advisor or the Investment Manager's willful misconduct, bad faith, negligence or breach of its standard of care

4 CONFLICTS OF INTEREST

The management and administrative services provided by the Manager to the Fund pursuant to the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents the Manager from providing similar management services to other investment funds and clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investment decisions for the Fund are made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may manage the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions are effected on an equitable basis.

The services of the Investment Manager, the Sub-Advisor and their officers and directors are not exclusive to the Fund. The Sub-Advisor, or any member of Carnegie, may serve as a portfolio manager for other investment vehicles with similar investment objectives as the Fund and may at certain times be simultaneously seeking to purchase or dispose of investments for their respective accounts, the Fund, any similar entity for which any member of Carnegie serves as manager or advisor and for their other clients or affiliates. In such circumstances the quantity of a security available at the same price may be insufficient to satisfy the requirements of every client, or the quantity of a security to be sold may be too large to be completed at the same time. Similarly, new issues of a security may be insufficient to satisfy the total requirements of all clients. Under such conditions, the Sub-Advisor will allocate among clients, insofar as it is possible, such purchases or sales in accordance with their respective trade allocation policies in effect from time to time, generally on a pro rata basis.

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

5 UNITHOLDERS' EQUITY

5.1 DESCRIPTION OF UNITS AND WARRANTS

5.1.1 Units

The beneficial interest in the net assets and net income of the Fund is divided into Class A Units and Class F Units. The Fund is authorized to issue an unlimited number of transferable, redeemable Units of each class. The Class A Units and the Class F Units together are referred to herein as the "Units".

The Fund offered Class A Combined Units and Class F Combined Units at a price of \$10.00 per Combined Unit. Each Class A Combined Unit consists of one Class A Unit and one-half of a transferable Warrant for one Class A Unit. Each whole Warrant for one Class A Unit entitles the holder to purchase one Class A Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. Each Class F Combined Unit consists of one Class F Unit and one-half of a transferable Warrant for one Class F Unit. Each whole Warrant for one Class F Unit entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. Warrants for Class A Units or Class F Units may be exercised only on the two dates specified. **Warrants for Class A Units or Class F Units not exercised by July 30, 2010 will be void and of no value. No Warrants for Class A Units and Class F Units were exercised during the exercise period which ran from August 20, 2007 to July 30, 2010.**

The Class F Units are not listed on a stock exchange but are convertible into Class A Units. The only other differences between Class A Units and Class F Units are the Agents' fees payable on the issuance of Units of the class and the Service Fee component of the management fees payable in respect of the Class A Units as described under "Fees and Expenses". Accordingly, the NAV per unit of each class will not be the same as a result of the different fees allocable to each class of Units. The NAV and NAV per Unit of each class will be calculated by the Trustee, as described below under "Valuation".

All Units of a class have equal rights and privileges. At any meeting of Unitholders of the Fund or a class of Unitholders of the Fund, each Unitholder is entitled to one vote for each whole Unit held by such Unitholder, except at meetings at which Unitholders of one class are entitled to vote separately as a class. Each whole Unit is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions

upon the termination of the Fund. Units are issued only as fully paid and are non-assessable.

The Trust Agreement provides that the Fund will not issue additional Units following completion of the Offerings, except: (i) for net proceeds per Unit of a class of not less than 100% of NAV per Unit of that class, (ii) by way of Unit distributions, (iii) through the exercise of Warrants, (iv) with the approval of Unitholders voting together and voting separately as a class by Extraordinary Resolution (defined below under “Acts Requiring Unitholder Approval”), or (v) pursuant to the Reinvestment Plan (defined below under “Distribution Reinvestment Plan”). Immediately after a pro rata distribution of Units of a class to all Unitholders of that class in satisfaction of any non-cash distributions allocable pro rata to that class, the number of outstanding Units of that class will be consolidated such that each Unitholder will hold, after the consolidation, the same number of Units of that class as the Unitholder held before the non-cash distribution. Subject to the foregoing, the Fund may also allot and issue other securities at such time or times, and in such manner, as the Manager in its sole discretion shall determine.

5.1.2 Mandatory Market Purchase Program

To enhance liquidity and to provide market support for the Class A Units, the Fund has a mandatory market purchase program under which the Fund, subject to certain exceptions contained in the Trust Agreement and in compliance with any applicable regulatory requirements, is obligated to purchase Class A Units for cancellation on and subject to the terms below. If, on the business day following any Valuation Date, the weighted average price of the Class A Units is less than 95% of NAV per Unit determined as at the most recently published Valuation Date, the Fund will offer to purchase for cancellation any Class A Units offered in the market at or below 95% of the NAV per Unit on the following business day. The maximum number of Class A Units purchased in any three-month period will be 1.25% of the number of Class A Units outstanding at the beginning of the period (commencing with the three-month period that begins on the first day of the month following the closing date of the Offerings). The Fund is not obligated to make such purchases if (i) the Fund lacks the cash, debt capacity or other resources to make such purchases, or (ii) in the opinion of the Manager, such market purchases would adversely affect the ongoing activities of the Fund or the remaining Unitholders of that class.

For the purpose of such purchases, NAV per Class A Unit shall be the basic NAV per Class A Unit unless such basic NAV per Class A Unit is greater than \$10.00, in which case, NAV per Class A Unit shall be the diluted NAV per Class A Unit, as set forth under “Valuation — Net Asset Value and NAV per Unit.”

During the year ended March 31, 2011, the Fund did not purchase any Units (3,000 of Class A Units for a total cost of \$14,960 during the year ended March 31, 2010).

5.1.3 Other Market Purchases

In addition, the Trust Agreement provides that the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase Units for cancellation at prices not exceeding the NAV per Unit of the class, subject to any applicable regulatory requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Units of the class are listed, if applicable, as provided for in the Trust Agreement or as otherwise permitted by applicable securities laws.

5.1.4 Book-Entry Only System

Registration of interests in, and transfers of, the Units are made only through the book-entry only system of CDS. On the date of closing of the Offerings, the Fund delivered to CDS certificates evidencing the aggregate number of Class A Units and the aggregate number of Class F Units subscribed for under the Offerings. Units must be purchased, transferred and surrendered for retraction only through the participant in CDS through which a Unitholder holds Units (a “CDS Participant”). All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

The Fund, the Manager, the Sub-Advisor and the Agents do not have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any

records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

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

The Fund has the option to terminate registration of the Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

5.1.5 Warrants

5.1.5.1 Subscription Basis and Warrant Expiry Time

Each whole Warrant for one Class A Unit entitles the holder to purchase one Class A Unit at a subscription price of \$10.25 per Class A Unit at any time on January 30, 2009 or July 30, 2010. Each whole Warrant for one Class F Unit entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. Holders who exercise their Warrants will become holders of Class A Units or Class F Units, as applicable, issued through the exercise of such Warrants. Warrants for Class A Units or Class F Units may be exercised only on the two dates specified. **Warrants for Class A Units or Class F Units not exercised by July 30, 2010 will be void and of no value. No Warrants for Class A Units and Class F Units were exercised during the exercise period which ran from August 20, 2007 to July 30, 2010.**

5.2 UNITHOLDER MATTERS

5.2.1 Meetings of Unitholders

A meeting of Unitholders may be convened by the Manager by a written requisition specifying the purpose of the meeting and must be convened if requisitioned by Unitholders holding not less than 10% of the Units then outstanding by a written requisition specifying the purpose of the meeting. The Manager may convene a meeting of Class A Unitholders (a "Class A Meeting") or Class F Unitholders (a "Class F Meeting") if the nature of the business to be transacted at that meeting is only relevant to Unitholders of the applicable class. A Class A Meeting must be convened if requisitioned by Unitholders holding not less than 10% of the Class A Units then outstanding by a written requisition specifying the purpose of the meeting. A Class F Meeting must be convened if requisitioned by Unitholders holding not less than 10% of the Class F Units then outstanding by a written requisition specifying the purpose of the meeting.

Not less than 21 days' and not more than 50 days' notice will be given of any meeting of Unitholders. The quorum at any such meeting is two Unitholders present in person or by proxy except for the purpose of any meeting called to consider item (d) below under "Acts Requiring Unitholder Approval" in which case the quorum shall be Unitholders holding 15% of the outstanding Units. The quorum at any Class A Meeting is two Class A Unitholders present in person or by proxy and the quorum at any Class F Meeting is two Class F Unitholders present in person or by proxy. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders or for the purpose of item (d), will be terminated and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any meeting of Unitholders, each Unitholder will be entitled to one vote for each whole unit registered in the Unitholder's name.

The Fund does not intend to hold annual meetings of Unitholders.

5.2.2 Acts Requiring Unitholder Approval

Pursuant to the Trust Agreement, the following matters require the approval of Unitholders by resolution passed by at least 66 $\frac{2}{3}$ % of the votes cast at a meeting called and held for such purpose (an "Extraordinary Resolution"), other than items (c), (f) and (j), which require approval of Unitholders by a simple majority vote at a meeting called and held for such purpose (an "Ordinary Resolution"). A separate class vote is also requested if one class would be affected differently than the other in respect of item (c), (g), (h), (l) and (m).

- (a) a change in the investment objectives of the Fund as described under “The Fund— Investment Rationale and Objectives”;
- (b) a change in the investment restrictions of the Fund as described under “The Fund’s Investment Guidelines— Investment Restrictions”;
- (c) any change in the basis of calculating fees or other expenses that are charged to the Fund or to a class of Units of the Fund which could result in an increase in charges to the Fund or the class other than a fee or expense charged by a person or company that is at arm’s length to the Fund;
- (d) a change of the manager of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (e) except as described under “Management of the Fund— The Trustee”, a change in the trustee of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (f) a change in the auditors of the Fund;
- (g) a reorganization with, or transfer of assets to, a mutual fund trust, if
 - (i) the Fund ceases to continue after the reorganization or transfer of assets; and
 - (ii) the transaction results in Unitholders becoming securityholders in the mutual fund trust;
- (h) a reorganization with, or acquisition of assets of, a mutual fund trust, if
 - (i) the Fund continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the mutual fund trust becoming unitholders of the Fund; and
 - (iii) the transaction would be a significant change to the Fund;
- (i) a termination of the Fund prior to the Termination Date other than as set forth under “Termination of the Fund”;
- (j) an extension of the Fund beyond the Termination Date as described under “Termination of the Fund”;
- (k) an amendment, modification or variation in the provisions or rights attaching to the Units of either class;
- (l) the issuance of additional Units, other than (i) upon the exercise of Warrants; (ii) for net proceeds equal to or greater than 100% of the NAV per Unit of the class calculated prior to the pricing of such issuance (which must be approved by an Extraordinary Resolution of all Unitholders voting together and separately as a class); (iii) by way of Unit distribution; or (iv) pursuant to the Reinvestment Plan; and
- (m) a reduction in the frequency of calculating the NAV per Unit.

5.2.3 Amendments to the Trust Agreement

The Manager may, without the approval of or notice to Unitholder, amend the Trust Agreement for certain limited purposes specified therein, including to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law or regulation applicable to or affecting the Fund;
- (b) make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Trust Agreement into conformity with applicable laws, rules and policies of securities regulatory authorities or with current practice within the securities industry, provided that any such amendment does not adversely affect the rights, privileges or interests of the Unitholders;
- (d) maintain, or permit the Trustee to take such steps as may be desirable or necessary to maintain, the status of the fund as a “mutual fund trust” for the purposes of the Tax Act; or
- (e) provide added protection to Unitholders.

Except for changes to the Trust Agreement which require the approval of Unitholders or changes described above which do not require approval of or prior notice to Unitholders, the Trust Agreement may be amended from time to time by the Manager upon not less than 30 days’ prior written notice to Unitholders.

5.2.4 Information and Reports to Unitholders

The Fund will furnish to Unitholders such financial statements (including interim unaudited and annual audited financial statements) and other reports as are from time to time required by applicable law to be furnished by the Manager, including prescribed forms needed for the completion of Unitholders’ tax returns under the Tax Act and equivalent provincial legislation.

5.2.5 Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units and the Trustee shall inform the registrar and transfer agent of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident and, if a partnership, its status as a Canadian partnership. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% or more of the Units then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Trustee may make a public announcement thereof. If the Trustee determines that more than 40% of the Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Trustee may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Trustee may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Trustee may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Trustee may determine not to take any of the actions described above if the Trustee has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Fund as a mutual fund trust for purposes of the Tax Act.

5.3 TERMINATION OF THE FUND

The Fund will terminate on July 31, 2017 (the “Termination Date”) unless Unitholders determine to continue the Fund by a majority of the votes cast at a meeting of Unitholders called for such purpose.

The Manager, may, in its discretion, terminate the Fund without the approval of unitholders if, in the opinion of the Manager, the Net Asset Value of the Fund is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund and it would be in the best interest of the unitholders to terminate the Fund. The Fund will provide unitholders notice in writing through CDS no less than 30 days and no more than 60 days prior to such Termination Date and will issue a press release in respect thereof at least 10 business days in advance to such Termination Date. The Fund will include a description of the entitlement of the unitholders, which will be based on the net asset value, in such notice and press release.

Immediately prior to the Termination Date, the Sub-Advisor will, to the extent possible, convert the assets of the Fund to cash and the Trustee, after paying or making adequate provision for all of the Trust’s liabilities, shall distribute the net assets of the Fund to unitholders as soon as practicable after the Termination Date.

If the term of the Fund is extended beyond the Termination Date, Unitholders may redeem their Units on the Termination Date for the NAV per Unit of the applicable class as of that date.

5.4 DISTRIBUTIONS

The Fund has made all its scheduled distributions during the year ended March 31, 2011, paying \$0.33 per Class A Unit and Class F Unit respectively (\$0.33 per Class A Unit and Class F Unit during the year ended March 31, 2010).

Distributions per Unit paid to the end of March 2011 by the Fund are set out in the following table:

2007		2008		2009		2010		2011	
January		January	\$0.04167	January	\$0.04167	January	\$0.02778	January	\$0.02778
February		February	\$0.04167	February	\$0.04167	February	\$0.02778	February	\$0.02778
March		March	\$0.04167	March	\$0.02778	March	\$0.02778	March	\$0.02778
April		April	\$0.04167	April	\$0.02778	April	\$0.02778	April	
May		May	\$0.04167	May	\$0.02778	May	\$0.02778	May	
June		June	\$0.04167	June	\$0.02778	June	\$0.02778	June	
July		July	\$0.04167	July	\$0.02778	July	\$0.02778	July	
August	\$0.05890	August	\$0.04167	August	\$0.02778	August	\$0.02778	August	
September	\$0.04167	September	\$0.04167	September	\$0.02778	September	\$0.02778	September	
October	\$0.04167	October	\$0.04167	October	\$0.02778	October	\$0.02778	October	
November	\$0.04167	November	\$0.04167	November	\$0.02778	November	\$0.02778	November	
December	\$0.04167	December	\$0.04167	December	\$0.02778	December	\$0.02778	December	
Total 2007	\$0.22558	Total 2008	\$0.50004	Total 2009	\$0.36114	Total 2010	\$0.33336	Total 2011	\$0.13890
Grand total	\$1.55902								

Distributions are payable to Unitholders of record at 5:00 p.m. (Toronto time) on the Record Date. The Manager determines and announces annually an indicative distribution amount (the “Indicative Distribution”) for the following year based upon prevailing market conditions and the Manager’s estimate of total returns from the Portfolio for the year. All distributions are paid to Unitholders proportionately based on their respective holdings of Units within 15 days following the Record Date or paid in such other manner as may be agreed to by the Manager. In determining the Indicative Distribution, the Manager does not intend to set the distribution rate above the expected total return of the Portfolio for that year. Any returns in excess of the Indicative Distribution will serve to increase NAV and will therefore provide an opportunity for capital appreciation.

The Fund intends that the aggregate distributions of net income and net capital gains made in each year will be sufficient to ensure that the Fund will not be liable for non-refundable income tax thereon under the Tax Act. To the extent that the Fund realizes net income and net capital gains in excess of the Indicative Distribution paid to Unitholders in a year, the Fund intends to distribute to Unitholders on or before December 31 of that year such portion of the excess as is necessary to ensure that it will not be liable for income tax thereon under the Tax Act. Such distributions will be made in units and/or cash. To the extent that the Fund makes a distribution in Units, the number of outstanding Units of the Fund will be automatically consolidated such that each Unitholder of a class of the Fund will hold after the consolidation the same number of Units of the applicable class of the Fund as it held before the distribution of additional Units.

The Fund may also, at the discretion of the Manager, make special distributions in cash or in Units at any time in addition to monthly cash distributions. To the extent that the Fund makes a distribution in Units, the number of outstanding Units paid to Unitholders of each class of Units of the Fund will be automatically consolidated such that each Unitholder of the Fund will hold after the consolidation the same number of Units of the Fund as it held before the distribution of additional Units.

Each Unitholder will be provided annually with the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of its preceding taxation year. See “Canadian Federal Income Tax Considerations”.

5.5 DISTRIBUTION REINVESTMENT PLAN

The Fund has a distribution reinvestment plan (the “Reinvestment Plan”) which provides that all monthly cash distributions made by the Fund shall, at the election of a Unitholder, be automatically reinvested in additional Units on such Unitholder’s behalf in accordance with the terms of the plan (as described below) and the reinvestment plan agency agreement (the “Reinvestment Plan Agency Agreement”) entered into by the Manager on behalf of the Fund, the Manager and Computershare

Trust Company of Canada (the “Plan Agent”) to establish the Reinvestment Plan. Notwithstanding the foregoing, Unitholders who are not residents of Canada are not able to participate in the Reinvestment Plan and Unitholders who cease to be residents of Canada will be required to terminate such Unitholder’s participation in the Reinvestment Plan.

All monthly cash distributions payable to Unitholders that elect to participate in the Reinvestment Plan (“Plan Participants”) are automatically reinvested in additional Units of the class held by such Plan Participants on behalf of those Plan Participants. A Unitholder that wishes to enroll in the Reinvestment Plan as of a particular distribution record date should notify the CDS Participant through which that Unitholder holds Units sufficiently in advance of that distribution record date to allow such CDS Participant to notify CDS by 4:00 p.m. (Toronto time) on the business day immediately prior to that distribution record date. Plan Participants may also make optional cash payments under the Plan by notifying their CDS Participants sufficiently in advance of the distribution payment date to allow such CDS Participant to notify the Plan Agent by 4:00 p.m. (Toronto time) on the business day immediately prior to that distribution payment date. Each optional cash payment must be for a minimum of \$100 and the aggregate number of Plan Units that may be purchased with optional cash payments cannot exceed 2% of the outstanding Units of the class at the commencement of such calendar year. Distributions due to Plan Participants holding Units of a particular class, along with any optional cash payments, will be applied, on behalf of Plan Participants, to purchase Units of that class (“Plan Units”) directly from the Fund or in the market as follows:

- If the weighted average trading price of the Units on the TSX for the 10 business days immediately preceding the relevant distribution payment date, plus applicable commissions and brokerage charges on a per Unit basis (the “Market Price”) is less than the NAV per Unit of that class as of the distribution payment date, Units of that class will be purchased in the market during the five-business-day period following such distribution payment date on any business day when the Market Price is less than the NAV per Unit of that class as at the relevant distribution payment date.
- No later than the sixth business day after the relevant distribution payment date, the unused part, if any, of the distributions attributable to the Plan Participants holding Units of that class and optional cash payments will be used to purchase Plan Units of that class from the Fund at a purchase price equal to the higher of: (i) the NAV per Unit of that class on the relevant distribution payment date; and (ii) 95% of the Market Price.
- If the Market Price on the relevant distribution payment date is equal to or greater than the NAV per Unit of that class on such distribution payment date, distributions attributable to the Plan Participants holding Units of that class and optional cash payments will be used to purchase Plan Units of that class from the Fund through the issue of new Units of that class at the higher of: (i) the NAV per Unit of that class on the relevant distribution payment date; and (ii) 95% of the Market Price on the relevant distribution payment date.
- Plan Units of a class purchased from the Fund’s treasury or in the market will be allocated pro rata based on the number of Units held by Plan Participants holding Units of that class. Plan Units will be credited for the benefit of Plan Participants to the account of the CDS Participant through whom that Plan Participant holds Units.
- No fractional Plan Units will be issued under the Plan. Any remaining uninvested funds in lieu of fractional Plan Units will be credited to Plan Participants via their CDS Participant.

The automatic reinvestment of the distributions under the Reinvestment Plan does not relieve Plan Participants of any income tax applicable to such distributions. See “Canadian Federal Income Tax Considerations”.

If the Units are thinly traded, purchases in the market under the Reinvestment Plan may significantly affect the market price. Depending on market conditions, direct reinvestment of cash distributions by Unitholders in the market may be more, or less, advantageous than the reinvestment arrangements under the Reinvestment Plan. The Plan Agent’s fees for administering the Reinvestment Plan in respect of a class of Units is paid by the Fund and allocated as an expense of that class.

Plan Participants can terminate their participation in the Reinvestment Plan as of a particular distribution record date by notifying their CDS Participant sufficiently in advance of that distribution record date to allow such CDS Participant to notify CDS and for CDS to notify the Plan Agent by 4:00 p.m. (Toronto time) on the business day immediately prior to that distribution record date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The Manager can terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days’ notice to the Plan Participants and the Plan Agent. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its right to terminate participation in the Reinvestment Plan.

The Manager can amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to Unitholders, which notice may be given by the Fund by issuing a press release or by publishing an advertisement containing a summary description of the amendment in at least one major daily newspaper of general and regular paid circulation in Canada, or in any other manner the Manager determines to be appropriate. The Fund is not required to issue Plan Units into any jurisdiction where that issuance would be illegal.

5.6 REDEMPTION OF UNITS

5.6.1 Annual Redemptions

Commencing in 2009, Units may be redeemed on the last business day of January in each year (the “Redemption Date”), subject to the Fund’s right to suspend redemptions, for a redemption price per Unit of a class (the “annual Redemption Amount”) based on the NAV per Unit of a class less any costs of funding the redemption and the Unitholder will receive payment on or before the 15th day following the Redemption Date. Notice of Redemption must be provided between 45 days and the 20th business day before the Redemption Date (the “Notice Period”).

Redeeming Unitholders of a class will be entitled to receive a redemption price per Unit based on the NAV per Unit of that class determined as of the Redemption Date. Any unpaid distribution payable on or before the Redemption Date in respect of Units of a class tendered for redemption on such Redemption Date will also be paid on the same day as the redemption proceeds are paid. The NAV per Unit of a class will vary depending on a number of market factors, including interest rates and volatility in the equity markets. If the Fund is extended beyond the Termination Date, Unitholders may redeem their Units on the Termination Date for the NAV per unit of a class as of that date.

For Redemption Dates occurring on or before January 29, 2010, Unitholders will receive a redemption price per Unit equal to 100% of the NAV per Unit of the class (less any costs associated with the redemption, including brokerage costs). For the purposes of such redemption, NAV per Unit of the class shall be the basic NAV per Unit of the class unless such basic NAV per Unit is greater than \$10.00, in which case, NAV per Unit of the Class shall be the diluted NAV per Unit of the class, as set forth under “Valuation — Net Asset Value and NAV per Unit.” For Redemption Dates occurring after January 29, 2010, Unitholders will receive a redemption price per Unit equal to 100% of the NAV per Unit of the class (less any costs associated with the redemption, including brokerage costs).

During January 2011 the Fund had its annual Redemption Date. \$4,872,195 was paid to redeem 924,550 of Class A Units (\$5,355,167 was paid to redeem 1,025,847 during January 2010), and \$71,801 was paid to redeem 13,000 of Class F units (\$523,855 was paid to redeem 96,500 during January 2010). There were also 7,900 of Class F Units converted to 8,275 of Class A Units for a total value of \$44,382 during the year ended March 31, 2011 (18,000 Class F Units were converted to 18,641 of Class A Units for a total value of \$89,094 during the year ended March 31, 2010).

5.6.2 Monthly Redemptions

Units of each class may be surrendered for redemption in any month. Units properly surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) on the 10th business day before the last business day of a month will be redeemed on the last day of that month (“Monthly Redemption Date”) and the Unitholder will receive payment on or before the 15th business day following such Monthly Redemption Date, subject to the Fund’s right to suspend redemptions in certain circumstances.

A Class A Unitholder who properly surrenders a Class A Unit for redemption will receive the amount (the “Monthly Redemption Amount”), if any, equal to the lesser of (A) 96% of the weighted average trading price of the Class A Units on the TSX during the 15 trading days preceding the applicable Monthly Redemption Date, and (B) the “closing market price” of the Class A Units on the principal market on which the Class A Units are quoted for trading in the applicable Monthly Redemption Date. The “closing market price” shall be an amount equal to (i) the closing price of the Class A Units if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Class A Units of that class if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the Class A Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Class A Units if there was no trading on the applicable Monthly Redemption Date. Notwithstanding the foregoing, a Class A Unitholder who properly surrenders a Class A Unit for redemption during the Notice Period for an annual redemption will

receive the Annual Redemption Amount.

A Class F Unitholder who properly surrenders a Class F Unit for a monthly redemption will receive an amount equal to the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated Net Asset Value per Class F Unit and the denominator of which is the most recently calculated Net Asset Value per Class A Unit. For the purpose of such redemption, NAV per Unit of the class shall be the basic NAV per Unit of the class unless such basic NAV per Unit is greater than \$10.00, in which case, NAV per Unit of the Class shall be the diluted NAV per Unit of the class, as set forth under “Valuation — Net Asset Value and NAV per Unit.”

5.6.3 Additional Monthly Redemption Right

The Manager, may, in its sole discretion and subject to receipt of any necessary regulatory approvals, permit Unitholders to redeem their Units on a monthly basis at a redemption price per Unit equal to 100% of the NAV per Unit of the class on the applicable redemption date, less any costs associated with the redemption, including brokerage costs, provided that the Unitholder invests the proceeds received pursuant to such redemption to acquire securities of another investment vehicle sponsored or promoted by the Manager or an affiliate of the Manager and offered to the public pursuant to a prospectus. Notice of any such additional redemption right will be provided by the Manager by way of press release. Details of the investment opportunity (the “New Fund”) will be included in the preliminary prospectus of the New Fund which will be mailed to Unitholders at the time the additional redemption right is offered.

5.6.4 Conversion of Class F Units

A holder of Class F Units may convert Class F Units into Class A Units. Class F Units may be converted in any month by delivering a notice and surrendering such units by 5:00 p.m. (Toronto time) by the tenth business day before the Monthly Redemption Date and any such Class F Units so surrendered shall be converted into Class A Units on such Monthly Redemption Date. A Class F Unitholder may convert such units and redeem the Class A Units to which such holder is entitled for the same Monthly Redemption Date. For each Class F Unit so converted, a holder will receive a number of Class A Units equal to the Net Asset Value per Class F Unit as of the Monthly Redemption Date divided by the Net Asset Value per Unit of a Class A Unit as of the Monthly Redemption Date. For the purpose of such conversion, NAV per Unit of a class shall be the basic NAV per Unit of the class unless such basic NAV per Unit of the class is greater than \$10.00, in which case, NAV per Unit of the class shall be the diluted NAV per Unit of the class, as set forth under “Valuation — Net Asset Value and NAV per Unit.”

5.6.5 Exercise of Redemption Right

An owner of Units who desires to exercise redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice (the “Redemption Notice”) of the owner’s intention to redeem Units. An owner who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the registrar and transfer agent of the Fund in advance of the required time. The form of Redemption Notice will be available from a CDS Participant or the registrar and transfer agent. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

Except as provided under “Suspension of Redemptions” below, by causing a CDS Participant to deliver to CDS a notice of the owner’s intention to redeem Units, an owner shall be deemed to have irrevocably surrendered such Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice delivered by a CDS Participant regarding an owner’s intent to redeem which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner’s instructions will not give rise to any obligations or liability on the part of the Fund to the CDS Participant or to the owner.

5.6.6 Suspension of Redemptions

The Manager may direct the Trustee to suspend the redemption of Units or payment of redemption proceeds (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) with the prior permission of the securities regulatory authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Trustee to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first business day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

5.6.7 Purchase for Cancellation

Subject to applicable law and regulatory requirements, the Fund has a mandatory market purchase program and may, at any time and from time to time, purchase Units of a class for cancellation at prices not exceeding the NAV per Unit of that class on the Valuation Date immediately prior to such purchase. See “Description of Units and Warrants — Mandatory Market Purchase Program”.

6 VALUATION

6.1 NET ASSET VALUE AND NAV PER UNIT

The net asset value (the “NAV”) of each class of Units on a particular date is equal to the aggregate value of the assets of the Fund allocated pro rata to that class less the aggregate value of the liabilities of the Fund (the Warrants are not treated as liabilities for these purposes) allocated pro rata to that class, including by allocating any income, net realized capital gains or other amounts payable to Unitholders of that class on or before such date expressed in Canadian dollars at the applicable exchange rate on such date.

The basic NAV per Unit of a class on any day shall be calculated by dividing the NAV on such day by the total number of Units of that class then issued and outstanding. Where as a result of such calculation the basic NAV per Unit of a class is greater than \$10.00, the diluted NAV per Unit of the class shall be calculated by adding to the denominator the total number of Warrants then outstanding and by adding to the numerator the product of such number of Warrants and \$10.00 and the diluted NAV per Unit of the class shall be deemed to be the resulting quotient.

The basic and diluted NAV and NAV per Unit of each class are calculated as of 4:00 p.m. (Toronto time) or such other time the Trustee deems appropriate (the “Valuation Time”) on the following days (each, a “Valuation Date”): (i) subject to regulatory approval, each Friday during the year (or, if a Friday is not a business day, then on the business day following such Friday); (ii) each Redemption Date; and (iii) each distribution payment date. Such information will be provided by the Manager to Unitholders on request and is posted on the Manager’s website (www.cclcapitalmarkets.com).

The Manager reviews and, if satisfactory, approves the valuation and, from time to time, considers the appropriateness of the valuation policies adopted by the Fund, as such policies are modified from time to time in the discretion of the Manager, acting reasonably, and in the best interests of the Fund.

The total assets of the Fund consists of the assets of the Portfolio. The total assets of a class consists of the assets of the Portfolio that are allocated pro rata to that class based on the immediately preceding NAV of that class.

In determining the NAV of a class of units, at any time the Trustee takes into account the following:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash distributions declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Trustee determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the fair value thereof;
- (b) any security that is listed or dealt in on a stock exchange shall be valued by taking the latest available bid price as at the Valuation Date on which the NAV of the Fund is being valued (or such other value as Canadian generally accepted accounting principles or the Canadian Securities Administrators may require or permit), as reported by any means in common use;
- (c) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Fund;
- (d) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (e) Restricted Securities (as that term is defined in NI 81-102) shall be valued at the lesser of:
 - (i) the value thereof based on reported quotations of such Restricted Securities in common use; and
 - (ii) that percentage of the market value of securities of the class or series of a class of which the Restricted Securities form part that are not Restricted Securities equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the Restricted Securities will cease to be Restricted Securities;
- (f) if any date on which NAV is determined is not a business day, then the property of the Fund will be valued as if such date was the preceding business day;
- (g) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Trustee to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Trustee shall make such valuation as it considers fair and reasonable;
- (h) the value of all assets of the Fund quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Fund in foreign currency and the value of all liabilities and contractual obligations payable by the Fund in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined; and
- (i) estimated operating expenses of the Fund shall be accrued to the date as of which the NAV is being determined.

Monthly redemptions, repurchases of units and issuances of units of a class under the Reinvestment Plan are taken into account when calculating the NAV of a class.

6.2 AUDIT OF FINANCIAL STATEMENTS

The annual financial statements of the Fund shall be audited by the Fund's auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles.

7 PORTFOLIO TRANSACTIONS AND BROKERAGE

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

8 AUDITORS

The auditors of the Fund are PricewaterhouseCoopers LLP. The principal office of the auditor's is located at The Royal Trust Tower, Suite 3000, 77 King Street West, Toronto, Ontario M5K 1G8.

9 REGISTRAR, TRANSFER AGENT AND DISTRIBUTION AGENT

The registrar, transfer agent and distribution agent is Computershare Investor Services Inc. The principal office of the registrar and the place where the securities register for the Units is kept is located at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

10 FEES AND EXPENSES

10.1 INITIAL FEES AND EXPENSES

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing the prospectus, legal expenses, marketing and advertising expenses and other reasonable out-of-pocket expenses, subject to a maximum of 1.5% of the gross proceeds of the offering) incurred by the Fund and the Agents and other incidental expenses, which were \$668,098, were paid out of the gross proceeds of the Offering.

In addition, Agents' fees of \$0.525 for each Class A Combined Unit sold and \$0.225 for each Class F Combined Unit sold, which were \$2,566,710 in total, were also paid to the Agents from the gross proceeds of the Offering.

10.2 ONGOING FEES AND OTHER EXPENSES

Pursuant to the terms of the Trust Agreement, the Manager is entitled to an annual fee of 1.10% of the NAV, plus applicable taxes. The Manager is also paid the amount of the Service Fee, plus any applicable taxes, to be paid by the Manager to dealers. Fees payable to the Manager (but not the Service Fee portion) accrue daily and are payable monthly in arrears based on the NAV as at the last Valuation Date of each month.

The total management fees charged to the Fund (including taxes) during the year ended March 31, 2011 were \$146,274 (\$190,367 during the year ended March 31, 2010).

The Fund pays for all ordinary expenses incurred in connection with its operation and administration, which are allocated *pro rata* to each class of Units. These expenses include, without limitation, mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to Computershare Investor Services Inc. for acting as registrar, transfer agent and distribution agent and performing certain financial, record keeping, reporting and general administrative services; fees payable to the Trustee for acting as trustee of the Fund, any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; any additional fees payable to the Manager for performance of extraordinary services on behalf of the Fund; fees payable to the auditors and legal advisors; regulatory filing, stock exchange and licensing fees; any expenditures incurred upon the termination of the Fund; and fees payable to the independent members of the Advisory Board and the members of the independent review committee. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager is entitled to indemnity by the Fund. The aggregate amount of these fees and expenses during the year ended March 31, 2011 were \$176,348 (\$188,195 during the year ended March 31, 2010).

The Manager also pays a Service Fee to each dealer whose clients hold Class A Units. The Service Fee accrues daily; it's paid at the end of each calendar quarter and is equal to 0.40% annually of the NAV of the Class A Units held by clients of the dealer, plus any applicable taxes. The service fee charged to the Fund during the year ended March 31, 2011 was \$44,725 (\$58,064 during the year ended March 31, 2010).

11 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

11.1 STATUS OF THE FUND

The Fund qualifies and intends to qualify as a “mutual fund trust” within the meaning of the Tax Act. The Fund elected under the Tax Act to be a mutual fund trust from the date it was established. To continue to qualify as a mutual fund trust, (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act; (ii) the only undertaking of the Fund must be the investing of its funds in property (other than real property or interests in real property); and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units.

An additional condition to continue to qualify as a mutual fund trust for purposes of the Tax Act is that the Fund may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the Tax Act.

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

11.2 TAXATION OF THE FUND

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount.

The Fund is required to include in its income for a taxation year all dividends received in the year on shares of corporations.

The Fund is also required to include in its income for each taxation year all interest on the debt securities it holds that accrues or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a previous taxation year.

In determining the income of the Fund, gains or losses realized upon dispositions of Portfolio securities of the Fund are 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 in the nature of trade.

The Portfolio includes securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts are determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on the Loan Facility generally to the extent borrowed funds are used to purchase Portfolio securities. The Fund may generally deduct the costs and expenses of this Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days.

The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under “Distributions”, it will generally not be liable in such year for income tax under Part I of the Tax Act.

11.3 TAXATION OF UNITHOLDERS

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

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund, (ii) income of the Fund from foreign sources, and (iii) dividends received 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. A taxable Unitholder will generally be entitled to foreign tax credits in respect of foreign taxes under and subject to the general foreign tax credit rules under the Tax Act and depending upon other foreign source income or loss of and foreign taxes paid by the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to utilize, in any taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. The amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder’s income. However, the adjusted cost base of the Unitholder’s Units will be reduced by such amount.

The NAV per Unit reflects any income and gains of the Fund that have accrued at the time Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder’s share of income and gains of the Fund that accrued before the Units were acquired notwithstanding that such amounts would have been reflected in the price paid by the Unitholder for the Units.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Unitholder of Units.

One half of any capital gain realized on the disposition of Units will be included in the Unitholder’s income and one half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

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

The conversion of Class F Units into Class A Units will not constitute a disposition of the Class F Units for the purposes of the Tax Act.

12 MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Trust Agreement described under “The Trustee”;
- (b) the Agency Agreement dated as of June 28, 2007 between Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., National Bank Financial Inc., Richardson Partners Financial Limited, Wellington West Capital Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation and Raymond James Ltd. (collectively, the “Agents”), the Fund, the Manager, the Investment Manager and the Sub-Advisor
- (c) the Investment Management Agreement described under “The Investment Manager”.
- (d) the Warrant Indenture referred to under “Description of Units and Warrants”.

Copies of the contracts referred to above may be inspected during normal business hours at the offices of the Manager at 181 University Ave., Suite 300, Toronto, Ontario. They are also available on www.sedar.com.

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Focused Global Trends Fund

You can get copy of the financial statements, including a statement of portfolio transactions, at no charge by contacting the Manager by:

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