

PROSPECTUS

Initial Public Offering

June 28, 2007



**\$125,000,000 Maximum**  
**12,500,000 Class A Combined Units**  
**\$10.00 per Class A Combined Unit**

**\$25,000,000 Maximum**  
**2,500,000 Class F Combined Units**  
**\$10.00 per Class F Combined Unit**

**Each Class A Combined Unit consists of one Class A Unit and one-half of a Warrant for one Class A Unit.**

**Each Class F Combined Unit consists of one Class F Unit and one-half of a Warrant for one Class F Unit.**

Focused Global Trends Fund (the “Fund”), an investment trust established under the laws of the Province of Ontario, proposes to issue two classes of combined units (the “Combined Units”) of the Fund, Class A Combined Units (the “Class A Offering”) and Class F Combined Units (the “Class F Offering”). The Fund proposes to offer the Combined Units at a price of \$10.00 per Combined Unit. The Class A Units and the Class F Units together are referred to herein as the “Units” and the offerings of each class of Combined Units are collectively referred to as the “Offerings”.

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.**

The Fund has been designed to take advantage of the expertise of Carnegie Asset Management Fondsmæglersekskab 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.

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 will be invested in an actively managed portfolio (the “Portfolio”) consisting of equity securities of global companies. The Portfolio will be actively managed by Carnegie using the same investment approach that the Sub-Advisor has applied since 1986.

Carnegie believes that global trends are important drivers in generating long-term stable growth in portfolio investments and that a focus on these trends will generate consistently strong results over a long-term investment horizon. Using those trends as an investment framework, Carnegie constructs a focused portfolio of 25 to 30 stocks. The Carnegie WorldWide Equity fund (Luxembourg) uses the same investment approach that will be used for the Fund and has been rated “AAA” by Standard & Poor’s. Carnegie’s WorldWide Equity fund (Denmark), its oldest fund, has outperformed its benchmark, the MSCI World Index, by an average of 7.9% per calendar year over its full 16-year history, ranking it among the top global funds in the world.

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The Fund expects that the initial distribution will be payable to Unitholders of record on August 31, 2007 and, based on an anticipated closing date of July 19, 2007, is expected to be \$0.05890 per Unit, representing a yield of 5.0% per annum on the issue price. Connor, Clark & Lunn Capital Markets Inc. (the “Manager”) will determine and announce 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. 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 net asset value and will therefore provide an opportunity for capital appreciation.

Based on the expected initial asset allocation as described under “The Portfolio”, the Portfolio is expected to generate dividends and distributions of approximately 1.64% per annum (before taking into account fees and expenses, the effect of leverage and net of any withholding taxes). Any portion of the distribution not funded from dividends and distributions is expected to be generated through the realization of capital gains. The Portfolio would be required to appreciate at a rate of 5.7% per annum in order for the Fund to maintain a stable NAV while making monthly cash distributions for the year at the initial Indicative Distribution rate. To ensure the Indicative Distribution for the year is maintained, to the extent necessary, the Manager may return a portion of the capital of the Fund to Unitholders.

Connor, Clark & Lunn Capital Markets Inc. has been retained to act as manager of the Fund and is responsible for the management and administration of the Fund. The Manager is part of the Connor, Clark & Lunn Financial Group, which has approximately \$36 billion of assets under management as at April 30, 2007. See “Management of the Fund”.

Pier 21 Asset Management Inc. (the “Investment Manager”) will be responsible for the Fund’s investment strategy and has retained Carnegie to provide investment advisory and portfolio management services to the Fund.

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**Price: \$10.00 per Class A Combined Unit**  
**Minimum Purchase: 100 Class A Combined Units**

**Price: \$10.00 per Class F Combined Unit**  
**Minimum Purchase: 100 Class F Combined Units**

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	<u>Price to the Public<sup>(1)</sup></u>	<u>Agents’ fees</u>	<u>Net Proceeds to the Fund<sup>(2)</sup></u>
<b>Class A Offering</b>			
Per Class A Combined Unit .....	\$10.00	\$0.525	\$9.475
Total Minimum Offering <sup>(3)(4)</sup> .....	\$25,000,000	\$1,312,500	\$23,687,500
Total Maximum Offering <sup>(4)</sup> .....	\$125,000,000	\$6,562,500	\$118,437,500
<b>Class F Offering</b>			
Per Class F Combined Unit .....	\$10.00	\$0.225	\$9.775
Total Maximum Offering .....	\$25,000,000	\$562,500	\$24,437,500

Notes:

- (1) The prices of the Combined Units were established by negotiation between the Fund and the Agents (defined below).
- (2) Before deducting the expenses of issue (estimated at \$650,000, to be allocated *pro rata* to each class of Units on the basis of the initial NAV of each class) which, subject to a maximum of 1.5% of the gross proceeds of the Offerings, will be paid out of the proceeds of the Offerings. Agents’ fees for each Offering will be paid out of the proceeds of that Offering.
- (3) There will be no closing of the Offerings unless a minimum of 2,500,000 Class A Combined Units are sold. If subscriptions for the minimum number of Class A Combined Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, the Offerings may not continue without the consent of the Canadian securities regulators and those who have subscribed for Units on or before such date.
- (4) The Fund has granted the Agents the option (the “Over-Allotment Option”) in respect of the Class A Combined Units, exercisable until 30 days after the closing of the Class A Offering, to purchase up to 15% of the aggregate number of Class A Combined Units issued at the closing of the Class A Offering on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option, and the Class A Combined Units issuable on the exercise thereof. If the Over-Allotment Option for the Class A Combined Units is exercised in full, the total price to the public under the maximum Offering of Class A Combined Units will be \$143,750,000, the Agents’ fees will be \$7,546,875 and the net proceeds to the Fund will be \$136,203,125.

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The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Class A Combined Units, the Class A Units and the Warrants for Class A Units subject to fulfillment by the Fund of the requirements of the TSX by September 24, 2007.

**See “Risk Factors” for a discussion of certain factors that should be considered by prospective investors in the Units or Warrants. There is no assurance that the Fund will be able to achieve its investment objectives. There is currently no market through which the Units or the Warrants may be sold and purchasers may not be able to resell securities purchased under this prospectus.** If a holder of Combined Units does not exercise, or sells, the Warrants, then the value of the Units held by that holder may be diluted as a result of the exercise of Warrants by others. Upon the exercise of a Warrant, the Fund will pay a fee equal to \$0.25 to the dealer whose client is exercising the Warrant. The Agents may over-allot or effect transactions as described under “Plan of Distribution”.

It is intended initially to hedge approximately 80% of the value of the Portfolio’s non-Canadian currency exposure back to the Canadian dollar.

Commencing in 2009, Units of each class may be redeemed on the last business day of January in each year, subject to the Fund’s right to suspend redemptions in certain circumstances, for a redemption price equal to the net asset value per Unit of that class of the Fund (the “NAV per Unit”) on that date less any costs of funding the redemption. See “Redemption of Units — Annual Redemption”.

The Fund will terminate on July 31, 2017 (the “Termination Date”) unless the Fund has been terminated earlier or Unitholders determine to continue the Fund by a majority vote at a meeting of Unitholders called for such purpose. Prior to the termination of the Fund, any non-cash assets of the Fund will be liquidated following which the net assets of the Fund will be distributed to Unitholders. See “Termination of the Fund”.

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Torys LLP, counsel to the Agents, provided that the Fund qualifies as a “mutual fund trust” for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”) or the Units are listed on a prescribed stock exchange (which includes the TSX), Units offered hereby will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan or a registered education savings plan (a “deferred plan”). Provided that Warrants for Class A Units are listed on a prescribed stock exchange, or provided that each person who is an annuitant, a beneficiary, an employer or a subscriber under the relevant deferred plan deals at arm’s length with the Fund within the meaning of the Tax Act, Warrants for Class A Units will be a qualified investment under the Tax Act for a deferred plan. Provided that each person who is an annuitant, a beneficiary, an employer or a subscriber under the deferred plan deals at arm’s length with the Fund within the meaning of the Tax Act, Warrants for Class F Units will be qualified investments under the Tax Act for such deferred plan. See “Canadian Federal Income Tax Considerations” and “Eligibility for Investment”.

**The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. The Fund is not a “mutual fund” as defined in the securities legislation applicable in certain provinces and does not operate in accordance with the requirements of Canadian securities regulation applicable to mutual funds. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.**

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”) conditionally offer the Combined Units on a best efforts basis, subject to prior sale, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the agency agreement between the Agents, the Fund, the Manager, the Investment Manager and the Sub-Advisor (the “Agency Agreement”), and subject to the approval of certain legal matters on behalf of the Fund and the Manager by Osler, Hoskin & Harcourt LLP and on behalf of the Agents by Torys LLP. See “Plan of Distribution”.

Subscriptions for Combined Units will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offerings is expected to occur on or about July 19, 2007, but no later than August 31, 2007. Registrations and transfers of Units and Warrants will be effected only through the book entry only system administered by CDS Clearing and Depository Services Inc. (“CDS”). Beneficial owners of Units or Warrants will not have the right to receive physical certificates evidencing their ownership of the Units or Warrants. See “Description of Units and Warrants — Book-Entry Only System”.

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## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Offerings and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.*

<b>Issuer:</b>	Focused Global Trends Fund (the “Fund”) is an investment trust established under the laws of the Province of Ontario on June 28, 2007 which invests its assets in accordance with the investment objectives and strategy described under “The Fund”. The manager of the Fund is Connor, Clark & Lunn Capital Markets Inc.
<b>Offering:</b>	<p>The Fund is offering two classes of combined units (the “Combined Units”) of the Fund, Class A Combined Units (the “Class A Offering”) and Class F Combined Units (the “Class F Offering”). The Class F Combined Units will not be listed on a stock exchange. The Class F Units are designed for fee-based accounts.</p> <p>The only differences between Class A Units and Class F Units are the Agents’ fees payable on the issuance of Units of each class and that the Service Fee component of the management fees is only payable in respect of Class A Units (as described under “Fees and Expenses”). Accordingly, the net asset value (“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 Class A Units and the Class F Units together are referred to herein as the “Units”.</p>
<b>Maximum Issue:</b>	Class A Offering: \$125,000,000 (12,500,000 Class A Combined Units) Class F Offering: \$25,000,000 (2,500,000 Class F Combined Units)
<b>Minimum Issue:</b>	Class A Offering: \$25,000,000 (2,500,000 Class A Combined Units)
<b>Price:</b>	\$10.00 per Class A Combined Unit \$10.00 per Class F Combined Unit
<b>Minimum Subscription:</b>	100 Class A Combined Units (\$1,000) 100 Class F Combined Units (\$1,000)
<b>Combined Units, Units and Warrants:</b>	<p>Each Class A Combined Unit consists of one Class A Unit and one-half of a transferable warrant (“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. <b>Warrants for Class A Units or Class F Units not exercised by July 30, 2010 will be void and of no value.</b></p> <p>If a holder does not exercise, or sells, its Warrants, then the value of the holder’s Class A Units or Class F Units, as the case may be, may be diluted as a result of the exercise of Warrants by others. Upon the exercise of a Warrant, the Fund will pay a fee equal to \$0.25 to the dealer whose client is exercising the Warrant. The Class A Units or the Class F Units and the applicable Warrants comprising the Class A Combined Units or the Class F Combined Units, as the case may be, will separate immediately following the earlier of the closing of the exercise of the Over-Allotment Option or 30 days</p>

after the closing of the Offerings (the “Closing”), and may be transferred separately. See “Description of the Units and Warrants”.

**Manager:**

Connor, Clark & Lunn Capital Markets Inc. (the “Manager”) is responsible for the management and administration of the Fund. The Manager has over \$1.2 billion in assets under management and is part of the Connor, Clark & Lunn Financial Group, a group of affiliated companies with aggregate assets under management of approximately \$36 billion as at April 30, 2007. See “Management of the Fund — The Manager”.

**Investment Rationale and Objectives:**

The Fund has been designed to take advantage of the expertise of Carnegie Asset Management Fondsmæglerselskab A/S of Copenhagen, Denmark 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. The Carnegie WorldWide Equity fund (Luxembourg) uses the same investment approach that will be used for the Fund and has been rated “AAA” by Standard & Poor’s. Carnegie’s WorldWide Equity fund (Denmark), its oldest fund, has outperformed its benchmark, the MSCI World Index, by an average of 7.9% per calendar year over its full 16-year history, ranking it among the top global funds in the world.

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 will be invested in a portfolio (the “Portfolio”) consisting of equity securities of global companies. The Portfolio will be actively managed by Carnegie.

**Investment Approach of Carnegie:**

Carnegie’s investment team’s approach to managing global equities (which it has used since 1986) is based on the belief that global trends are important drivers in generating long-term stable growth, and that a focus on these trends ensures consistently strong results over a long-term investment horizon. Carnegie’s focused portfolio of 25 to 30 stocks is consistently anchored by companies that Carnegie considers to exhibit long-term growth characteristics. Carnegie believes that the current global economic environment is one of high but overall slowing growth, which tends to favour high-quality, large-capitalization, free cash flow generating companies.

Global trends are used to construct an investment framework. Within that framework, Carnegie builds its focused portfolio. Carnegie refers to its investment approach as trend-based stock selection. Carnegie focuses on those trends that, in its opinion, will effect the greatest changes in global equity markets. Driving the most significant trends are the globalization of world economies and long-term demographic shifts. Carnegie devotes significant resources to identifying and analyzing trends and their long-term implications. In this context, Carnegie employs 15 providers of independent

research. The core trends around which its portfolio is currently focused include:

- (i) **Emerging markets growth:** Carnegie believes that emerging market economies are in the midst of a structural bull market and that commodity prices will stay high in real terms. Carnegie invests in high-quality, large-capitalization companies with exposure to emerging markets that are well positioned to benefit from continued growth in these economies.
- (ii) **Infrastructure:** Carnegie expects long-term growth in infrastructure assets both from the replacement of aging infrastructure in the developed world and from new infrastructure demands in the developing countries. Carnegie invests in infrastructure through large, well-capitalized companies that are leaders in this sector.
- (iii) **Energy:** Carnegie continues to see strong potential, particularly in the oil and gas sector in the long run and expects a global scenario of higher trending oil prices. A combination of global demand growth and depleting assets is expected to continue to support higher oil prices which should benefit oil and gas producers. Carnegie believes that higher prices will also facilitate the development of nuclear and alternative energy sources.
- (iv) **Climate change:** Carnegie believes the current concern regarding climate change will lead to changes in consumer behaviour and continued government actions to support environmental initiatives. Carnegie expects certain sectors will benefit from increased spending in this area.

Carnegie follows over 500 companies. These names are narrowed to approximately 250 that stand to benefit from the trends driving the investment framework. Approximately 100 portfolio candidates are then closely followed by Carnegie on a “Watch List” and a detailed investment case, reflecting all aspects of the company and its operating environment, is developed for those companies being considered as finalists for the portfolio. These companies are carefully monitored for catalysts that might trigger an investment decision.

The investment case for each individual company is fundamentally driven and focuses on gaining a thorough understanding of each company’s trend exposure, market position, management and strategy, risk factors, and growth catalysts. This fundamental review also includes such criteria as transparency, earnings history, return on invested capital and leverage, as well as the company’s ability to hit or beat earnings targets, improving orders and credit profile.

Carnegie’s investment cases emphasize free cash flow yield (adjusted for pension, option and healthcare liabilities) because Carnegie believes this to be the key driver of stock performance, and the major criterion in assessing the attractiveness of a company relative to its historical behaviour, peer group and other names in the portfolio. In making that assessment, Carnegie also looks at how shareholders are rewarded with that free cash flow, for example, through share buy-backs and dividend yield policy. Trends and investment cases are discussed and debated during regular team meetings in an open forum. All nine portfolio managers participate in the team meetings,

after which a final investment decision is made by the four-member decision-making executive.

Carnegie's focused portfolio of 25 to 30 companies reflects a preference for having a thorough knowledge of relatively few stocks rather than for attempting to control risk via a large number of investments that would render a general overview more complex. A focused portfolio results in a disciplined buy and sell approach which, in Carnegie's case, is based on a one in/one out principle.

Carnegie's WorldWide Equity fund (Denmark) and Carnegie's WorldWide Equity fund (Luxembourg) have low annual turnover rates that have averaged 27.5% and 17.5%, respectively, over the past five years. This reflects Carnegie's bias towards investing in companies in which there is high conviction of the long-term cash flow generating potential. Carnegie believes that the element of time works in favour of investments in an excellent individual stock or sector, but against investments in an average stock or sector. Carnegie expects that the Fund's portfolio turnover will be similar to the portfolio turnover rates of its other funds.

**Carnegie:**

Carnegie Asset Management Fondsmæglerselskab A/S is the Sub-Advisor of the Fund. Carnegie was established in 1986 and is headquartered in Copenhagen, Denmark. It is independently operated and wholly owned by The Carnegie Group, a leading independent investment bank in the Nordic region whose parent, D. Carnegie & Co. AB, was founded in 1803 and is listed on the Stockholm Stock Exchange.

Carnegie's nine-member global equity team has an average tenure of over ten years with the firm. The four-member decision making core includes founder Mikael Randel, who has led the team since 1986. The team has more than 90 years of combined investment experience. Only two portfolio managers have left Carnegie in the last 20 years.

Carnegie has over \$11 billion in total assets under management, principally in its WorldWide Equity mandate. Carnegie began managing its International Equity portfolio in 1986, and the firm applied its highly successful International Equity process to include U.S. equities in 1990. Its resulting WorldWide Equity product has since become its flagship offering. The Carnegie WorldWide Equity fund (Luxembourg) uses the same investment approach that will be used for the Fund and has been rated "AAA" by Standard & Poor's. Carnegie's WorldWide Equity fund (Denmark), its oldest fund, has outperformed its benchmark, the MSCI World Index, by an average of 7.9% per calendar year over its full 16-year history, ranking it among the top global funds in the world.

**Carnegie WorldWide Equity Fund (Denmark)  
Compound Annual Total Returns<sup>(1)</sup>**

Annualized Returns as at April 30, 2007

	<u>Year 1</u>	<u>Year 3</u>	<u>Year 5</u>	<u>Year 10</u>	<u>Year 15</u>
WorldWide Equity . . .	15.28 %	15.79%	10.16%	13.05%	17.11%
MSCI World . . . . .	15.94 %	9.39%	5.06%	5.93%	9.64%
<i>Excess Return . . . . .</i>	<i>(0.66)%</i>	<i>6.40%</i>	<i>5.10%</i>	<i>7.12%</i>	<i>7.47%</i>

Note:

(1) Canadian dollar returns before fees.

The past performance of Carnegie's WorldWide Equity fund (Denmark) is not and should not be construed to be an indication of future performance or indicative of the Fund's performance.

**The Portfolio:**

The Fund will seek to generate income and long-term capital growth principally through investment in the securities of global companies.

**Top Ten Holdings:**

The following are the top ten holdings expected to be included in the initial Portfolio of the Fund.

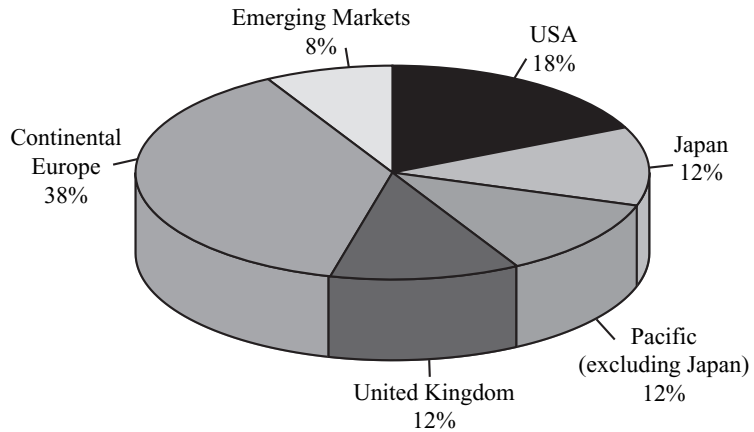
<u>Issuer</u>	<u>Weighting</u>	<u>Dividend Yield<sup>(1)</sup></u>
1. British American Tobacco p.l.c. . . . .	6.6%	3.79%
2. E.ON Group AG . . . . .	6.3%	2.89%
3. Électricité de France . . . . .	6.1%	1.71%
4. Japan Tobacco Inc. . . . .	5.8%	0.71%
5. Nestlé S.A. . . . .	5.1%	2.21%
6. Roche Holding AG . . . . .	4.7%	1.50%
7. Total S.A. . . . .	4.4%	3.32%
8. HDFC Bank Ltd. . . . .	4.3%	0.62%
9. Holcim Ltd. . . . .	3.7%	1.50%
10. Esprit Holdings Ltd. . . . .	3.6%	1.49%

Note:

(1) Source: Bloomberg.

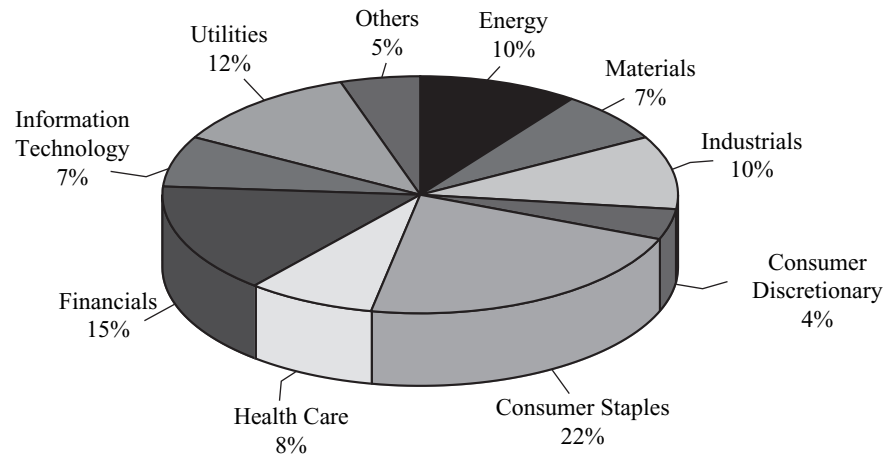
**Geographic Breakdown:**

The following chart illustrates the expected geographic breakdown of the Portfolio of the Fund.



**Sector Breakdown:**

The following chart illustrates the expected sector breakdown of the Portfolio of the Fund.



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

**Units of the Fund:**

The beneficial interest in the net assets and net income of the Fund is divided into Units of two classes. The Fund is authorized to issue an unlimited number of transferable, redeemable Units of each class. The NAV and NAV per Unit of each class will be calculated by the Trustee.

**Distributions:**

The Fund intends to provide a stable stream of monthly distributions to Unitholders of record on or about the last business day of each month (such date, a “Record Date”) initially equal to approximately \$0.04167 per Unit

(\$0.50 per annum or approximately 5.0% per annum yield on the original issue price of \$10.00 per Combined Unit).

The Fund expects that the initial distribution will be payable to Unitholders of record on August 31, 2007 and, based on an anticipated closing date of July 19, 2007, is expected to be \$0.05890 per Unit, representing a yield of 5.0% per annum on the issue price. Distributions will be payable to Unitholders of record at 5:00 p.m. (Toronto time) on the Record Date. The Manager will determine and announce 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 will be 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 net asset value and will therefore provide an opportunity for capital appreciation.

Based on the expected initial asset allocation as described under “The Portfolio”, the Portfolio is expected to generate dividends and distributions of approximately 1.64% per annum (before taking into account fees and expenses and net of any withholding taxes). Assuming (i) an offering size of \$45 million for the Class A Combined Units and \$5 million for the Class F Combined Units (i.e. \$50 million in the aggregate), (ii) the fees and expenses described under “Summary of Fees and Expenses”, and (iii) the deduction of withholding tax, the Portfolio would be required to appreciate at a rate of 5.7% per annum in order for the Fund to maintain a stable NAV for the Class A Units and 5.2% per annum in order for the Fund to maintain a stable NAV for the Class F Units while making monthly cash distributions for the year at the initial Indicative Distribution rate. Any portion of the distribution not funded from dividends and distributions is expected to be generated through the realization of capital gains. To ensure the Indicative Distribution for the year is maintained, to the extent necessary, the Manager may return a portion of the capital of the Fund to Unitholders.

To the extent that the Fund realizes net income and net capital gains in excess of the Indicative Distribution in a year, the Fund intends to distribute to Unitholders on or before December 31 of that year such *pro rata* 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 the Fund will hold after the consolidation the same number of Units of the Fund as it held before the distribution of additional Units.

See “Distributions”.

**Distribution  
Reinvestment Plan:**

The Fund intends to adopt a distribution reinvestment plan (the “Reinvestment Plan”) no earlier than four months following the closing of the Offerings which will provide that all monthly cash distributions made by the Fund shall, at the election of a Unitholder, be automatically reinvested in additional Units of the class on such Unitholder’s behalf in accordance

with the terms of such plan and the reinvestment plan agency agreement to be 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.

See “Distribution Reinvestment Plan”.

**Currency Hedging:**

The Fund will be exposed to a number of foreign currencies. The Sub-Advisor will take 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 will be hedged back to the Canadian dollar.

**Market Purchases:**

To enhance liquidity and to provide market support for the Class A Units, the Fund will have a mandatory market purchase program under which the Fund will, subject to certain exceptions contained in the Trust Agreement and in compliance with any applicable regulatory requirements, be obligated to purchase Class A Units for cancellation on and subject to the terms below. If, on any business day following the closing of the Class A Offering, the weighted average price of the Class A Units is less than 95% of the net asset value per Unit (the “NAV per Unit”) of that class determined as at the most recently published Valuation Date (as defined herein under “Valuation”), 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 of that class on the following business day. The maximum number of Class A Units to be purchased in any three-month period (commencing with the three-month period that begins on the first day of the month following the closing date of the Offerings) will be 1.25% of the number of Class A Units outstanding at the beginning of such period. 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.”

In addition, 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 that class, subject to any applicable regulatory requirements and limitations.

See “Description of Units and Warrants — Mandatory Market Purchase Program”.

**Net Asset Value:**

The net asset value of the Fund (the “Net Asset Value” or “NAV”) on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund including any income, net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. See “Valuation — Net Asset Value and NAV per Unit”.

**Redemption:**

Commencing in 2009, Units of each class 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 based on the NAV per Unit of that class less any costs of funding the redemption.

Units may also be redeemed monthly on the last business day of a month (the “Monthly Redemption Date”). A holder of Class A Units who properly

surrenders Class A Units for redemption will receive the amount (the “monthly Redemption Amount”) 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. A Class F Unitholder who 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.

**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 Class A Unit as of the Monthly Redemption Date. For the purposes of such conversion, 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.” Warrants to purchase Class F Units are not convertible into Warrants to purchase Class A Units.

**Trustee:**

RBC Dexia Investor Services Trust is the trustee of the Fund, acts as custodian of the assets of the Fund and is responsible for certain aspects of the day-to-day administration of the Fund. See “Management of the Fund — The Trustee” and “Auditors, Transfer Agent, Registrar and Custodian”.

**Termination:**

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.

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 of each class on a *pro rata* basis as soon as practicable after the Termination Date.

See “Termination of the Fund”.

**Eligibility for Investment:**

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Torys LLP, counsel to the Agents, provided that the Fund qualifies as a “mutual fund trust” for the purposes of the Tax Act or Units are listed on a

prescribed stock exchange (which includes the TSX), Units offered hereby will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan or a registered education savings plan (a “deferred plan”). Provided that Warrants for Class A Units are listed on a prescribed stock exchange, or provided that if each person who is an annuitant, a beneficiary, an employer or a subscriber under the relevant deferred plan deals at arm’s length with the Fund within the meaning of the Tax Act, Warrants for Class A Units will be a qualified investment under the Tax Act for a deferred plan. Provided that each person who is an annuitant, a beneficiary, an employer or a subscriber under the deferred plan deals at arm’s length with the Fund within the meaning of the Tax Act, Warrants for Class F Units will be qualified investments under the Tax Act for such deferred plan. See “Canadian Federal Income Tax Considerations” and “Eligibility for Investment”.

**Canadian Federal Income Tax Considerations:**

A holder of Units will generally be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including the taxable portion of the net realized capital gains of the Fund, paid or payable to the holder in the taxation year. To the extent that amounts payable to the holders are designated as taxable capital gains, those amounts will be treated as capital gains realized by such holders. A holder of Units who disposes of Units held as capital property (on redemption or otherwise) will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of the Units exceed (or are less than) the adjusted cost base of such Units and any reasonable costs of disposition. Distributions by the Fund to a holder in excess of the holder’s share of the Fund’s net income and net realized capital gains will not result in an inclusion in income but will reduce the adjusted cost base of the holder’s Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the holder of such Unit will be deemed to have realized a capital gain equal to that negative amount and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such deemed capital gain.

The exercise of a Warrant will not constitute a disposition of property for the purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of a Warrant. A Unitholder who holds Warrants as capital property will, upon the disposition of a Warrant other than pursuant to the exercise thereof, realize a capital gain (or capital loss) in the taxation year of the Unitholder in which the disposition occurs to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Warrant to the Unitholder.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in the securities offered hereby by obtaining advice from his or her tax advisor. See “Canadian Federal Income Tax Considerations”.

**Risk Factors:**

An investment in the securities offered hereby will be subject to certain risk factors, including:

- (a) there can be no assurance that the Fund will be able to achieve its investment objectives;

- (b) the risks of investing in common shares including the general risks of equity investments, such as general economic conditions;
- (c) the value of the Portfolio and the NAV per Unit of each class will vary according to, among other things, the net asset value of the securities in the Portfolio and the dividends and distributions paid thereon;
- (d) the possibility that if a holder of Warrants does not exercise, or sells, the Warrants, then the value of the Class A Units or the Class F Units may be diluted as a result of the exercise of Warrants by others;
- (e) reliance on the Manager and the Sub-Advisor, and the lack of certainty that the individuals who are principally responsible for providing management and investment advisory and portfolio management services will continue to be employed by the Manager and the Sub-Advisor, respectively, while they provide management and investment advisory and portfolio management services to the Fund in respect of the Portfolio;
- (f) risks relating to the role of the Investment Manager and the nature of the advisory relationship between the Fund and the Sub-Advisor and the fact that the Fund does not have a direct contractual relationship with the Sub-Advisor and has instead hired the Investment Manager, who retained the services of the Sub-Advisor;
- (g) sensitivity to interest rates;
- (h) risks relating to foreign currency exposure;
- (i) risks associated with foreign securities;
- (j) risks relating to the use of derivative instruments;
- (k) the lack of a market for the Units and Warrants and no assurance that one will develop;
- (l) the possibility of the Fund being unable to acquire or dispose of illiquid securities;
- (m) risks relating to substantial redemption of Units;
- (n) status of the Fund for securities law purposes as it is not a mutual fund subject to NI-81-102;
- (o) potential conflicts of interest;
- (p) tax proposals respecting the deductibility of expenses and status of the Fund;
- (q) the Fund's lack of operating history and the current absence of a public trading market for the Units and the Warrants;
- (r) the fact that if a holder of Class A Combined Units or Class F Combined Units does not exercise, or sells, its Warrants, then the value of the Class A Combined Units or the Class F Combined Units held by that holder may be diluted as a result of the exercise of Warrants by others;
- (s) Unitholders will have no ownership interest in the securities comprising the Portfolio; and
- (t) the possible loss of an investment.

See "Risk Factors".

## SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Fund. See “Fees and Expenses”.

<u>Type of Charge</u>	<u>Description</u>
<b>Fees payable to the Agents for selling Combined Units:</b>	Class A Offering: \$0.525 per Class A Combined Unit (5.25%). Class F Offering: \$0.225 per Class F Combined Unit (2.25%).
<b>Expenses of issue:</b>	The Fund will, subject to a maximum of 1.5% of the gross proceeds of the Offerings, pay the expenses incurred in connection with the Offerings, estimated to be \$650,000. These expenses will be allocated <i>pro rata</i> to each class of Units on the basis of the initial NAV of each class.
<b>Warrant Exercise Fee:</b>	\$0.25 per Warrant will be payable by the Fund at the time a Warrant is exercised to the dealer whose client is exercising the Warrant.
<b>Management and Portfolio Management Fees:</b>	The Fund shall pay the Manager an annual fee of 1.1% of the NAV accrued daily and payable monthly in arrears, together with an amount equal to the Service Fee (described below) to be paid by the Manager to dealers, plus applicable taxes. The Manager will pay the Investment Manager out of its management fee and the Investment Manager will pay the Sub-Advisor out of its fee.
<b>Operating expenses:</b>	The Fund will pay for all ordinary expenses incurred in connection with the operation and administration of the Fund, estimated to be \$250,000 per annum. The Fund will also be responsible for any extraordinary expenses which it may incur from time to time.
<b>Service Fee:</b>	A service fee (the “Service Fee”) will be payable to each dealer whose clients hold Class A Units. The Service Fee will accrue daily and be paid at the end of each calendar quarter and will be equal to 0.40% annually of the NAV per Unit of each Class A Unit. The Service Fee payable to registered dealers in respect of the quarter ending September 30, 2007, shall be paid on a <i>pro rata</i> basis. No Service Fee is payable in respect of the Class F Units.

## THE FUND

### Overview

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.

### Units and Warrants

The beneficial interest in the net assets and net income of the Fund is divided into two classes of redeemable, transferable units (the “Units”) of the Fund called Class A Units and Class F Units. The Class A Units and the Class F Units together are referred to herein as the “Units”. This prospectus qualifies the offering of Class A Combined Units (the “Class A Offering”) and Class F Combined Units (the “Class F Offering”, and together with the Class A Offering, the “Offerings”). See “Description of the Units and Warrants”.

The Company proposes to offer 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 and 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.**

The Class F Units will not be listed on a stock exchange but will be convertible into Class A Units. The Class F Units are designed for fee-based accounts. The only other differences between Class A Units and Class F Units are the Agents’ fees payable on the issuance of Units of each class and that the Service Fee component of the management fees is only payable in respect of the Class A Units. See “Fees and Expenses”. Accordingly, the net asset value (“NAV”) per Unit of each class will not be the same as a result of the different fees allocable to each class of Units, as described under “Fees and Expenses”.

### 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 will not be available to investors in the Units.

### Investment Rationale and Objectives

The Fund has been designed to take advantage of the expertise of Carnegie Asset Management Fondsmæglersekskab 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. Carnegie’s WorldWide Equity fund (Denmark), its oldest fund, has outperformed its benchmark, the MSCI World Index, by an average of 7.9% per calendar year over its full 16-year history, ranking it among the top global funds in the world.

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 will be invested in an actively managed portfolio (the "Portfolio") consisting of equity securities of global companies. The Portfolio will be actively managed by Carnegie.

### INVESTMENT APPROACH OF CARNEGIE

Carnegie's investment team's approach to managing global equities (which it has used since 1986) is based on the belief that global trends are important drivers in generating long-term stable growth, and that a focus on these trends ensures consistently strong results over a long-term investment horizon. Carnegie's focused portfolio of 25 to 30 stocks is consistently anchored by companies that Carnegie considers to exhibit long-term growth characteristics. Carnegie believes that the current global economic environment is one of high but overall slowing growth, which tends to favour high-quality, large-capitalization, free cash flow generating companies.

Global trends are used to construct an investment framework. Within that framework, Carnegie builds its focused portfolio. Carnegie refers to its investment approach as trend-based stock selection. Carnegie focuses on those trends that, in its opinion, will effect the greatest changes in global equity markets. Driving the most significant trends are the globalization of world economies and long-term demographic shifts. Carnegie devotes significant resources to identifying and analyzing trends and their long-term implications. In this context, Carnegie employs 15 providers of independent research. The core trends around which its portfolio is currently focused include:

- (i) **Emerging markets growth:** Carnegie believes that emerging market economies are in the midst of a structural bull market and that commodity prices will stay high in real terms. Carnegie invests in high-quality, large-capitalization companies with exposure to emerging markets that are well positioned to benefit from continued growth potential in these economies.
- (ii) **Infrastructure:** Carnegie expects long-term growth in infrastructure assets both from the replacement of aging infrastructure in the developed world and from new infrastructure demands in the developing countries. Carnegie invests in infrastructure through large, well-capitalized companies that are leaders in this sector.
- (iii) **Energy:** Carnegie continues to see strong potential, particularly in the oil and gas sector in the long run and expects a global scenario of higher trending oil prices. A combination of global demand growth and depleting assets is expected to continue to support higher oil prices which should benefit oil and gas producers. Carnegie believes that higher prices will also facilitate the development of nuclear and alternative energy sources.
- (iv) **Climate change:** Carnegie believes the current concern regarding climate change will lead to changes in consumer behaviour and continued government actions to support environmental initiatives. Carnegie expects certain sectors will benefit from increased spending in this area.

Carnegie follows over 500 companies. These names are narrowed to approximately 250 that stand to benefit from the trends driving the investment framework. Approximately 100 portfolio candidates are then closely followed by Carnegie on a "Watch List" and a detailed investment case, reflecting all aspects of the company and its operating environment, is developed for those companies being considered as finalists for the portfolio. These companies are carefully monitored for catalysts that might trigger an investment decision.

The investment case for each individual company is fundamentally driven and focuses on gaining a thorough understanding of each company's trend exposure, market position, management and strategy, risk factors, and growth catalysts. This fundamental review also includes such criteria as transparency, earnings

history, return on invested capital and leverage, as well as the company's ability to hit or beat earnings targets, improving orders and credit profile.

Carnegie's investment cases emphasize free cash flow yield (adjusted for pension, option and healthcare liabilities) because Carnegie believes this to be the key driver of stock performance, and the major criterion in assessing the attractiveness of a company relative to its historical behaviour, peer group and other names in the portfolio. In making that assessment, Carnegie also looks at how shareholders are rewarded with that free cash flow, for example, through share buy-backs and dividend yield policy. Trends and investment cases are discussed and debated during regular team meetings in an open forum. All nine portfolio managers participate in the team meetings, after which a final investment decision is made by the four-member decision-making executive.

Carnegie's focused portfolio of 25 to 30 companies reflects a preference for having a thorough knowledge of relatively few stocks rather than for attempting to control risk via a large number of investments that would render a general overview more complex. A focused portfolio results in a disciplined buy and sell approach which, in Carnegie's case, is based on a one in/one out principle.

Carnegie's WorldWide Equity fund (Denmark) and Carnegie's WorldWide Equity fund (Luxembourg) have low annual turnover rates that have averaged 27.5% and 17.5%, respectively, over the past five years. This reflects Carnegie's bias towards investing in companies in which there is high conviction of the long-term cash flow generating potential. Carnegie believes that the element of time works in favour of investments in an excellent individual stock or sector, but against investments in an average stock or sector. Carnegie expects that the Fund's portfolio turnover will be similar to the portfolio turnover rates of its other funds.

## **GLOBAL EQUITIES OUTLOOK**

### **Sustained Global Economic Growth**

According to the International Monetary Fund ("IMF"), the global economy is expected to remain resilient for the foreseeable future resulting in a favourable outlook for global equity securities. The IMF expects the global economy to expand at a strong rate of approximately 5% in each of 2007 and 2008, led by emerging markets and developing countries. The IMF continues to project rapid growth in China and India and commodity-rich countries are expected to prosper, benefiting from robust growth outside the mature industrial nations. While growth in the United States is expected to slow year-over-year, the IMF believes the U.S. economy should gather momentum over the course of the year as the drag from the housing sector moderates with muted implications for the global economy. In Europe, corporate earnings and economic growth have exceeded market expectations supported by capital spending and the low cost of debt. The outlook for the European economies remains positive with unemployment at its lowest level in 15 years and the European Commission's Economic Sentiment Indicator approaching its highest level in ten years.

### **Positive Fundamentals**

Carnegie believes the outlook for large-capitalization global equities remains favourable and that these equities will continue to provide excellent long-term returns. Equities look attractive relative to fixed income in most global markets and valuations for large-capitalization global equities remain compelling in comparison to past price levels. Earnings growth is expected to continue to be robust supported by higher corporate operating margins and sustained global economic growth. Strong corporate balance sheets, low corporate bond yields and high free cash flow yields are expected to result in increasing dividends, share buybacks and a continued high level of merger and acquisition activity, all of which will lend support to equity valuations.

### **Benefit of International Diversification**

The Canadian equity market is estimated to represent less than 4% of the overall global equity market. While attractive investment opportunities are available in the domestic equity market, the Manager believes that selecting stocks from the global equity market offers investors a wider range of attractive investment opportunities.

In addition, Canada's equity market is highly concentrated in three industry sectors: financials, energy and materials, which together account for more than 75% of the S&P/TSX Composite Index. By comparison, these

three sectors account for less than 44% of the MSCI World Index. For the one-year period ending December 31, 2006, approximately 77% of the price return generated by the S&P/TSX Composite Index was the result of the performance of the financial, energy and materials sectors. Accordingly, the Manager believes that having the ability to invest globally will provide investors with better access to opportunities that are not well represented in Canada.

The Manager believes that a globally diversified portfolio will be less vulnerable to general economic conditions affecting any one local equity market. Investing globally offers Canadian investors the opportunity to improve the overall risk-return profile of their portfolios.

### CARNEGIE

Carnegie Asset Management Fondsmæglerselskab A/S is the sub-advisor of the Fund. See “The Sub-Advisor”. Carnegie was established in 1986 and is headquartered in Copenhagen, Denmark. It is independently operated and wholly owned by The Carnegie Group, a leading independent investment bank in the Nordic region whose parent, D. Carnegie & Co. AB, was founded in 1803 and is listed on the Stockholm Stock Exchange.

Carnegie’s nine-member global equity team has an average tenure of over ten years with the firm. The four-member decision making core includes founder Mikael Randel, who has led the team since 1986. The team has more than 90 years of combined investment experience. Only two portfolio managers have left Carnegie in the last 20 years.

Carnegie has over \$11 billion in total assets under management, principally in its WorldWide Equity mandate. Carnegie began managing its International Equity portfolio in 1986, and the firm applied its highly successful International Equity process to include U.S. equities in 1990. Its resulting WorldWide Equity product has since become its flagship offering. The Carnegie WorldWide Equity fund (Luxembourg) uses the same investment approach that will be used for the Fund and has been rated “AAA” by Standard & Poor’s. Carnegie’s WorldWide Equity fund (Denmark), its oldest fund, has outperformed its benchmark, the MSCI World Index, by an average of 7.9% per calendar year over its full 16-year history, ranking it among the top global funds in the world.

#### Carnegie WorldWide Equity Fund (Denmark) Compound Annual Total Returns<sup>(1)</sup>

	Annualized Returns as at April 30, 2007				
	Year 1	Year 3	Year 5	Year 10	Year 15
WorldWide Equity . . . . .	15.28 %	15.79%	10.16%	13.05%	17.11%
MSCI World . . . . .	15.94 %	9.39%	5.06%	5.93%	9.64%
<i>Excess Return</i> . . . . .	<i>(0.66)%</i>	<i>6.40%</i>	<i>5.10%</i>	<i>7.12%</i>	<i>7.47%</i>

Note:

(1) Canadian dollar returns before fees.

The past performance of Carnegie’s WorldWide Equity fund (Denmark) is not and should not be construed to be an indication of future performance or indicative of the Fund’s performance.

## THE PORTFOLIO

The Fund will seek to generate income and long-term capital growth principally through investment in the securities of global companies.

### Top Ten Holdings

The following are the top ten holdings expected to be included in the initial Portfolio of the Fund.

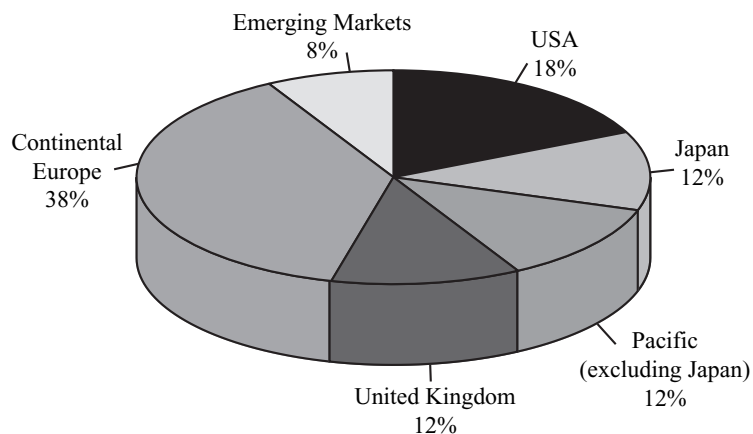
<u>Issuer</u>	<u>Weighting</u>	<u>Dividend Yield<sup>(1)</sup></u>
1. British American Tobacco p.l.c. ....	6.6%	3.79%
2. E.ON Group AG ....	6.3%	2.89%
3. Électricité de France ....	6.1%	1.71%
4. Japan Tobacco Inc. ....	5.8%	0.71%
5. Nestlé S.A. ....	5.1%	2.21%
6. Roche Holding AG ....	4.7%	1.50%
7. Total S.A. ....	4.4%	3.32%
8. HDFC Bank Ltd. ....	4.3%	0.62%
9. Holcim Ltd. ....	3.7%	1.50%
10. Esprit Holdings Ltd. ....	3.6%	1.49%

Note:

(1) Source: Bloomberg.

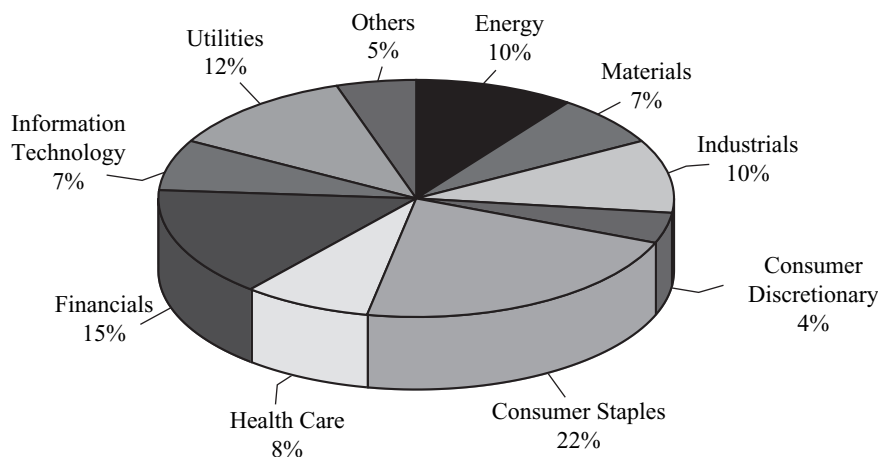
### Geographic Breakdown

The following chart illustrates the expected geographic breakdown of the Portfolio of the Fund.



## Sector Breakdown

The following chart illustrates the expected sector breakdown of the Portfolio of the Fund.



## THE FUND'S INVESTMENT GUIDELINES

### Investment Restrictions

The Fund will use the net proceeds of the Offerings (including any net proceeds from the exercise of the Over-Allotment Option (defined under "Plan of Distribution")) to acquire the Portfolio. In purchasing and holding the Portfolio, the Fund will be subject to, 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 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 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, provisions as enacted into law or successor provisions thereto).
- (xiii) **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.

#### **Currency Hedging and Use of Other Derivative Instruments**

The Fund will be exposed to a number of foreign currencies. The Sub-Advisor will take 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 will be 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.

#### **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.

#### **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 day on which commercial banks are open for business in Toronto, Ontario hereinafter referred to as a “business day”). Any securities lending transaction must qualify as a “securities lending arrangement” for purposes of the Tax Act.

## MANAGEMENT OF THE FUND

### **The Manager**

Connor, Clark & Lunn Capital Markets Inc. will perform management services for the Fund pursuant to the terms of the Trust Agreement. The Manager will be 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 a registered investment counsel and portfolio manager, and has over \$1.2 billion in assets under management as at April 30, 2007. The Manager is part of the Connor, Clark & Lunn Financial Group (the “CC&L 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., Global Alpha Capital Management Ltd. and Banyan Capital Partners Management Partnership. The CC&L Group, with approximately \$36 billion in assets under management as at April 30, 2007, offers professional management of financial assets for pension plan sponsors, capital accumulation plans, corporations, foundations, mutual funds and individual investors.

The Manager acts as manager or investment advisor for the following investment funds: Connor, Clark & Lunn ROC Pref Corp., Connor, Clark & Lunn Conservative Income Fund II, Clark & Lunn Real Return Income Fund, ROC Pref III Corp., Connor, Clark & Lunn Conservative Income Fund, ROC Pref II Corp., ROC Pref Corp., SNP Health Split Corp., Connor and Clark & Lunn PRINTS Trust, Connor, Clark & Lunn Global Financials Fund, Connor, Clark & Lunn Global Financials Fund II and CANADIAN Financials & Utilities Split Corp.

### **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 will include maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund’s reports to Unitholders and to the Canadian securities regulators; providing the Custodian with information and reports necessary for the Custodian to fulfil its fiduciary responsibilities; currency hedging; 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 will also monitor the Fund’s investment strategy to ensure compliance with the Investment Guidelines and that the net proceeds of the Offerings are invested as described under “Use of Proceeds”.

The Fund will enter into the registrar, transfer agency and distribution agency agreement, as referred to under “Auditors, Transfer Agent, Registrar and Custodian”. Such agreement does not in any way release the Manager from compliance with its obligations to the Fund under the Trust Agreement. The Fund may terminate the foregoing agreement upon notice.

### **Trust Agreement**

Pursuant to the Trust Agreement, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of Unitholders, and in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances.

The Manager has entered into 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 Investment Manager has retained Carnegie, the Sub-Advisor, to provide investment advisory and portfolio management services to the Manager and the Fund.

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, its 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 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 will be 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 will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or 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 wilful misconduct, bad faith or negligence.

**Accounting and Reporting**

The Fund’s fiscal year will be the calendar year or such other fiscal period permitted under the Tax Act as the Fund elects. The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements.

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

**Officers and Directors of the Manager**

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

<u>Name and Municipality</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
W. NEIL MURDOCH . . . . . Oakville, Ontario	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer, Connor, Clark & Lunn Capital Markets Inc.
PHILIP K. GOW . . . . . Toronto, Ontario	Director, Chief Financial Officer and Secretary and Compliance Officer	Director, Chief Financial Officer, Secretary and Compliance Officer, Connor, Clark & Lunn Capital Markets Inc.
MICHAEL W. FREUND . . . . . Toronto, Ontario	Director and Chairman	Managing Partner, Connor, Clark & Lunn Financial Group
TIMOTHY E. BRADSHAW . . . . . Toronto, Ontario	Senior Vice-President and National Sales Manager	Senior Vice-President and National Sales Manager, Connor, Clark & Lunn Capital Markets Inc.
DARREN N. CABRAL . . . . . Toronto, Ontario	Vice-President	Vice-President, Connor, Clark & Lunn Capital Markets Inc.

<u>Name and Municipality</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
JOHN COLANGELO . . . . . Toronto, Ontario	Vice-President Sales, Ontario	Vice-President Sales, Ontario, Connor, Clark & Lunn Capital Markets Inc.
BONNIE L. M. CHWARTACKI . . . . . Winnipeg, Manitoba	Vice-President Sales, Western Canada	Vice-President Sales, Western Canada, Connor, Clark & Lunn Capital Markets Inc.
VICTORIA L. JONAS . . . . . Beaconsfield, Québec	Vice-President Sales, Québec	Vice-President Sales, Québec, Connor, Clark & Lunn Capital Markets Inc.

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

**Philip K. Gow:** *CFA; BA, Dalhousie University; MBA, Saint Mary's University.* Mr. Gow was a Managing Director of Brenton Reef Capital Inc. (which was acquired by CC&L Capital Markets Partnership in April 2001) from 1997 to April 2001 and has been a director and Chief Financial Officer of Connor, Clark & Lunn Capital Markets Inc. since April 2001.

**Michael W. Freund:** *B.Bus.Sci., University of Cape Town.* 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.

**Timothy E. Bradshaw:** *CFA; B.Comm. McGill University; MBA London Business School.* Mr. Bradshaw joined Connor, Clark & Lunn Capital Markets Inc. in May 2006. Prior thereto, Mr. Bradshaw was a Vice-President of TD Bank Financial Group from 2000 to October 2005.

**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.

**John Colangelo:** *BA, University of Guelph, Ontario.* Mr. Colangelo joined Connor, Clark & Lunn Capital Markets in April 2007. Prior thereto, Mr. Colangelo was Vice-President Sales for Faircourt Asset Management Inc., Regional Sales Manager of Franklin Templeton Investments Corp., and Regional Vice-President of Spectrum Investments Inc.

**Bonnie L. M. Chwartacki:** *B.Comm (Hons.), University of Manitoba.* Ms. Chwartacki has been with Connor, Clark & Lunn Capital Markets Inc. since the fall of 2004. Prior thereto, Ms. Chwartacki was Regional Vice-President for Western Canada at AIC Group of Funds.

**Victoria L. Jonas:** *B.Ed., McGill University.* Ms. Jonas joined Connor, Clark & Lunn Capital Markets Inc. in December, 2005. She was Senior Regional Sales Manager for Franklin Templeton Investments from 2002 until December, 2005, Regional Vice-President at Spectrum Investments from 2001 until that company was sold to CI Funds in 2002 and, prior thereto, Regional Vice-President and Director with AGF Group of Funds from 1987.

The Canadian Securities Administrators approved the final version of NI 81-107 on September 19, 2006. NI 81-107 requires all publicly offered investment funds, including the Fund, to establish an independent review committee to whom the Manager must refer all conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the independent review committee in carrying out its functions. The independent review committee is required to be comprised of a minimum of three independent members, and is subject to requirements to conduct regular

assessments and provide reports to the Fund and to Unitholders in respect of its functions. The initial members of the independent review committee will be appointed after Closing and are expected to be Fred Lazar, Frank Santangeli and Joseph Wright. Full compliance with NI 81-107 is not required until November 1, 2007.

### **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 securityholders 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 will 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.

### **The Advisory Board**

The Fund has established an advisory board (the "Advisory Board") consisting of two members appointed by the Manager each of whom will be 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 judgement. The Advisory Board will provide 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 Fund's annual report to Unitholders will include 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 will be paid by the Fund. The Advisory Board will have 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 wilful 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 proposed 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.

### **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 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.

### **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 Offerings 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.

## **THE SUB-ADVISOR**

The Sub-Advisor, Carnegie, will provide investment advisory and portfolio management services to the Fund. The Sub-Advisor will be responsible for decisions regarding the purchase and sale of securities and the execution of transactions for the Portfolio.

Carnegie was established in 1986 and is headquartered in Copenhagen, Denmark. It is independently operated and wholly owned by The Carnegie Group, a leading independent investment bank in the Nordic region whose parent, D. Carnegie & Co. AB, was founded in 1803 and is listed on the Stockholm Stock Exchange.

Carnegie has over \$11 billion in total assets under management, principally in its WorldWide Equity strategy. Carnegie began managing International Equity in 1986, and the firm extrapolated its highly successful International process to include U.S. Equity in 1990. Carnegie’s WorldWide Equity fund (Denmark), its oldest fund, has outperformed its benchmark, the MSCI World Index, by an average of 7.9% per annum over its full 16-year history, ranking it among the top global funds in the world.

The name, municipality of residence, position with the Sub-Advisor and principal occupation of the relevant managers of Carnegie 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 Fondsmæglerelskab A/S
BO KNUDSEN . . . . . Copenhagen, Denmark	Portfolio Manager	Portfolio Manager, Carnegie Asset Management Fondsmæglerelskad A/S
BENGT SEGER . . . . . Copenhagen, Denmark	Portfolio Manager	Portfolio Manager, Carnegie Asset Management Fondsmæglerelskad A/S
LARS WINCENTSEN . . . . . Copenhagen, Denmark	Portfolio Manager	Portfolio Manager, Carnegie Asset Management Fondsmæglerelskad 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 who will be primarily responsible for managing the Portfolio are Mikael Randel, Bo Knudsen, Bengt Seger and Lars Wincentsen supported by Kim Nielsen, Morten Springborg, Henrik Brandt, Mattias Kolm and Mogens Akselsen.

**Investment Advisory Agreement**

The Sub-Advisor will provide 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 will implement the investment strategy and allocate 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”.

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 an 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 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 Investment Manager</u>	<u>Principal Occupation</u>
DAVID M. STAR . . . . . Westmount, Québec	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.

**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 wilful 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 will be 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 wilful 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 will be 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 will be 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 wilful misconduct, bad faith, negligence or breach of its standard of care.

## **DESCRIPTION OF UNITS AND WARRANTS**

### **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 proposes to offer 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.**

The Class F Units will not be listed on a stock exchange but will be 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".

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

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 will be 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.

#### ***Mandatory Market Purchase Program***

To enhance liquidity and to provide market support for the Class A Units, the Fund will have a mandatory market purchase program under which the Fund will, subject to certain exceptions contained in the Trust Agreement and in compliance with any applicable regulatory requirements, be 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.”

#### *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.

#### *Book-Entry Only System*

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system of CDS. On the date of closing of the Offerings, the Fund will deliver 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 will 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.

### **Warrants**

#### *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.** The Class A Units or the Class F Units and the Warrants comprising the Class A Combined Units or the Class F Combined Units, as the case may be, will separate immediately following the earlier of the closing of the exercise of the Over-Allotment Option or 30 days after Closing, and may be transferred separately. Upon the exercise of a Warrant, the Fund will pay a fee equal to \$0.25 to the dealer whose client is exercising the Warrant.

### ***Subscription and Transfer Agent***

A subscription agent (the “Subscription Agent”) has been appointed the agent of the Fund to receive subscriptions and payments from holders of Warrants, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants pursuant to a warrant indenture (the “Warrant Indenture”). Holders of Warrants desiring to exercise such Warrants and purchase Class A Units or Class F Units, as applicable, should ensure that subscriptions and payment in full of the subscription price therefor is received on or before 5:00 p.m. (Toronto time) on the applicable exercise date by the Subscription Agent.

### ***Delivery Form and Denomination of the Warrants***

All Unitholders hold their Units through a CDS Participant. As a result, one global warrant certificate representing the Warrants for Class A Units and one global warrant certificate representing the Warrants for Class F Units will be issued in registered form to CDS and each will be deposited with CDS on the Closing Date. The Fund expects that each purchaser of Combined Units under the Offerings will receive a confirmation of the number of Warrants issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for its participants holding Warrants.

None of the Fund, the Manager or the Subscription Agent will have any liability for (i) the records maintained by CDS or CDS Participants relating to the Warrants or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Warrants, or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action be taken by CDS or its participants.

The ability of a person having an interest in Warrants held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Holders must arrange purchases or transfers of Warrants through CDS Participants. It is anticipated by the Fund that each such purchaser of a Warrant will receive a customer confirmation of issuance or purchase, as applicable, from the CDS Participant through which such Warrant is issued in accordance with the practices and policies of such CDS Participant.

### ***Subscription Right***

CDS Participants that hold Warrants for more than one beneficial holder may, upon providing evidence satisfactory to the Fund and the Subscription Agent, exercise Warrants on behalf of its accounts on the same basis as if the beneficial owners of the Class A Units or the Class F Units, as applicable, were holders of record on the Closing Date.

A subscriber may subscribe for the resulting whole number of Class A Units or Class F Units, as applicable, or any lesser whole number of such units by instructing the CDS Participant holding the subscriber’s Warrants to exercise all or a specified number of such Warrants and forwarding \$10.25 per whole Warrant for each such unit subscribed for in accordance with the terms of the Offerings to the CDS Participant which holds the subscriber’s Warrants.

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of a CDS Participant, by direct debit from the subscriber’s brokerage account or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the appropriate office of the CDS Participant. The entire Subscription Price for Class A Units or Class F Units, as applicable, subscribed for must be paid at the time of subscription and must be received by the Subscription Agent prior to the expiry time on the applicable exercise date. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the expiry time on the applicable exercise date to allow the CDS Participant to properly exercise the Warrants on its behalf. Unitholders are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.

Payment of the Subscription Price will constitute a representation to the CDS Participant that the subscriber is not a citizen or resident of the United States of America, its territories or possessions or the agent of any such person and is not purchasing the Units for resale to any such person.

**Subscriptions for Units made through a CDS Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted.**

**Holders of Warrants who wish to exercise their Warrants and receive Class A Units or Class F Units, as the case may be, are reminded that, because Warrants must be exercised through a CDS Participant, a significant amount of time may elapse from the date of exercise and the date the Units issuable upon the exercise thereof are issued to the holder.**

#### *Sale or Transfer of Warrants*

Holders of Warrants in Canada may, instead of exercising their Warrants to subscribe for Class A Units or Class F Units, as the case may be, sell or transfer their Warrants. Holders of Warrants through CDS Participants who wish to sell or transfer their Warrants must do so in the same manner in which they sell or transfer Units, namely, by providing instructions to the CDS Participant holding their Warrants in accordance with the policies and procedures of the CDS Participant.

#### *Dilution to Existing Unitholders*

If a Unitholder wishes to retain its current percentage ownership in the Fund and assuming that all Warrants are exercised, it should purchase all of the Class A Units or Class F Units, as the case may be, for which it may subscribe pursuant to the Warrants issued under the Offerings. If that Unitholder does not do so and other holders of Warrants exercise any of their Warrants, that Unitholder's current percentage ownership in the Fund will be diluted.

The Warrants contain the following anti-dilution provisions:

The subscription rights in effect under the Warrants for Units of a class of the Fund issuable upon the exercise of such Warrants shall be subject to adjustment from time to time if, prior to the expiry time on July 30, 2010 the Fund shall:

- (a) subdivide, re-divide or change its outstanding Units of such class into a greater number of Units;
- (b) combine or consolidate its outstanding Units of such class into a smaller number of Units;
- (c) distribute to holders of all or substantially all of the Fund's outstanding Units of such class any securities of the Fund including rights, options or warrants to acquire Units of the Fund of such class or securities convertible into or exchangeable for Units of the Fund of such class or property or assets, including evidence of indebtedness (other than in connection with the distribution and exercise of the Warrants);
- (d) reclassify the Units of such class or reorganize the capital of the Fund; or
- (e) consolidated, amalgamate or merge the Fund with or into any other trust or other entity, or sell or convey the property and assets of the Fund as an entirety or substantially as an entirety (other than in connection with the redemption or retraction of Units).

## **UNITHOLDER MATTERS**

### **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.

### **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 of a class.

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

The Manager may, without the approval of or notice to Unitholders, 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.

### **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.

### **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 Manager shall inform the registrar and transfer agent of the Fund of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager 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 Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager 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 Manager 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 Manager with satisfactory evidence that they are not non-residents or partnerships other than

Canadian partnerships within such period, the Manager 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 Manager may determine not to take any of the actions described above if the Manager 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.

#### **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 of such Termination Date. The Fund will include a description of the entitlement of the Unitholders 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 allocable to each class of Units *pro rata* 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.

#### **DISTRIBUTIONS**

The Fund intends to provide a stable stream of monthly distributions to Unitholders of record on or about the last business day of each month (such date, a “Record Date”) initially equal to approximately \$0.04167 per Unit (\$0.50 per annum, approximately 5.0% per annum yield on the original issue price of \$10.00 per Combined Unit).

The Fund expects that the initial distribution will be payable to Unitholders of record on August 31, 2007 and, based on an anticipated closing date of July 19, 2007, is expected to be \$0.05890 per Unit, representing a yield of 5.0% per annum on the issue price. Distributions will be payable to Unitholders of record at 5:00 p.m. (Toronto time) on the Record Date. The Manager will determine and announce 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 will be 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.

Based on the expected initial asset allocation as described under “The Portfolio”, the Portfolio is expected to generate dividends and distributions of approximately 1.64% per annum (before taking into account fees and expenses and net of any withholding taxes). Assuming (i) an offering size of \$45 million for the Class A Combined Units and \$5 million for the Class F Combined Units (i.e. \$50 million in the aggregate), (ii) the fees and expenses are as described under “Summary of Fees and Expenses”, and (iii) the deduction of withholding tax, the Portfolio would be required to appreciate at a rate of 5.7% per annum in order for the Fund to maintain a stable NAV for the Class A Units and 5.2% per annum in order for the Fund to maintain a stable NAV for the

Class F Units while making monthly cash distributions for the year at the initial Indicative Distribution rate. Any portion of the distribution not funded from dividends and distributions is expected to be generated through the realization of capital gains. To ensure the Indicative Distribution for the year is maintained, to the extent necessary, the Manager may return a portion of the capital of the Fund to Unitholders.

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”.

#### **DISTRIBUTION REINVESTMENT PLAN**

The Fund intends to adopt a distribution reinvestment plan (the “Reinvestment Plan”) no earlier than four months after the closing of the Offerings which will provide 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 such plan (as described below) and the reinvestment plan agency agreement (the “Reinvestment Plan Agency Agreement”) to be 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 will not be 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”) will be automatically reinvested in additional Units of the class held by such Plan Participants on behalf of those Plan Participants. A Unitholder that wishes to enrol 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 will 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 will be paid by the Fund and allocated as an expense of that class.

Plan Participants will be able to 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 will be able to 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 will also be able to 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 will not be required to issue Plan Units into any jurisdiction where that issuance would be illegal.

## REDEMPTION OF UNITS

### Annual Redemptions

Commencing in 2009, Units of a class 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 that class less any costs of funding the redemption and the Unitholder will receive payment on or before the 15<sup>th</sup> day following the Redemption Date. Notice of Redemption must be provided between 45 days and the 20<sup>th</sup> 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 of a class may redeem their Units on the Termination Date for the NAV per Unit of that class as of that date. See “Termination of the Fund”.

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).

### 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 10<sup>th</sup> 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 15<sup>th</sup> 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.”

### **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.

### **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.”

### **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.

### **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.

### **Purchase for Cancellation**

Subject to applicable law and regulatory requirements, the Fund will have 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”.

## **VALUATION**

### **Net Asset Value and NAV per Unit**

The net asset value (the “NAV”) of each class of Units on a particular date will be 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 will not be 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 will be 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) upon the implementation of the Reinvestment Plan, each distribution payment date. If the Fund elects to have a December 15 year-end for tax purposes as permitted by the Tax Act, the basic and diluted NAV and NAV per Unit of each class will also be calculated on December 15. Such information will be provided by the Manager to Unitholders on request and will be posted on the Manager’s website ([www.cclcapitalmarkets.com](http://www.cclcapitalmarkets.com)).

The Manager will review and, if satisfactory, approve the valuation and will, from time to time, consider 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 will take 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 of a class 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 of each class is determined; and
- (i) estimated operating expenses of the Fund shall be accrued to the date as of which the NAV of each class is being determined.

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

#### **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.

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

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Torys LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally relevant to investors who acquire Units and Warrants pursuant to this prospectus. This summary is applicable to a holder of Units or Warrants who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund and holds Units and Warrants

as capital property. Generally, Units or Warrants will be considered to be capital property to a holder provided the holder does not hold the Units or Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units, and all other “Canadian securities” owned or subsequently owned by such Unitholders, treated as capital property by making an irrevocable election in accordance with the Tax Act. This summary is also based on the assumptions that (i) none of the issuers of the securities in the Portfolio will be foreign affiliates of the Fund or of any Unitholder; (ii) none of the securities in the Portfolio will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; (iii) none of the securities in the Portfolio will be a “participating interest” in a “tracking entity” or a “foreign investment entity” (other than an “exempt interest”) or an interest in a non-resident trust other than an “exempt foreign trust” under the proposed amendments to the Tax Act contained in Bill C-33 which received first reading in the Senate on June 18, 2007 (or such proposals as amended or enacted, or successor provisions thereto); and (iv) none of the issuers in the Portfolio will be a SIFT trust or SIFT partnership as these terms are defined in the SIFT Amendments. This summary is also based on the advice of the Manager and of the Agents respecting certain factual matters.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the “Tax Proposals”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action; nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

Under the SIFT Amendments, certain trusts or partnerships (defined as “SIFT trusts” and “SIFT partnerships”, respectively), the securities of which are listed or traded on a stock exchange or other public market, and that hold one or more “non-portfolio properties” (as defined), are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by taxable Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation. The Manager has advised counsel that the Fund is formed to provide investors with exposure to portfolio investments and is subject to investment restrictions intended to ensure, consistent with the terms of the SIFT Amendments, that it will not be a SIFT trust. This summary assumes that the Fund will at no time be a SIFT trust.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units or Warrants and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units or Warrants. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units or Warrants 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 or Warrants, based on their particular circumstances.**

#### **Status of the Fund**

This summary is based on the assumptions that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established. 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. The Manager has advised counsel that the Fund will elect to be deemed to be a mutual fund trust throughout its first taxation year.

An additional condition 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 certain Tax Proposals released on September 16, 2004 are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents, or partnerships that are not “Canadian partnerships” for the purpose of the Tax Act, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding Units unless no more than 10% (based on fair market value) of the Fund’s property is at any time “taxable Canadian property” within the meaning of the Tax Act and certain other types of specified property. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provision of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the proposal released on September 16, 2004. The Fund’s investment restrictions prohibit the Fund from exceeding these limits and restrictions on the ownership of Units are intended to limit the number of Units held by non-residents such that non-residents, partnerships that are not Canadian partnerships, or any combination of the foregoing, may not own Units representing more than 50% of the fair market value of all Units.

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

### **Taxation of the Fund**

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

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

The Fund will be 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 will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on 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 Manager has advised counsel that the Fund will purchase the Portfolio securities with the objective of earning distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Manager has advised counsel that the Fund will elect in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Fund on the disposition of Canadian securities are taxed as capital gains or capital losses.

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

The Portfolio may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be 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 the Offerings 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.

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

The Manager has advised counsel that, generally, the Fund will include gains and deduct losses on income account in connection with investments made through derivative securities, except where such derivatives are used to hedge securities held on capital account, and will recognize such gains or losses for tax purposes at the time they are realized by the Fund.

### **Taxation of Unitholders**

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (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 (including eligible

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. Amendments to the Tax Act enacted on February 21, 2007 provide an enhanced dividend gross-up and tax credit for eligible dividends received after 2005 from taxable Canadian corporations.

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 a 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 will reflect 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 will have been reflected in the price paid by the Unitholder for the Units.

On the disposition or deemed disposition of a Unit, including a redemption, 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. If a Unitholder acquires Units on the automatic reinvestment of a distribution at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased. 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 eligible 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.

### **Taxation of Warrants**

A reasonable allocation of the purchase price of the Combined Units between the Units and the Warrants will be required for tax purposes. The Fund will allocate \$0.50 to each half of a Warrant (\$1.00 to a whole Warrant), although the CRA may not agree with such valuation.

The exercise of a Warrant will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of a Warrant. A Unit acquired by a Unitholder upon the exercise of a Warrant will have a cost to the Unitholder equal to the aggregate of the subscription price for such Unitholder and the adjusted cost base, if any, to the Unitholder of the Warrant so exercised. The cost of a Unit acquired by a Unitholder upon the exercise of a Warrant will be averaged with the adjusted cost base to the Unitholder of all other Units held at that time as capital property to determine the adjusted cost base of each such Unit to the Unitholder.

Upon the disposition of a Warrant by a Unitholder, other than pursuant to the exercise thereof, the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are less than) the adjusted cost base, if any, of the Warrant to the Unitholder. One-half of any capital gain realized on such a disposition of a Warrant 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.

Upon the expiry of an unexercised Warrant, a Unitholder will realize a capital loss equal to the adjusted cost base, if any, of the Warrant to the Unitholder.

### ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Torys LLP, counsel to the Agents, provided that the Fund qualifies as a "mutual fund trust" for the purposes of the Tax Act or Units are listed on a prescribed stock exchange (which includes the TSX) Units offered hereby will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan or a registered education savings plan (a "deferred plan"), Provided that Warrants for Class A Units are listed on a prescribed stock exchange, or provided that each person who is an annuitant, a beneficiary, an employer or a subscriber under the relevant deferred plan deals at arm's length with the Fund within the meaning of the Tax Act, Warrants for Class A Units will be a qualified investment under the Tax Act for a deferred plan, Provided that each person who is an annuitant, a beneficiary, an employer or a subscriber under the deferred plan deals at arm's length with the Fund within the meaning of the Tax Act, Warrants for Class F Units will be qualified investments under the Tax Act for such deferred plan.

### USE OF PROCEEDS

The Fund will use the proceeds from the sale of Units as follows:

	<b>Maximum Offering</b>	<b>Minimum Offering<sup>(1)</sup></b>
<b><i>Class A Offering</i></b>		
Gross proceeds to the Fund . . . . .	\$125,000,000	\$25,000,000
Agents' fees . . . . .	6,562,500	1,312,500
Expenses of issue . . . . .	650,000	325,000
Net proceeds to the Fund . . . . .	\$117,787,500	\$23,362,500
 <b><i>Class F Offering<sup>(1)</sup></i></b>		
Gross proceeds to the Fund . . . . .	\$ 25,000,000	
Agents' fees . . . . .	562,500	
Expenses of issue . . . . .	325,000	
Net proceeds to the Fund . . . . .	\$ 24,112,500	

Note:

(1) Assumes a \$25,000,000 Class A Offering and a \$25,000,000 Class F Offering.

The Fund will use the net proceeds of the Offerings (including any net proceeds from the exercise of the Over-Allotment Option (defined below) and any proceeds from the exercise of the Warrants to invest in the Portfolio in accordance with the investment objectives, strategy and restrictions of the Fund (as described under "The Fund") as soon as possible after closing.

## PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of June 28, 2007 (the “Agency Agreement”) 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, the Agents have agreed to offer the Combined Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to \$0.525 for each Class A Combined Unit sold and \$0.225 for each Class F Combined Unit sold and will be reimbursed for out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the securities offered hereby, the Agents will not be obligated to purchase Units which are not sold.

The Fund has granted the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days from the closing of the Class A Offering, to offer up to 15% of the aggregate number of Class A Combined Units issued at the closing of the Offerings on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option, and the Class A Combined Units issuable on the exercise thereof. The Agents may exercise the Over-Allotment Option in whole or in part at any time on or before the close of business on the 30th day following the closing of the Offerings. To the extent that the Over-Allotment Option is exercised, the additional Class A Combined Units will be offered at the offering price hereunder and the Agents will be entitled to a fee of \$0.525 per Class A Combined Unit purchased.

If subscriptions for a minimum number of Combined Units of a class have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the offering of Combined Units of that class may not continue without the consent of the Canadian securities regulators and those who have subscribed for Combined Units of that class on or before such date. There will be no closing of the Class F Offering unless the minimum number of Class A Combined Units has been sold. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. In the event the minimum offering for the class is not achieved by the Fund and the necessary consents are not obtained or if the closing of the offering of a class does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Combined Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing of the Offerings will take place on July 19, 2007 or such later date as may be agreed upon by the Fund and the Agents that is on or before August 31, 2007.

There is currently no market through which the Units and the Warrants can be sold. Accordingly, the offering price per Class A Combined Unit and the offering price per Class F Combined Unit was determined by negotiation between the Agents and the Manager on behalf of the Fund. The Class A Units or the Class F Units and the applicable Warrants comprising the Class A Combined Units or the Class F Combined Units will separate immediately following the earlier of the closing of the exercise of the Over-Allotment Option or 30 days after Closing and may be transferred separately.

Pursuant to policy statements of certain Canadian securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with these Offerings, the Agents may over-allot or effect transactions in connection with their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

## 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 will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may manage the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

The investment management services provided by the Investment Manager and the Sub-Advisor to the Fund under the Investment Management Agreement and Investment Advisory Agreement are not exclusive and nothing in the Investment Management Agreement or the Investment Advisory Agreement prevents the Investment Manager and the Sub-Advisor from providing similar services for its own account or to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investments in securities purchased by the Investment Manager or the Sub-Advisor on behalf of the Fund and other investment funds or trusts for which the Investment Manager or the Sub-Advisor provides investment management services will be allocated to the Fund and such other investment funds or trusts on a *pro rata* basis according to the size of the order and the applicable investment restrictions and policies of the Fund and the other investment funds or trusts.

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.

## FEES AND EXPENSES

### Initial Expenses

The expenses of the Offerings, subject to a maximum of 1.5% of the gross proceeds of the Offerings, will, together with the Agents' fees, be paid by the Fund from the gross proceeds of the Offerings. The expenses of the Offerings include the costs of creating and organizing the Fund, the costs of printing and preparing this prospectus, legal expenses of the Fund, marketing expenses and legal and other out-of-pocket expenses incurred by the Agents and certain other expenses. The expenses of the Offerings are estimated to be \$650,000 to be allocated *pro rata* to each class of Units based on the initial NAV of each class.

Agents' fees of \$0.525 for each Class A Combined Unit sold and \$0.225 for each Class F Combined Unit sold will be paid out of the proceeds of each respective Offering.

### Warrant Exercise Fee

The Fund will pay \$0.25 per Warrant at the time the Warrant is exercised to the dealer whose client is exercising the Warrant.

### Fees and Other Expenses

Pursuant to the terms of the Trust Agreement, the Manager is entitled to an annual fee of 1.1% of the NAV of the Fund, plus applicable taxes. The Manager will also be paid, as an additional fee, an amount equal to the Service Fee (defined below), plus any applicable taxes, to be paid by the Manager to dealers. Fees payable to the Manager (but not the Service Fee portion) will accrue daily and be payable monthly in arrears. The Manager will pay the Investment Manager out of its management fee and the Investment Manager will pay the Sub-Advisor out of its fee.

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration, which expenses will be allocated *pro rata* to each class of Units. It is expected that these expenses will 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 annual amount of these fees and expenses is estimated to be \$250,000.

### **Service Fee**

The Manager will pay to registered dealers whose clients hold Class A Units a servicing fee (the “Service Fee”) initially equal to 0.40% annually of the NAV per Class A Unit (accrued daily and paid at the end of each calendar quarter), plus any applicable taxes. The Service Fee payable to the registered dealers in respect of the quarter ending September 30, 2007, shall be paid on a *pro rata* basis. No Service Fee is payable in respect of the Class F Units.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Manager will receive the fees described under “Fees and Expenses” for its services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund. The Manager is the promoter of the Fund.

### **RISK FACTORS**

The following are certain considerations which prospective investors should consider before making an investment in the securities offered hereby:

#### **No Assurances on Achieving Objectives**

There is no assurance that the Fund will be able to achieve its total return or distribution objectives, nor that the NAV per Unit of each class will be preserved or any capital appreciation attained. There is no assurance that the Fund will be able to pay monthly distributions in the short or long term.

#### **General Risks of Investments in Securities**

The value of securities in which the Fund may from time to time invest may fluctuate in accordance with changes in the financial condition of the issuers of such securities, the condition of equity markets generally and other factors. The identity and weighting of the securities comprising the Portfolio also may change from time to time. Distributions and dividends on those securities generally will depend upon the declaration of distributions and dividends from constituent issuers but there can be no assurance that those issuers will pay distributions or dividends on their securities. The declaration of such distributions and dividends generally depends upon various factors, including the financial condition of the issuer and general economic conditions.

The Fund will be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

In some circumstances, the issuers in which the Fund may invest may have limited operating histories. The value of the Portfolio will be influenced by factors beyond the control of the Fund, which may include the

financial performance of the respective issuers, interest rates, exchange rates, and the hedging policies employed by such issuers.

### **Fluctuations in Net Asset Value**

The NAV per Unit of each class and the funds available for distribution will vary according to, among other things, the net asset value of the securities held in the Portfolio and the distributions paid thereon. Fluctuations in the market values of the securities held in the Portfolio may occur for a number of reasons beyond the control of the Sub-Advisor or the Fund.

### **Warrants**

If a holder of Warrants does not exercise, or sells, the Warrants, then the value of the Class A Units or the Class F Units may be diluted as a result of the exercise of Warrants by others.

### **Reliance on the Manager and the Sub-Advisor**

Unitholders will be primarily dependent on the Manager and the Sub-Advisor. There is no certainty that the individuals who are principally responsible for providing management and investment advisory and portfolio management services will continue to be employed by the Manager and the Sub-Advisor, respectively, while they provide management and investment advisory and portfolio management services to the Fund in respect of the Portfolio.

### **Role of Investment Manager and Nature of Advisory Relationship between the Fund and the Sub-Advisor**

The Investment Manager's focus is to offer a variety of global and international investment opportunities through strategic arrangements with well established investment advisors from around the world. The Investment Manager and the Sub-Advisor have an exclusive business arrangement in Canada. As a result, the Fund does not have a direct contractual relationship with the Sub-Advisor and has instead hired the Investment Manager who retained the services of the Sub-Advisor. Under the Investment Advisory Agreement, either the Investment Manager or the Sub-Advisor has the right to terminate the Investment Advisory Agreement in the event that there is a material change in the relationship, business or operations of the other party. The Fund and the Manager have no control over the exercise of the rights of termination that the Investment Advisor or Sub-Advisors have under the Investment Advisory Agreement and either party may exercise its rights thereunder without regard to the impact thereof on the Fund or the Unitholders and each may be able to terminate the Investment Advisory Agreement in other circumstances.

In addition, the Sub-Advisor may terminate the Investment Advisory Agreement in the event of a change of control of the Investment Manager or if the performance of its duties would contravene applicable law. In these circumstances, the services of the Sub-Advisor for the Fund will not be available. However, in certain circumstances resulting in a termination of the Investment Advisory Agreement, the Sub-Advisor has agreed to continue to provide its services to the Manager on substantially the same terms for the benefit of the Fund.

### **Sensitivity to Interest Rates**

The market price of the Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the NAV resulting from an increase in interest rates may also negatively affect the market price of the Units. Unitholders will therefore be exposed to the risk that NAV per Unit or the market price of the Units may be negatively affected by interest rate fluctuations.

### **Foreign Currency Exposure**

Most of the securities included in the Portfolio, at any time, will be denominated in currencies other than the Canadian dollar and, accordingly, the value of the Portfolio will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar and such fluctuations may be significant and adversely affect the Fund's net asset value.

## **Foreign Security Risk**

The value of foreign securities will be affected by factors affecting other similar securities and could also be affected by additional factors such as the absence of timely information, less stringent auditing standards and less liquid markets. As well, different financial, political and social risk factors may involve risks not typically associated with investing in Canada. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry potential exposure to the risk of political upheaval, acts of terrorism and war, and/or expropriation by governments all of which could have an adverse impact on the value of such securities.

## **Use of Derivatives**

The Fund may utilize derivatives for hedging purposes. Derivative instruments will only be used in ways that are consistent with the investment restrictions of the Fund. Such instruments may include but are not limited to futures, forwards, options and swaps.

The use of derivative instruments involves risks different from and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) hedging to reduce risk does not guarantee that there will not be a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Fund wants to complete the derivative contract, which could prevent the Fund from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Fund from completing the derivative contract; (iv) the Fund could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Fund has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the Fund could experience a loss and, for an open futures or forward contract, a loss of margin deposits with that dealer; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative. In circumstances where there is an interest rate hedge employed, total return on the Portfolio may be higher with the hedge than without it when interest rates rise significantly, but total return may be lower than it otherwise would be in a stable to falling interest rate environment.

## **Securities Lending**

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans, and such collateral is marked to market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and should the collateral be insufficient to reconstitute the portfolio of loaned securities. In addition, the Fund will bear the risk of loss of any investment of cash collateral.

## **Trading Price of Units**

Units of each class may trade in the market at a premium or discount to the NAV per Unit of that class and there can be no guarantee that Units will trade at prices that reflect their net asset value.

## **Illiquid Securities**

There is no assurance that an adequate market will exist for the securities held in the Portfolio. The Fund cannot predict whether the securities held by it will trade at a discount to, a premium to, or at their respective net asset values, if applicable. If the market for a specific security is particularly illiquid, including for example securities of private companies, the Fund may be unable to acquire or dispose of such securities or may be unable to acquire or dispose of such securities at an acceptable price.

## **Risks Related to Redemptions**

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV of the Fund could be significantly reduced. If a substantial number of Units is redeemed, this could decrease the liquidity of the Units in the market and increase the management expense ratio of the Fund. In any such circumstance, the Manager may determine it appropriate to (i) suspend redemptions of Units (as described under “Redemptions of Units—Suspension of Redemptions”) or (ii) terminate the Fund without the approval of the Unitholders if, in the opinion of the Manager, it is no longer economically feasible to continue the Fund or the Manager determines that it would be in the best interests of Unitholders to terminate the Fund.

## **Status of the Fund for Securities Law Purposes**

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 will not be available to investors in the Units and restrictions imposed on mutual funds under Canadian securities laws, including NI 81-102, do not apply to the Fund. See “The Fund’s Investment Guidelines — Investment Restrictions”.

## **Potential Conflicts of Interest**

The Manager, the Investment Manager and the Sub-Advisor, their respective directors and officers and their respective affiliates and associates may engage, the Investment Manager in the promotion, management or investment management of any other account, fund or trust which invests primarily in the securities held by the Fund.

Although officers, directors and professional staff of the Manager, the Investment Manager and the Sub-Advisor will devote as much time to the Fund as is deemed appropriate to perform their duties, the staff of the Manager, the Investment Manager and the Sub-Advisor may have conflicts in allocating their time and services among the Fund and the other funds managed by the Manager, the Investment Manager and the Sub-Advisor.

## **Taxation of the Fund**

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

If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Canadian Federal Income Tax Considerations” and “Eligibility for Investment” would be materially and adversely different in certain respects.

Currently, a trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released Tax Proposals which propose that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property (the “September 16th Tax

Proposals”). If the September 16th Tax Proposals are enacted as proposed, and if these circumstances applied to the Fund, the Fund would thereafter cease to be a mutual fund trust and the income tax considerations as described under “Canadian Federal Income Tax Considerations” and under “Eligibility for Investment” would in some respects be materially different. The September 16th Tax Proposals do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion which did not include these proposed changes pending further consultation with interested parties. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provision of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the proposal released on September 16, 2004.

In determining its income for tax purposes, the Fund will treat gains or losses on the disposition of securities in the Portfolio as capital gains and losses. In addition, in accordance with the CRA’s published administrative practice, derivatives used to hedge capital items will be treated and reported for purposes of the Tax Act on capital account and designations with respect to its income and capital gains will be made and reported to Unitholders on this basis. CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these dispositions or transactions of the Fund are not on capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

Under the SIFT Amendments, certain trusts or partnerships (defined as “SIFT trusts” and “SIFT partnerships”, respectively) the securities of which are listed or traded on a stock exchange or other public market and that hold one or more “non-portfolio properties” (as defined) are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation. The Fund is formed to provide investors with exposure to portfolio investments and is subject to investment restrictions intended to ensure, consistent with the terms of the SIFT Amendments, that it will not be a SIFT trust. If the Fund were to qualify as a SIFT trust within the meaning of the SIFT Amendments, the income tax considerations described under the heading “Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects.

### **Operating History**

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

### **No Ownership Interest**

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Unitholders will not own the securities held by the Fund.

### **Loss of Investment**

An investment in Units is appropriate only for an investor that can withstand distributions not being made on the Units for any period of time, and that can withstand a partial or total loss of its investment.

## **MATERIAL CONTRACTS**

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

- (a) the Trust Agreement described under “Management of the Fund — Trust Agreement”;
- (b) the Agency Agreement described under “Plan of Distribution”;
- (c) the Investment Management Agreement described under “The Investment Manager”; and
- (d) the Warrant Indenture referred to under “Description of Units and Warrants”.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Fund during the course of distribution of the Units offered hereby.

## **PROMOTER**

The Manager may be considered a promoter of the Fund within the meaning of the securities legislation of certain provinces and territories of Canada by reason of its initiative in organizing the Fund. The promoter will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under “Fees and Expenses”.

## **LEGAL MATTERS**

The matters referred to under “Eligibility for Investment” and “Canadian Federal Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Fund and the Manager by Osler, Hoskin & Harcourt LLP, and on behalf of the Agents by Torys LLP.

## **AUDITORS, TRANSFER AGENT, REGISTRAR AND CUSTODIAN**

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario.

Pursuant to the registrar, transfer agency and distribution agency agreement to be dated as of the date of the closing of the Offerings, Computershare Investor Services Inc., at its principal offices in Toronto, will be appointed the registrar, transfer agent and distribution agent for the Units and the Warrants.

RBC Dexia Investor Services Trust will act as the custodian of the assets of the Fund and is responsible for paying redemptions to the distribution agent, calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. See “Management of the Fund — The Custodian”.

## **PURCHASERS' STATUTORY RIGHTS**

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

## AUDITORS' CONSENT

We have read the prospectus of Focused Global Trends Fund (the "Fund") dated June 28, 2007 relating to the sale and issuance of Class A Combined Units and Class F Combined Units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the inclusion in the above-mentioned prospectus of our report to the trustee of the Fund on the statement of financial position of the Fund as at June 28, 2007. Our report is dated June 28, 2007.

Toronto, Ontario  
June 28, 2007

(Signed) PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants,  
Licensed Public Accountants

## AUDITORS' REPORT

To the Trustee of  
**Focused Global Trends Fund**

We have audited the statement of financial position of Focused Global Trends Fund (the "Fund") as at June 28, 2007. This financial statement is the responsibility of the Fund's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this statement of financial position presents fairly, in all material respects, the financial position of the Fund as at June 28, 2007 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
June 28, 2007

(Signed) PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants,  
Licensed Public Accountants

**FOCUSED GLOBAL TRENDS FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**June 28, 2007**

**ASSETS**

Cash . . . . .	<u>\$10</u>
Total . . . . .	<u><u>\$10</u></u>

**UNITHOLDER'S EQUITY (Note 1)**

Unitholder's equity (1 Class A Unit) . . . . .	<u><u>\$10</u></u>
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Approved by the Manager:

(Signed) W. NEIL MURDOCH  
Director

(Signed) PHILIP K. GOW  
Director

*The accompanying notes are an integral part of this Statement of Financial Position.*

**NOTES TO STATEMENT OF FINANCIAL POSITION**  
**JUNE 28, 2007**

**1. UNITS AUTHORIZED AND OUTSTANDING**

*Establishment of the Fund and Authorized Units*

Focused Global Trends Fund (the “Fund”) was established under the laws of the Province of Ontario on June 28, 2007 by a trust agreement (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 of the Fund. The Fund is authorized to issue an unlimited number of Class A Units and an unlimited number of Class F Units. On June 28, 2007 the Fund issued 1 Class A Unit for \$10 cash.

*Redemption of Units*

Commencing in 2009, Units of a class 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 based on the NAV per Unit of that class less any costs of funding the redemption and the Unitholder will receive payment on or before the fifteenth day following the Redemption Date. Notice of Redemption must be provided between 45 days and the 20th business day before the Redemption Date. Redeeming Unitholders will be entitled to receive a redemption price per Unit of a class based on the NAV per Unit of a 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 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 the class as of that date. Units may also be redeemed monthly for a redemption price per Unit based on the market price of the Units.

**2. AGENCY AGREEMENT**

The Fund has engaged 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”) to offer Class A Combined Units and Class F Combined Units for sale to the public pursuant to a prospectus dated June 28, 2007 (the “Offerings”).

**3. COMMITMENTS**

As compensation for management and investment management services rendered to the Fund pursuant to the Trust Agreement, the Manager is entitled to receive an annual management fee payable by the Fund in an amount equal to 1.1% of the net asset value of the Fund accrued daily and payable monthly in arrears, together with an amount equal to the service fee (the “Service Fee”) to be paid by the Manager to dealers whose clients hold Class A Units, plus applicable taxes. The Manager will pay the Investment Manager out of its management fee and the Investment Manager will pay the Sub-Advisor out of its fee. The Service Fee component of the management fee payable on the Class A Units is equal to 0.40% annually of the net asset value per Class A Unit held by clients of the registered dealer (calculated and paid at the end of each quarter commencing on September 30, 2007). No Service Fee is payable in respect of the Class F Units.

**CERTIFICATE OF THE FUND AND THE PROMOTER**

Dated: June 28, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 63 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act* (Newfoundland and Labrador), by Part 3 of the *Securities Act* (Yukon Territory), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut), and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed, as required by the *Securities Act* (Québec) and the regulations thereunder.

**CONNOR, CLARK & LUNN CAPITAL MARKETS INC.**  
(as Manager and on behalf of the Fund)

(Signed) W. NEIL MURDOCH  
Chief Executive Officer

(Signed) PHILIP K. GOW  
Chief Financial Officer

**On behalf of the Board of Directors of  
Connor, Clark & Lunn Capital Markets Inc.**

(Signed) W. NEIL MURDOCH  
Director

(Signed) PHILIP K. GOW  
Director

(Signed) MICHAEL W. FREUND  
Director

**CONNOR, CLARK & LUNN CAPITAL MARKETS INC.**  
(as Promoter)

(Signed) W. NEIL MURDOCH  
Director

## CERTIFICATE OF THE AGENTS

Dated: June 28, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act* (Newfoundland and Labrador), by Part 3 of the *Securities Act* (Yukon Territory), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut), and the respective regulations thereunder. To our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

SCOTIA CAPITAL INC.

CIBC WORLD MARKETS INC.

By: (Signed) BRIAN D. MCCHESENEY

By: (Signed) RONALD W. A. MITCHELL

RBC DOMINION SECURITIES INC.

By: (Signed) EDWARD JACKSON

BMO NESBITT BURNS INC.

TD SECURITIES INC.

By: (Signed) DAVID R. THOMAS

By: (Signed) CAMERON GOODNOUGH

NATIONAL BANK FINANCIAL INC.

RICHARDSON PARTNERS FINANCIAL LIMITED

By: (Signed) MICHAEL D. SHUH

By: (Signed) DAVID FINNABOGASON

WELLINGTON WEST CAPITAL INC.

By: (Signed) KEVIN HOOKE

HSBC SECURITIES (CANADA) INC.

By: (Signed) JAY K. LEWIS

CANACCORD CAPITAL  
CORPORATION

DESJARDINS  
SECURITIES INC.

DUNDEE SECURITIES  
CORPORATION

RAYMOND  
JAMES LTD.

By: (Signed) BINA  
PATEL

By: (Signed) BETH  
SHAW

By: (Signed) DAVID  
ANDERSON

By: (Signed) J. GRAHAM  
FELL