

## **Appendix D**

### **Schedule D-3**

#### **Form 41-101F2**

#### ***Information Required in an Investment Fund Prospectus***

##### *General Instructions*

*(1) The objective of the prospectus is to provide information concerning the investment fund that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. This Form does not prohibit including information beyond what the Form requires. Further, certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.*

*(2) Terms used and not defined in this Form that are defined or interpreted in the Instrument must bear that definition or interpretation. Other definitions are set out in NI 14-101 Definitions.*

*(3) In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the investment fund's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.*

*(4) Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.*

*(5) The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.*

*(6) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.*

(7) The disclosure required in this Form must be presented in the order and using the headings specified in the Form. ~~However, scholarship plans may make modifications to the disclosure items in order to reflect the special nature of their investment structure and distribution mechanism.~~ If no sub-heading for an Item is stipulated in this Form, an investment fund may include sub-headings under the required headings.

(8) Where the term "investment fund" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to the investment fund's subsidiaries and investees. If it is more likely than not that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company. For this purpose, subsidiaries and investees include entities that are consolidated, proportionately consolidated, or accounted for using the equity method.

(9) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.

(10) If the term "class" is used in any item to describe securities, the term includes a series.

(11) Where performance data is presented in the prospectus, annual compound returns must be presented for standard applicable performance periods of 1, 3, 5 and 10 year periods and the period since inception unless otherwise specified by the requirements of this Form. Performance data for periods of less than one year must not be presented. Hypothetical or back-tested performance data must not be presented.

(12) An investment fund that has more than one class or series that are referable to the same portfolio may treat each class or series as a separate investment fund for the purposes of this Form, or may combine disclosure of one or more of the classes or series in one prospectus. If disclosure pertaining to more than one class or series is combined in one prospectus, separate disclosure in response to each item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

(13) A section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio is considered to be a separate investment fund for the purposes of this Form. An investment fund that has more than one class or series of securities referable to separate portfolios may combine disclosure of one or more of the classes or series in one prospectus if each class or series is managed by the same manager. If disclosure pertaining to more than one class or series is combined in one prospectus, separate disclosure in response to each item in this Form must be provided for each class or series unless the responses would be identical for each class or series.

*PROSPECTUS FORM*

**Item 1: — Cover Page Disclosure**

**1.1 — Preliminary Prospectus Disclosure**

Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required in section 1.2 the following, with the bracketed information completed:

*A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies).*

**INSTRUCTION**

*Investment funds must complete the bracketed information by*

*(a) inserting the names of each jurisdiction in which the investment fund intends to offer securities under the prospectus;*

*(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or*

*(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).*

**1.2 — Required Statement**

State in italics at the top of the cover page the following:

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

### 1.3 — Basic Disclosure about the Distribution

(1) State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

[PRELIMINARY OR PRO FORMA] PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR

SECONDARY OFFERING OR CONTINUOUS OFFERING]

[Date]

[Name of investment fund]

[number and type of securities qualified for distribution under the prospectus, including any options or warrants, and the price per security]

[type of fund — state the following: "This investment fund is a [labour sponsored or venture capital fund, commodity pool, non-redeemable investment fund, scholarship plan or exchange-traded mutual fund, or, if the issuer is another type of investment fund, state the type of fund]."

If securities of the investment fund are intended to be listed or quoted on an exchange or marketplace and conditional listing approval has been received, state the following: "[Name of exchange or marketplace] has conditionally approved the [listing/quotation] of the [type of securities qualified for distribution under the prospectus and to be listed/quoted], subject to the [name of investment fund] fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date]."

(2) Briefly describe the investment objectives of the investment fund and provide a cross-reference to sections in the prospectus where information about the investment objectives is provided.

(3) State the name of the manager and portfolio adviser of the investment fund and provide a cross-reference to sections in the prospectus where information about the manager and portfolio adviser is provided.

### 1.4 — Distribution

(1) Subsections (2)-(8) do not apply to an investment fund in continuous distribution.

(2) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security	.....	.....	.....
Total	.....	.....	.....

(3) ~~If there is an~~ Describe the terms of any over-allotment option or ~~any~~ option to increase the size of the distribution before closing.

~~(a) disclose that a~~ 3.1) If there may be an over-allocation position provide the following disclosure:

“A purchaser who acquires *[insert type of securities qualified for distribution under the prospectus]* forming part of the underwriters’ over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, ~~and (b) describe the terms of the option.~~”

(4) If the distribution of the securities is to be on a best efforts basis, ~~provide totals for both the minimum and maximum offering amount, if applicable, and a minimum offering amount~~

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

**“There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.”**

(5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(7) In column (b) of the table, disclose only commissions paid or payable in cash by the investment fund or selling securityholder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the investment fund or selling securityholder,

(b) consideration other than discounts granted and cash paid or payable by the investment fund or selling securityholder, including warrants and options, and

(c) any finder's fees or similar required payment.

(8) If a security is being distributed for the account of a selling securityholder, state the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided. State the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

(9) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements.

#### *INSTRUCTIONS*

*(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.*

*(2) If debt securities are being distributed, also express the information in the table as a percentage.*

#### **1.5 — Offering Price in Currency Other than Canadian Dollar**

If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the currency.

#### **1.6 — Non-fixed Price Distributions**

If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter,

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder,

(c) that the securities to be distributed under the prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale,

(iii) prices to be negotiated with purchasers, or

(iv) the net asset value of a security,

(d) that prices may vary from purchaser to purchaser and during the period of distribution,

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date,

(f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date, and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the investment fund or selling securityholder.

### **1.7 — Pricing Disclosure**

If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

### **1.8 — Reduced Price Distributions**

If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

### **1.9 — Market for Securities**

(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the investment fund of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market. Provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

*There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See 'Risk Factors'.*

(4) Subsection (3) does not apply to an investment fund in continuous distribution.

### **1.10 — Risk Factors**

Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided. State any significant risks including leverage.

### **1.11 — Underwriter(s)**

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of NI 33-105 ~~Underwriting Conflicts~~ for front page prospectus disclosure.

(3) Other than a labour sponsored or venture capital fund, commodity pool or scholarship plan, if there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

### **1.12 — Commodity Pool**

(1) For a commodity pool, state in substantially the following words:

You should carefully consider whether your financial condition permits you to participate in this investment. The securities of this commodity pool are highly speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in the commodity pool.

The risk of loss in trading [nature of instruments to be traded by the commodity pool] can be substantial. In considering whether to participate in the [commodity pool], you should be aware that trading [nature of instruments] can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the [commodity pool] and consequently the value of your interest in the [commodity pool]. Also, market



conditions may make it difficult or impossible for the [commodity pool] to liquidate a position.

The [commodity pool] is subject to certain conflicts of interest. The [commodity pool] will be subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for the [commodity pool] to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment.

(2) For the initial prospectus, state in substantially the following words:

The [commodity pool] is newly organized. The success of the [commodity pool] will depend upon a number of conditions that are beyond the control of the [commodity pool]. There is substantial risk that the goals of the [commodity pool] will not be met.

(3) If the promoter, manager, or a portfolio adviser of the commodity pool has not had a similar involvement with any other publicly offered commodity pool, state in substantially the following words:

The [promoter], [manager] [and/or] [portfolio adviser] of the [commodity pool] has not previously operated any other publicly offered commodity pools [or traded other accounts].

(4) If the commodity pool will execute trades outside Canada, state in substantially the following words:

Participation in transactions in [nature of instrument to be traded by the commodity pool] involves the execution and clearing of trades on or subject to the rules of a foreign market.

None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs.

For these reasons, entities such as the commodity pool that trade [nature of instrument to be traded by the commodity pool] may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges.

(5) State that the commodity pool is a mutual fund but that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply.

(6) Immediately after the statements required by subsections (1)-(5), state in substantially the following words:

These brief statements do not disclose all the risks and other significant aspects of investing in the [commodity pool]. You should therefore carefully study this prospectus, including a description of the principal risk factors at page [page number], before you decide to invest in the [commodity pool].

**1.13 — Restricted Securities**

Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

**1.14 — ~~Non-Canadian Manager~~ Enforcement of Judgements Against Foreign Persons or Companies**

If the investment fund ~~manager is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following with the bracketed information completed: The manager is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside Canada. Although the manager has appointed [name and address of agent for service] as its agent for service of process in Canada, it may not be possible for investors to realize on judgements obtained in Canada against the manager,~~ investment fund manager or any other person or company that is signing or providing a certificate under Part 5 of the Instrument or other securities legislation, or any person or company for whom the issuer is required to file a consent under Part 10 of the Instrument, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

“The [investment fund, investment fund manager or any other person or company] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada.

[the person or company named below] has appointed the following agent(s) for service of process:

<u>Name of Person or Company</u>	<u>Name and Address of Agent</u>

Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### **1.15 — Documents Incorporated by Reference**

For an investment fund in continuous distribution, other than a scholarship plan, state in substantially the following words:

Additional information about the Fund is available in the following documents:

- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. Please see the "Documents Incorporated by Reference" section for further details.

### **Item 2: — Table of Contents**

#### **2.1 — Table of Contents**

Include a table of contents.

### **Item 3: — Summary of Prospectus**

#### **3.1 — Prospectus Summary**

Under the heading "Prospectus Summary" include the information listed in sections 3.2 to 3.6.

#### **3.2 — Cautionary Language**

At the beginning of the summary, include a statement in italics in substantially the following form:

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus [[if applicable] or incorporated by reference in the prospectus].*

### 3.3 — General

(1) Briefly summarize information appearing elsewhere in the prospectus that, in the opinion of the investment fund or selling securityholder, would be most likely to influence the investor's decision to purchase the securities being distributed. Include a description of

- (a) how the investment fund has been organized (corporation, trust, etc.),
- (b) the securities to be distributed, including the offering price and expected net proceeds,
- (c) the investment objectives,
- (d) the investment strategies,
- (e) the use of leverage, including the following:

- (i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions and on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund could may use expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and
- (ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund defines the term "leverage" and the significance of the maximum and minimum amounts of leverage to the investment fund,

- (f) the use of proceeds,
- (g) risk factors,
- (h) income tax considerations,
- (i) all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and if applicable, that the choice of different purchase options affects the amount of compensation paid to a dealer,
- (j) the redemption features,

(k) the distribution policy,

(l) the termination provisions,

(m) if restricted securities, subject securities or securities directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities are to be distributed under the prospectus,

(i) include a summary of the information required by section 21.6, and

(ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have if the holders do not have all of the rights referred to in section 21.6, and

(n) whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.

(2) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

### INSTRUCTIONS

(1) For the purposes of Item 3.3(1)(e)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.

(2) For the purposes of the disclosure required by Item 3.3(1)(e)(ii), the term “specified derivative” has the same meaning as in NI 81-102. The description of an investment fund’s use of leverage under Item 3.3(1)(e)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.

### **3.4 — Organization and Management of the Investment Fund**

(1) Provide, under the sub-heading "Organization and Management of the [name of investment fund]", information about the manager, trustee, portfolio adviser, promoter, custodian, registrar and transfer agent ~~and~~, auditor and principal distributor of the investment fund in the form of a diagram or table.

(2) For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

(3) For each entity listed in the diagram or table, other than the manager of the investment fund, provide the municipality and the province or country where it principally provides its services to

the investment fund. Provide the complete municipal address for the manager of the investment fund.

**INSTRUCTIONS:**

*(1) The information required to be disclosed in this section must be presented prominently, using enough space so that it is easy to read.*

*(2) Briefly describe the services provided by the listed entities. For instance, the manager may be described as "manages the overall business and operations of the fund", and a portfolio adviser may be described as "provides investment advice to the manager about the investment portfolio of the fund" or "manages the investment portfolio of the fund".*

**3.5 — Underwriter(s)**

(1) Under the sub-heading "Underwriters" or "Agents", as applicable, state the name of each underwriter or agent.

(2) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with the bracketed information completed:

We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of investment fund] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution".

(3) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(4) Provide the following tabular information:

Underwriter's Position	Maximum size or number of securities available	Exercise period/Acquisition date	Exercise price or average acquisition price
Over-allotment option	.....	.....	.....
Compensation option	.....	.....	.....
Any other option granted by investment fund or insider of investment fund to underwriter	.....	.....	.....

Total securities under option issuable to underwriter	.....	.....	.....
Other compensation securities issuable to underwriter	.....	.....	.....

**INSTRUCTION**

*If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.*

**3.6 — Fees, Expenses and Returns**

(1) Set out information about the fees and expenses payable by the investment fund and by investors in the investment fund under the sub-heading "Summary of Fees and Expenses".

(2) The information required by this section must be a summary of the fees, charges and expenses of the investment fund and investors presented in the form of the following table, appropriately completed, and introduced using substantially the following words:

This table lists the fees and expenses that you may have to pay if you invest in the [insert the name of the investment fund]. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund.

*Fees and Expenses Payable by the Fund [for scholarship plans, Fees and Expenses payable by Subscribers' Deposits]*

<u>Type of Fee</u>	<u>Amount and Description</u>
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*Fees and Expenses Payable Directly by You*

<u>Type of Fee</u>	<u>Amount and Description</u>
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(3) Describe the following fees and expenses in the table referred to in subsection (2):

*Fees and Expenses Payable by the Fund or by Subscribers' Deposits (for scholarship plans)*

(a) Fees payable to the Underwriters for Selling the Securities

- (b) Expenses of the Issue
- (c) Management Fees [*See Instruction (1)*]
- (d) Incentive or Performance Fees
- (e) Portfolio Adviser Fees
- (f) Counterparty Fees (if any)
- (g) Operating Expenses [*See Instructions (2) and (3)*]
- (h) Other Fees and Expenses [*specify type*] [*specify amount*]

*Fees and Expenses Payable Directly by You*

- (i) Sales Charges [*specify percentage, as a percentage of .....*]
- (j) Service Fees [*specify percentage, as a percentage of .....*]
- (k) Redemption Fees [*specify percentage, as a percentage of ....., or specify amount*]
- (l) Registered Tax Plan Fees [*include this disclosure and specify the type of fees if the registered tax plan is sponsored by the investment fund and is described in the prospectus*][*specify amount*]
- (m) Other Fees and Expenses [*specify type*] [*specify amount*].

(4) Under the sub-heading "Annual Returns ~~and~~ Management Expense Ratio" and Trading Expense Ratio", provide, in the following table, returns for each of the past five years ~~and~~ the management expense ratio for each of the past five years and the trading expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
<b>Annual Returns</b>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>
<b>MER</b>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>	<u>.....</u> <u>....</u>
<b><u>TER</u></b>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>



**Notes:** “MER” means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value.

“TER” means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

**INSTRUCTIONS:**

- (1) List the amount of the management fee, including any performance or incentive fee, for each investment fund separately.
- (2) Under "Operating Expenses", state whether the investment fund pays all of its operating expenses and list the main components of those expenses. If the investment fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the investment fund and indicate who is responsible for the payment of these expenses.
- (3) Show all fees or expenses payable by the investment fund (e.g. brokerage) and investors in the investment fund. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.

**Item 4: — Overview of the Structure of the Investment Fund**

**4.1 — Legal Structure**

- (1) Under the heading "Overview of the Legal Structure of the Fund", state the full corporate name of the investment fund or, if the investment fund is an unincorporated entity, the full name under which it exists and carries on business and the address(es) of the investment fund's head and registered office.
- (2) State the statute under which the investment fund is incorporated or continued or organized or, if the investment fund is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the investment fund is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the investment fund.
- (3) State whether the investment fund would be considered a mutual fund under securities legislation.

## Item 5: — Investment Objectives

### 5.1 — Investment Objectives

(1) Set out under the heading "Investment Objectives" the fundamental investment objectives of the investment fund, including information that describes the fundamental nature of the investment fund, or the fundamental features of the investment fund, that distinguish it from other investment funds.

(2) If the investment fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the investment fund, include this fact as a fundamental investment objective of the investment fund and

(a) identify the person or company providing the guarantee or insurance,

(b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance,

(c) if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the investment fund at the time, and

(d) modify any other disclosure required by this section appropriately.

#### *INSTRUCTIONS:*

*(1) State the type or types of securities, such as money market instruments, bonds or equity securities, in which the investment fund will primarily invest under normal market conditions.*

*(2) If the investment fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest*

*(a) in a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries,*

*(b) in a particular geographic location or industry segment, or*

*(c) in portfolio assets other than securities, the investment fund's fundamental investment objectives must so indicate.*

*(3) If a particular investment strategy is an essential aspect of the investment fund, as evidenced by the name of the investment fund or the manner in which the investment fund is marketed, disclose this strategy as an investment objective. This instruction would be*

*applicable, for example, to an investment fund that described itself as an "investment fund that invests primarily through the use of derivatives".*

## **Item 6: — Investment Strategies**

### **6.1 — Investment Strategies**

(1) Describe under the heading "Investment Strategies"

(a) the principal investment strategies that the investment fund intends to use in achieving its investment objectives,

(b) the use of leverage, including ~~any restrictions and the maximum amount of leverage the fund can use, expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund, and~~ the following:

(i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund may use as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and

(ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund defines the term "leverage" and the significance of the maximum and minimum amounts of leverage to the investment fund, and

(c) the process by which the investment fund's portfolio adviser selects securities for the fund's portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(2) Indicate what types of securities, other than those held by the investment fund in accordance with its fundamental investment objectives, may form part of the investment fund's portfolio assets under normal market conditions.

(3) If the investment fund intends to use derivatives

(a) for hedging purposes only, state that the investment fund may use derivatives for hedging purposes only, or

(b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe

(i) how derivatives are or will be used in conjunction with other securities to achieve the investment fund's investment objectives,

(ii) the types of derivatives expected to be used and give a brief description of the nature of each type, and

(iii) the limits of the investment fund's use of derivatives.

(4) If the investment fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the investment fund's portfolio adviser may use or intends to use in response to such conditions.

(5) If the investment fund intends to enter into securities lending, repurchase or reverse repurchase transactions, briefly describe

(a) how those transactions are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives,

(b) the types of those transactions to be entered into and give a brief description of the nature of each type, and

(c) the limits of the investment fund's entering into those transactions.

(6) If the investment fund intends to sell securities short

(a) state that the investment fund may sell securities short; and

(b) briefly describe

(i) the short selling process, and

(ii) how short sales are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's objectives.

**INSTRUCTIONS:**

*(1) For the purposes of Item 6.1(1)(b)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.*

(2) For the purposes of the disclosure required by Item 6.1(1)(b)(ii), the term “specified derivative” has the same meaning as in NI 81-102. The description of an investment fund’s use of leverage under Item 6.1(1)(b)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.

## **6.2 — Overview of the Investment Structure**

(1) Under the sub-heading, "Overview of the Investment Structure", describe, including a diagram for complex structures, the overall structure of the underlying investment or investments made or to be made by the investment fund, including any direct or indirect investment exposure. Include in the description and the diagram any counterparties under a forward or swap agreement entered into with the investment fund or its manager, the nature of the portfolio of securities being purchased by the investment fund, any indirect investment exposure that is related to the return of the investment fund and any collateral or guarantees given as part of the overall structure of the underlying investment or investments made by the investment fund.

(2) If the securities distributed under the prospectus are being issued in connection with a restructuring transaction, describe by way of a diagram or otherwise the intercorporate relationships both before and after the completion of the proposed transaction.

## **Item 7: — Overview of the Sector(s) that the Fund Invests in**

### **7.1 — Sector(s) that the Fund Invests in**

(1) Under the heading "Overview of the Sector[(s)] that the Fund Invests in", if the investment fund invests or intends to invest in a specific sector(s), briefly describe the sector(s) that the investment fund has been or will be investing in.

(2) Include in the description known material trends, events or uncertainties in the sector(s) that the investment fund invests or intends to invests in that might reasonably be expected to affect the investment fund.

### **7.2 — Significant Holdings in Other Entities**

For a labour sponsored or venture capital fund, include in substantially the tabular form below, the following information as at a date within 30 days of the date of the prospectus with respect to each entity, 5 percent or more of whose securities of any class are beneficially owned directly or indirectly by the fund.

*Significant Holdings of the* [name of the labour sponsored or venture capital fund]

Name and Address of Entity	Nature of Entities' Principal Business	Percentage of Securities of each Class Owned by Fund
.....	.....	.....

## **Item 8: — Investment Restrictions**

### **8.1 — Investment Restrictions**

(1) Under the heading "Investment Restrictions", describe any restrictions on investments adopted by the investment fund, beyond what is required under securities legislation.

(2) If the investment fund has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, provide details of the permitted variations.

(3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.

## **Item 9: — Management Discussion of Fund Performance**

### **9.1 — Management Discussion of Fund Performance**

Unless the investment fund's most recently filed management report of fund performance is incorporated by reference under Item 37 or attached to the prospectus under Item 38, provide, under the heading "Management Discussion of Fund Performance", management's discussion of fund performance in accordance with sections 2.3, 2.4, 2.5, 3, 4, 5 and 6 of Part B of Form 81-106F1 for the period covered by the financial statements required under Item 38.

## **Item 10: — Fees and Expenses**

### **10.1 — Fees and Expenses**

Under the heading "Fees and Expenses", set out information about all of the fees and expenses payable by the investment fund and by investors in the investment fund.

#### *INSTRUCTION:*

*Describe each fee paid by the investment fund and by the investor in this section separately. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.*

**Item 11: — Annual Returns and Management Expense Ratio**

**11.1 — Annual Returns and Management Expense Ratio and Trading Expense Ratio**

Under the heading "Annual Returns and Management Expense Ratio and Trading Expense Ratio", provide, in the following table, returns for each of the past five years ~~and~~, the management expense ratio for each of the past five years and the trading expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
<b>Annual Returns</b>	<u>.....</u> .....	<u>.....</u> .....	<u>.....</u> .....	<u>.....</u> .....	<u>.....</u> .....
<b>MER</b>	<u>.....</u> .....	<u>.....</u> .....	<u>.....</u> .....	<u>.....</u> .....	<u>.....</u> .....
<b><u>TER</u></b>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>

"MER" means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value.

"TER" means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

**Item 12: — Risk Factors**

**12.1 — Risk Factors**

- (1) Under the heading "Risk Factors", describe the risk factors material to the investment fund that a reasonable investor would consider relevant to an investment in the securities being distributed, such as the risks associated with any particular aspect of the fundamental investment objectives and investment strategies.
- (2) Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification, leverage, credit, legal and operational risks, as appropriate.
- (3) Include a brief discussion of general investment risks applicable to the investment fund, such as specific company developments, stock market conditions and general economic and financial conditions in those countries where the investments of the investment fund are listed for trading.
- (4) As applicable, describe the risks associated with the investment fund entering into
  - (a) derivative transactions for non-hedging purposes,

- (b) securities lending, repurchase or reverse repurchase transactions; and
- (c) short sales of securities.

(5) If there is a risk that purchasers of the securities distributed may become liable to make an additional contribution beyond the price of the security, disclose the risk.

*INSTRUCTIONS:*

- (1) Describe risks in the order of seriousness from the most serious to the least serious.*
- (2) A risk factor must not be de-emphasized by including excessive caveats or conditions.*

**Item 13: — Distribution Policy**

**13.1 — Distribution Policy**

Under the heading "Distribution Policy", describe the distribution policy, including

- (a) whether distributions are made by the investment fund in cash or reinvested in securities of the investment fund,
- (b) the targeted amount of any distributions,
- (c) whether the distributions are guaranteed or not, and
- (d) when the distributions are made.

**Item 14: — Purchases of Securities**

**14.1 — Purchases of Securities**

- (1) Under the heading "Purchases of Securities", describe the procedure followed or to be followed by investors who desire to purchase securities of the investment fund or switch them for securities of other investment funds.
- (2) If applicable, state that the issue price of securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the purchase order.
- (3) Describe how the securities of the investment fund are distributed. If sales are effected through a principal distributor, give brief details of any arrangements with the principal distributor.



(4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and if applicable, that the choice of different purchase options affects the amount of compensation paid to a dealer.

(5) If applicable, disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the investment fund caused by the investor.

(6) If applicable, for an investment fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the investment fund will begin issuing securities at the net asset value of a security of the investment fund.

### **Item 15: — Redemption of Securities**

#### **15.1 — Redemption of Securities**

Under the heading "Redemption of Securities", describe how investors may redeem securities of the investment fund, including

(a) the procedures followed, or to be followed, by an investor who desires to redeem securities of the investment fund and specifying the procedures to be followed and the documents to be delivered before a redemption order pertaining to securities of the investment fund will be accepted by the investment fund for processing and before payment of the proceeds of redemption will be made by the investment fund,

(b) how the redemption price of the securities is determined and, if applicable, state that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the redemption order, and

(c) the circumstances under which the investment fund may suspend redemptions of the securities of the investment fund.

#### **15.2 — Short-term Trading**

For an investment fund in continuous distribution, under the sub-heading "Short-Term Trading",

(a) describe the adverse effects, if any, that short-term trades in securities of the investment fund by an investor may have on other investors in the investment fund,

(b) describe the restrictions, if any, that may be imposed by the investment fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply,

(c) where the investment fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the investment fund not to do so, and

(d) describe any arrangements, whether formal or informal, with any person or company, to permit short-term trades in securities of the investment fund, including the name of such person or company and the terms of such arrangements, including any restrictions imposed on the short-term trades and any compensation or other consideration received by the manager, the investment fund or any other party pursuant to such arrangements.

**INSTRUCTION**

*For the disclosure required by section 15.2, include a brief description of the short-term trading activities in the investment fund that are considered by the manager to be inappropriate or excessive. If the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 10 of this Form.*

**Item 16: — Consolidated Capitalization**

**16.1 — Consolidated Capitalization**

(1) This section does not apply to an investment fund in continuous distribution.

(2) Under the heading "Consolidated Capitalization", describe any material change in, and the effect of the material change on, the share and loan capital of the investment fund, on a consolidated basis, since the date of the investment fund's financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

**Item 17: — Prior Sales**

**17.1 — Prior Sales**

(1) Subsection (2) does not apply to an investment fund in continuous distribution.

(2) Under the heading "Prior Sales", for each class of securities of the investment fund distributed under the prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the prospectus,

(a) the price at which the securities have been issued or are to be issued by the investment fund or sold by the selling securityholder,

(b) the number of securities issued or sold at that price, and

(c) the date on which the securities were issued or sold.

## **17.2 — Trading Price and Volume**

(1) For each class of securities of the investment fund that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of the investment fund is not traded or quoted on a Canadian marketplace but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus.

## **Item 18: — Income Tax Considerations**

### **18.1 — Status of the Investment Fund**

Under the heading "Income Tax Considerations" and under the sub-heading "Status of the Investment Fund", briefly describe the status of the investment fund for income tax purposes. Also disclose whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.

### **18.2 — Taxation of the Investment Fund**

Under the sub-heading "Taxation of the Investment Fund", state in general terms the bases upon which the income and capital receipts of the investment fund are taxed.

### **18.3 — Taxation of Securityholders**

Under the sub-heading "Taxation of Securityholders", state in general terms the income tax consequences to the holders of the securities offered of

- (a) any distribution to the securityholders in the form of income, capital, dividends or otherwise, including amounts reinvested in securities of the investment fund,
- (b) the redemption of securities, and
- (c) the issue of securities.

### **18.4 — Taxation of Registered Plans**

Under the sub-heading "Taxation of Registered Plans", explain the tax treatment applicable to securities of the investment fund held in a registered tax plan.

## 18.5 — Tax Implications of the Investment Fund's Distribution Policy

Under the sub-heading "Tax Implications of the Investment Fund's Distribution Policy", describe the impact of the investment fund's distribution policy on a taxable investor who acquires securities of the investment fund late in a calendar year.

### Item 19: — Organization and Management Details of the Investment Fund

#### 19.1 — Management of the Investment Fund

(1) Under the heading "Organization and Management Details of the Investment Fund" and under the sub-heading "Officers and Directors of the Investment Fund",

(a) list the name and municipality of residence of each director and executive officer of the investment fund and indicate their respective positions and offices held with the investment fund and their respective principal occupations during the five preceding years,

(b) state the period or periods during which each director has served as a director and when his or her term of office will expire,

(c) ~~state the number and percentage of securities of each class of voting securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the investment fund as a group.~~ [\[Repealed\]](#)

(d) disclose the board committees of the investment fund and identify the members of each committee,

(e) if the principal occupation of a director or executive officer of the investment fund is acting as an executive officer of a person or company other than the investment fund, disclose that fact and state the principal business of the person or company, and

(f) for an investment fund that is a limited partnership, provide the information required by this subsection for the general partner of the investment fund, modified as appropriate.

(2) Under the sub-heading "Cease Trade Orders and Bankruptcies", if a director or executive officer of the investment fund is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any other ~~investment fund~~ [issuer](#), that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an

event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant investment fund access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a director or executive officer of the investment fund

(a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director or executive officer of any ~~investment fund~~ issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer, state the fact.

(5) Under the heading "Organization and Management Details of the Investment Fund" and under the sub-heading "Manager of the Investment Fund", provide the complete municipal address of the manager and details of the manager of the investment fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the investment fund.

(6) Under the sub-heading "Duties and Services to be Provided by the Manager", provide a description of the duties and services that the manager will be providing to the investment fund.

(7) Under the sub-heading "Details of the Management Agreement", provide a brief description of the essential details of any management agreement that the manager has entered into or will be entering into with the investment fund, including any termination rights.

(8) Under the sub-heading "Officers and Directors of the Manager of the Investment Fund",

(a) list the name and municipality of residence of each partner, director and executive officer of the manager of the investment fund and indicate their respective positions and offices held with the manager and their respective principal occupations within the five preceding years,

(b) if a partner, director or executive officer of the manager has held more than one office with the manager within the past five years, state only the current office held, and

(c) if the principal occupation of a partner, director or executive officer of the manager is with an organization other than the manager of the investment fund, state the principal business in which the organization is engaged.

(9) Under the sub-heading "Cease Trade Orders and Bankruptcies of the Manager", provide the information required under subsections (2) and (4) for the directors and executive officers of the manager of the investment fund, modified as appropriate.

(10) Under the heading "Ownership of Securities of the Investment Fund and of the Manager" disclose

(a) the percentage of securities of each class or series of voting or equity securities owned of record or beneficially, in aggregate, by all the directors and executive officers of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager; and

(b) the percentage of securities of each class or series of voting or equity securities owned of record or beneficially, in aggregate, by all the directors and executive officers of the manager of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person or company that provides services to the investment fund or the manager; and

(c) the percentage of securities of each class or series of voting or equity securities owned of record or beneficially, in aggregate, by all the independent review committee members of the investment fund

(i) \_\_\_\_\_ in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) \_\_\_\_\_ in the manager, or

(iii) \_\_\_\_\_ in any person or company that provides services to the investment fund or the manager.

(11) If the management functions of the investment fund are carried out by employees of the investment fund, disclose in respect of those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

(12) Describe any arrangements under which compensation was paid or payable by the investment fund during the most recently completed financial year of the investment fund for the services of directors of the investment fund, members of an independent board of governors or advisory board of the investment fund and members of the independent review committee of the investment fund, including the amounts paid, the name of the individual and any expenses reimbursed by the investment fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as a consultant or expert.

(13) For an investment fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the investment fund during the most recently completed financial year of the investment fund for the services of the trustee or trustees of the investment fund.

#### **INSTRUCTIONS**

*(1) The disclosure required by subsections (2) and (4) also applies to any personal holding companies of any of the persons referred to in subsections (2) and (4).*

*(2) A management cease trade order which applies to directors and executive officers of the investment fund is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

*(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".*

*(4) The disclosure in paragraph (2)(a) only applies if the director or executive officer of the investment fund was a director, chief executive officer or chief financial officer when the order was issued against the relevant investment fund. The investment fund does not have to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.*

*(5) The disclosure required under Item 19.1(11) regarding executive compensation for management functions carried out by employees of an investment fund must be made in accordance with the disclosure requirements of Form 51-102F6.*

## **19.2 — Portfolio Adviser**

(1) Under the sub-heading "Portfolio Adviser"

(a) state the municipality and the province or country where the portfolio adviser principally provides its services to the investment fund and give details of the portfolio adviser of the investment fund, including the history and background of the portfolio adviser,

(b) state the extent to which investment decisions are made by certain individuals employed by the portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee, and

(c) state the name, title, and length of time of service of the person or persons employed by or associated with the portfolio adviser of the investment fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the investment fund, implementing a particular material strategy or managing a particular segment of the portfolio of the investment fund, and each person's business experience in the last five years.

(2) Under the sub-heading "Details of the Portfolio Advisory Agreement", provide a brief description of the essential details of any portfolio advisory agreement that the portfolio adviser has entered into or will be entering into with the investment fund or the manager of the investment fund, including any termination rights.

### **19.2.1 — Brokerage Arrangements**

Under the sub-heading "Brokerage Arrangements",

(a) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state

(i) the process for, and factors considered in, selecting a dealer to effect securities transactions for the investment fund, including whether receiving goods or services in



addition to order execution is a factor, and whether and how the process may differ for a dealer that is an affiliated entity;

(ii) the nature of the arrangements under which order execution goods and services or research goods and services might be provided;

(iii) each type of good or service, other than order execution, that might be provided; and

(iv) the method by which the portfolio adviser makes a good faith determination that the investment fund, on whose behalf the portfolio adviser directs any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of any order execution goods and services or research goods and services, by the dealer or a third party, receives reasonable benefit considering both the use of the goods or services and the amount of client brokerage commissions paid;

(b) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, since the date of the investment fund's last prospectus or last annual information form, whichever one is the most recent, state

(i) each type of good or service, other than order execution, that has been provided to the manager or the portfolio adviser of the investment fund; and

(ii) the name of any affiliated entity that provided any good or service referred to in subparagraph (i), separately identifying each affiliated entity and each type of good or service provided by each affiliated entity; and

(c) If any brokerage transactions involving the client brokerage commissions of the investment fund have been or might be directed to a dealer in return for the provision of any good or service, by the dealer or a third party, other than order execution, state that the name of any other dealer or third party that provided a good or service referred to in paragraph (b)(i), that was not disclosed under paragraph (b)(ii), will be provided upon request by contacting the investment fund or investment fund family at [insert telephone number] or at [insert investment fund or investment fund family e-mail address].

**INSTRUCTIONS:**

*Terms defined in NI 23-102 — Use of Client Brokerage Commissions have the same meaning where used in this Item.*

**19.3 — Conflicts of Interest**

Under the sub-heading "Conflicts of Interest", disclose particulars of existing or potential material conflicts of interest between

- (1) the investment fund and a director or executive officer of the investment fund,
- (2) the investment fund and the manager or any director or executive officer of the manager of the investment fund, and
- (3) the investment fund and the portfolio adviser or any director or executive officer of the portfolio adviser of the investment fund.

#### **19.4 — Independent Review Committee**

Under the sub-heading "Independent Review Committee", provide a description of the independent review committee of the investment fund, including

- (a) the mandate and responsibilities of the independent review committee,
- (b) the composition of the independent review committee (including the names of its members), and the reasons for any change in its composition since the date of the most recently filed annual information form or prospectus of the investment fund, as applicable,
- (c) that the independent review committee prepares a report at least annually of its activities for securityholders which is available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or at the securityholder's request at no cost, by contacting the [investment fund/investment fund family] at [investment fund's/investment fund family's email address], and
- (d) the amount of fees and expenses payable in connection with the independent review committee by the investment fund, including any amounts payable for committee participation or special assignments, and state whether the investment fund pays all of the fees payable to the independent review committee.

#### **19.5 — Trustee**

Under the sub-heading "Trustee", provide details of the trustee of the investment fund, including the municipality and the province or country where the trustee principally provides its services to the investment fund.

#### **19.6 — Custodian**

- (1) Under the sub-heading "Custodian", state the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the investment fund.
- (2) Describe generally the sub-custodial arrangements of the investment fund.

*INSTRUCTION:*

*A "principal sub-custodian" is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the investment fund.*

**19.7 — Auditor**

Under the sub-heading "Auditor", state the name and address of the auditor of the investment fund.

**19.8 — Transfer Agent and Registrar**

Under the sub-heading, "Transfer Agent and Registrar", for each class of securities, state the name of the investment fund's transfer agent(s), registrar(s), trustee, or other agent appointed by the investment fund to maintain the securities register and the register of transfers for such securities and indicate the location (by municipalities) of each of the offices of the investment fund or transfer agent, registrar, trustee or other agent where the securities, register and register of transfers are maintained or transfers of securities are recorded.

**19.9 — Promoters**

(1) For a person or company that is, or has been within the two years immediately preceding the date of the prospectus or pro forma prospectus, a promoter of the investment fund or of a subsidiary of the investment fund, state under the sub-heading "Promoter"

(a) the person or company's name and municipality and the province or country of residence,

(b) the number and percentage of each class of voting securities and equity securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the investment fund or from a subsidiary of the investment fund, and the nature and amount of any assets, services or other consideration received or to be received by the investment fund or a subsidiary of the investment fund in return, and

(d) for an asset acquired within the two years before the date of the preliminary prospectus or pro forma prospectus, or to be acquired, by the investment fund or by a subsidiary of the investment fund from a promoter,

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the investment fund, the promoter, or an affiliate of the investment fund or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any person or company, that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means:

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant person or company access to any exemption under securities legislation

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

(a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered to be important to a reasonable investor in making an investment decision.

#### **INSTRUCTIONS**

*(1) The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).*

*(2) A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

*(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".*

*(4) The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The investment fund does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.*

#### **19.10 – Principal Distributor**

**(1) If applicable, state the name and address of the principal distributor of the investment fund.**

(2) Describe the circumstances under which any agreement with the principal distributor of the investment fund may be terminated and include a brief description of the essential terms of this agreement.

## **Item 20: — Calculation of Net Asset Value**

### **20.1 — Calculation of Net Asset Value**

Under the heading "Calculation of Net Asset Value",

- (a) describe how the net asset value of the investment fund is calculated, and
- (b) state the frequency at which the net asset value is calculated and the date and time of day at which it is calculated.

### **20.2 — Valuation Policies and Procedures**

Under the sub-heading "Valuation Policies and Procedures of the Investment Fund",

- (a) describe the methods used to value the various types or classes of assets of the investment fund and its liabilities for the purpose of calculating net asset value,
  - (a.1) If the valuation principles and practices established by the manager differ from Canadian GAAP, describe the differences, and
  - (b) if the manager has discretion to deviate from the investment fund's valuation practices described in paragraph (a), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

### **20.3 — Reporting of Net Asset Value**

Under the sub-heading "Reporting of Net Asset Value", describe

- (a) how the net asset value and net asset value per security of the investment fund will be made available at no cost (e.g. website, toll-free telephone line, etc.), and
- (b) the frequency at which the net asset value and net asset value per security is disclosed.

## **Item 21: — Description of the Securities Distributed**

### **21.1 — Equity Securities**

If equity securities of the investment fund are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed" state the

description or the designation of the class of equity securities distributed and describe all material attributes and characteristics, including

- (a) dividend or distribution rights,
- (b) voting rights,
- (c) rights upon dissolution, termination or winding-up,
- (d) pre-emptive rights,
- (e) conversion or exchange rights,
- (f) redemption, retraction, purchase for cancellation or surrender provisions,
- (g) sinking or purchase fund provisions,
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions, and
- (i) provisions requiring a securityholder to contribute additional capital.

## **21.2 — Debt Securities**

If debt securities are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including

- (a) provisions for interest rate, maturity and premium, if any,
- (b) conversion or exchange rights,
- (c) redemption, retraction, purchase for cancellation or surrender provisions,
- (d) sinking or purchase fund provisions,
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge,
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of ~~dividends~~distributions and restrictions against giving security on the assets of the investment fund or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities,

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the investment fund or any of its affiliates, and

(h) any financial arrangements between the investment fund and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

### **21.3 — Derivatives**

If derivatives are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives,

(b) the exercise of the derivatives,

(c) settlements that are the result of the exercise of the derivatives,

(d) the underlying interest of the derivatives,

(e) the role of a calculation expert in connection with the derivatives,

(f) the role of any credit supporter of the derivatives, and

(g) the risk factors associated with the derivatives.

### **21.4 — Other Securities**

If securities other than the securities mentioned above are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe fully the material attributes and characteristics of those securities.

### **21.5 — Special Warrants**

If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus, with the bracketed information completed:

The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction



to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

#### *INSTRUCTION*

*If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term "special warrant" with the type of the security being distributed.*

#### **21.6 — Restricted Securities**

(1) If the investment fund has outstanding, or proposes to distribute under ~~the~~a prospectus, restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the investment fund that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the investment fund and to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the investment fund complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Instrument.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1), the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.

(3) If the investment fund is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the investment fund's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

### **21.7 — Modification of Terms**

(1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.

(2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

### **21.8 — Ratings**

If the investment fund has asked for and received a stability rating, or if the investment fund is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and

(g) any announcement made by, or any proposed announcement known to the investment fund that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

## **21.9 — Other Attributes**

(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

### *INSTRUCTION*

*This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the investment fund's discretion, be attached as a schedule to the prospectus.*

## **Item 22: — Securityholder Matters**

### **22.1 — Meetings of Securityholders**

Under the heading "Securityholder Matters" and under the sub-heading "Meetings of Securityholders", describe the circumstances, processes and procedures for holding any securityholder meeting and for any extraordinary resolution.

### **22.2 — Matters Requiring Securityholder Approval**

Under the sub-heading "Matters Requiring Securityholder Approval", describe the matters that require securityholder approval.

### **22.3 — Amendments to Declaration of Trust**

For an investment fund established pursuant to a declaration of trust, under the sub-heading "Amendments to the Declaration of Trust", describe the circumstances, processes and procedures required to amend the declaration of trust.

## **22.4 — Reporting to Securityholders**

Under the sub-heading "Reporting to Securityholders" describe the information or reports that will be delivered or made available to securityholders and the frequency with which such information or reports will be delivered or made available to securityholders, including any requirements under securities legislation.

### **Item 23: — Termination of the Fund**

#### **23.1 — Termination of the Fund**

Under the heading "Termination of the Fund", describe the circumstances in which the investment fund will be terminated, including:

- (a) the date of termination,
- (b) how the value of the securities of the investment fund at termination will be determined,
- (c) whether securityholders will receive cash or any other type of payment upon termination,
- (d) the details of any rollover transaction, if securityholders will receive securities of another investment fund as part of a rollover transaction upon termination,
- (e) how the assets of the investment fund will be distributed upon termination, and
- (f) if the investment fund is a commodity pool, disclose whether the investment fund will be wound up without the approval of securityholders if the net asset value per security falls below a certain predetermined level, and, if so, the net asset value per security at which this will occur.

### **Item 24: — Use of Proceeds**

#### **24.1 — Application**

This Item does not apply to an investment fund in continuous distribution.

#### **24.2 — Proceeds**

(1) Under the heading "Use of Proceeds", state the estimated net proceeds to be received by the investment fund or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the investment fund or selling securityholder from the sale of the securities distributed.

(2) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the investment fund.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

### **24.3 — Other Sources of Funding**

If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

### **24.4 — Financing by Special Warrants, etc.**

(1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

## **Item 25: — Plan of Distribution**

### **25.1 — Plan of Distribution**

Under the heading "Plan of Distribution", briefly describe the plan of distribution.

### **25.2 — Name of Underwriters**

(1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter's obligation to take up and pay for the securities.

(2) Disclose the date by which the underwriter is obligated to purchase the securities.

### **25.3 — Disclosure of Conditions to Underwriters' Obligations**

If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

Under an agreement dated [insert date of agreement] between [insert name of investment fund or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of investment fund or selling securityholder] has agreed to sell and the

underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of investment fund or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.

, and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

#### **25.4 — Best Efforts Offering**

Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 25.3.

#### **25.5 — Minimum Distribution**

If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the investment fund must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practising member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

#### **25.6 — Determination of Price**

Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

#### **25.7 — Stabilization**

If the investment fund, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

### **25.8 — Reduced Price Distributions**

If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder.

### **25.9 — Listing Application**

If application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with the bracketed information completed:

The investment fund has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the investment fund fulfilling all the listing requirements of [name of exchange or other market].

### **25.10 — Conditional Listing Approval**

If application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

[name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of investment fund]'s fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders].

### **25.11 — Constraints**

If there are constraints imposed on the ownership of securities of the investment fund to ensure that the investment fund has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the investment fund will be monitored and maintained.

### **25.12 — Special Warrants Acquired by Underwriters or Agents**

Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

**Item 26: — Relationship Between Investment Fund or Selling Securityholder and Underwriter**

**26.1 — Relationship Between Investment Fund or Selling Securityholder and Underwriter**

(1) Under the heading "Relationship between Investment Fund [or Selling Securityholder] and Underwriter", if the investment fund or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the selling securityholder is also an underwriter, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), "connected issuer" and "related issuer" have the same meanings as in NI 33-105.

**Item 27: — Options to Purchase Securities**

**27.1 — Options to Purchase Securities**

(1) Under the heading "Options to Purchase Securities", state, in tabular form, as at a specified date within 30 days before the date of the prospectus or pro forma prospectus, information about options to purchase securities of the investment fund, or a subsidiary of the investment fund, that are held or will be held upon completion of the distribution by

(a) all executive officers and past executive officers of the investment fund, as a group, and all directors and past directors of the investment fund who are not also executive officers, as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(b) all executive officers and past executive officers of all subsidiaries of the investment fund, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(c) all other employees and past employees of the investment fund as a group,

(d) all other employees and past employees of subsidiaries of the investment fund as a group,

(e) all consultants of the investment fund as a group, and

(f) any other person or company, other than the underwriter(s), naming each person or company.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.



## INSTRUCTIONS

(1) Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.

(2) For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.

### **Item 28: — Principal Holders of Securities of the Investment Fund and Selling Securityholders**

#### **28.1 — Principal Holders of Securities of the Investment Fund and Selling Securityholders**

(1) Under the heading "Principal Holders of Securities of the Investment Fund [and Selling Securityholders]", provide the following information for each principal securityholder of the investment fund, if known or ought to be known by the investment fund or the manager and, if any securities are being distributed for the account of a securityholder, for each selling securityholder, as of a specified date not more than 30 days before the date of the prospectus or pro forma prospectus, as applicable:

(a) the name,

(b) the number or amount of securities owned, controlled or directed of the class being distributed,

(c) the number or amount of securities of the class being distributed for the account of the securityholder,

(d) the number or amount of securities of the investment fund of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding, and

(e) whether the securities referred to in paragraphs (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus or pro forma prospectus, as applicable, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus or pro forma prospectus, as applicable, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, more than 10 percent of any class of voting securities of the investment fund is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(5) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the investment fund held by the person or company other than the holding of voting securities of the investment fund.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

#### *INSTRUCTION*

*If a company, partnership, trust or other unincorporated entity is a principal securityholder of an investment fund, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.*

### **Item 29: — Interests of Management and Others in Material Transactions**

#### **29.1 — Interests of Management and Others in Material Transactions**

Under the heading "Interests of Management and Others in Material Transactions", describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the prospectus or pro forma prospectus that has materially affected or is reasonably expected to materially affect the investment fund:

- (a) a director or executive officer of the investment fund or the investment fund manager,
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the outstanding voting securities of the investment fund or the investment fund manager, and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

## **29.2 — Underwriting Discounts**

Disclose any material underwriting discounts or commissions upon the sale of securities by the investment fund if any of the persons or companies listed under section 29.1 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

### *INSTRUCTIONS*

- (1) The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.*
- (2) Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the investment fund.*
- (3) For any transaction involving the purchase of assets by or sale of assets to the investment fund, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.*
- (4) This Item does not apply to any interest arising from the ownership of securities of the investment fund if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.*
- (5) No information need be given under this Item for a transaction if*

*(a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids,*

*(b) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction,*

*(c) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services, or*

*(d) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the investment fund or its subsidiaries.*

*(6) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company furnishing the services to the investment fund.*

### **Item 30: — Proxy Voting Disclosure**

#### **30.1 — Proxy Voting Disclosure for Portfolio Securities Held**

Under the heading "Proxy Voting Disclosure for Portfolio Securities Held", include the disclosure required by subsection 10.2(3) of NI 81-106.

### **Item 31: — Material Contracts**

#### **31.1 — Material Contracts**

Under the heading "Material Contracts", list and provide particulars of

*(a) the articles of incorporation, the declaration of trust or trust agreement of the investment fund or any other constating document, if any,*

*(b) any agreement of the investment fund or trustee with the manager of the investment fund,*

*(c) any agreement of the investment fund, the manager or trustee with the portfolio adviser of the investment fund,*

*(d) any agreement of the investment fund, the manager or trustee with the custodian of the investment fund,*

- (e) any agreement of the investment fund, the manager or trustee with the underwriters or agents of the investment fund,
- (f) any swap or forward agreement of the investment fund, the manager or trustee with a counterparty that is material to the investment fund fulfilling its investment objectives,
- (g) any agreement of the investment fund, the manager or trustee with the principal distributor of the investment fund, and
- (h) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the investment fund.

#### *INSTRUCTIONS*

*(1) Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.*

*(2) Particulars of contracts must include the dates of, parties to, consideration provided for in, termination provisions, general nature and key terms of, the contracts.*

### **Item 32: — Legal and Administrative Proceedings**

#### **32.1 — Legal and Administrative Proceedings**

Under the heading "Legal and Administrative Proceedings", describe briefly any ongoing legal and administrative proceedings material to the investment fund, to which the investment fund, its manager or principal distributor is a party.

#### **32.2 — Particulars of the Proceedings**

- (1) For all matters disclosed under section 32.1, disclose
  - (a) the name of the court or agency having jurisdiction,
  - (b) the date on which the proceeding was instituted,
  - (c) the principal parties to the proceeding,
  - (d) the nature of the proceeding and, if applicable, the amount claimed, and
  - (e) whether the proceeding is being contested and the present status of the proceeding.
- (2) Provide similar disclosure about any proceedings known to be contemplated.

### **32.3 — Penalties and Sanctions**

Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if, within the 10 years before the date of the prospectus or pro forma prospectus, the manager of the investment fund, a director or executive officer of the investment fund or a partner, director or executive officer of the manager of the investment fund has

- (a) been subject to any penalties or sanctions imposed by a court or a securities regulatory authority relating to Canadian securities legislation, promotion or management of an investment fund, theft or fraud or has entered into a settlement agreement before a court or with a regulatory body in relation to any of these matters, or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body or has entered into any other settlement agreement before a court or with a regulatory body that would likely be considered important to a reasonable investor in determining whether to purchase securities of the investment fund.

### **Item 33: — Experts**

#### **33.1 — Names of Experts**

Under the heading "Experts", name each person or company

- (a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus, and
- (b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

#### **33.2 — Interests of Experts**

(1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of the investment fund or of an associate or affiliate of the investment fund received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the prospectus or prepared or certified a report or valuation described or included in the prospectus.

(2) For the purpose of subsection (1), if the ownership is less than one percent, a general statement to that effect is sufficient.

(3) If a person, or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the investment fund or of any associate or affiliate of the investment fund, disclose the fact or expectation.

(4) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or has performed an audit in accordance with US GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.

#### *INSTRUCTIONS*

*(1) Section 33.2 does not apply to the investment fund's predecessor auditors, if any, for those periods when they were not the investment fund's auditor.*

*(2) Section 33.2 does not apply to registered or beneficial interests, direct or indirect, held through mutual funds.*

### **Item 34: — Exemptions and Approvals**

#### **34.1 — Exemptions and Approvals**

Under the heading "Exemptions and Approvals", describe all exemptions from or approvals under securities legislation obtained by the investment fund or the manager of the investment fund that continue to be relied upon by the investment fund or the manager, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

### **Item 35: — Other Material Facts**

#### **35.1 — Other Material Facts**

Under the heading "Other Material Facts", using sub-headings as appropriate, give particulars of any material facts about the securities being distributed that are not disclosed under any other section and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

### **Item 36: — Purchasers' Statutory Rights of Withdrawal and Rescission**

#### **36.1 — General**

For investment funds other than mutual funds, under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission" include a statement in substantially the following form, with bracketed information completed:

Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] 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/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price 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 adviser.

### **36.2 — Mutual Funds**

If the investment fund is a mutual fund, under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission" include a statement in substantially the following form:

Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price 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 the applicable provisions of the securities legislation of the province [or territory] for the particulars of these rights or should consult with a legal adviser.

### **36.3 — Non-fixed Price Offerings**

In the case of a non-fixed price offering, if applicable in the jurisdiction in which the prospectus is filed, replace the second sentence in the disclosure in section 36.1 with a statement in substantially the following form:

This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed.



## **Item 37: — Documents Incorporated by Reference**

### **37.1 — Mandatory Incorporation by Reference**

If the investment fund is in continuous distribution, other than a scholarship plan, incorporate by reference the following documents in the prospectus, by means of the following statement in substantially the following words under the heading "Documents Incorporated by Reference":

Additional information about the Fund is available in the following documents:

1. The most recently filed comparative annual financial statements of the investment fund, together with the accompanying report of the auditor.
2. Any interim financial statements of the investment fund filed after those annual financial statements.
3. The most recently filed annual management report of fund performance of the investment fund.
4. Any interim management report of fund performance of the investment fund filed after that annual management report of fund performance.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or from your dealer.

[If applicable] These documents are available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or by contacting the [investment fund/investment fund family] at [insert investment fund's /investment fund family's email address].

These documents and other information about the Fund are available on the Internet at [www.sedar.com](http://www.sedar.com).

### **37.2 — Mandatory Incorporation by Reference of Future Documents**

If the investment fund is in continuous distribution, other than a scholarship plan, state that any documents, of the type described in section 37.1, if filed by the investment fund after the date of the prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the prospectus.

## **Item 38: — Financial Disclosure**

### **38.1 — Financial Statements**

(1) Unless incorporated by reference under Item 37, include in the prospectus the comparative annual financial statements and the auditor's report prepared in accordance with NI 81-106 for the investment fund's most recently completed financial year.

(2) If an investment fund's most recent financial year ended within 90 days of the date of the prospectus referred to in subsection (1), the investment fund may treat the previous year as the most recently completed financial year under subsection (1).

(3) If the investment fund has not completed its first financial year, the fund must include in the prospectus audited financial statements and the auditor's report prepared in accordance with NI 81-106 for the period from the date of the fund's formation to a date not more than 90 days before the date of the prospectus and as at a date not more than 90 days before the date of the prospectus, as applicable.

(4) Despite subsections (1) and (3), if the investment fund is a newly established fund, include in the prospectus the opening balance sheet of the investment fund, accompanied by the auditor's report prepared in accordance with NI 81-106.

### **38.2 — Interim Financial Statements**

Unless incorporated by reference under Item 37, include in the prospectus financial statements for the investment fund prepared in accordance with NI 81-106 for the interim period that began immediately after the financial year to which the annual financial statements required to be included in the prospectus under section 38.1 relate, if the prospectus is filed 60 days or more after the end of that interim period.

### **38.3 — Management Reports of Fund Performance**

Unless incorporated by reference under Item 37, include in the prospectus the most recently filed interim management report of fund performance, if filed after the most recently filed annual management report of fund performance and include the most recently filed annual management report of fund performance.

## **Item 39: — Certificates**

### **39.1 — Certificate of the Investment Fund**

Include a certificate of the investment fund in the following form:

This prospectus [together with the documents incorporated herein by reference.] constitutes full, true and plain disclosure of all material facts relating to the securities

offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].

### **39.2 — Certificate of the Manager**

Include a certificate of the manager of the investment fund in the same form as the certificate of the investment fund.

### **39.3 — Certificate of the Underwriter**

Where a person or company is required to provide a certificate in the underwriter certificate form, the certificate must state:

To the best of our knowledge, information and belief, this prospectus [,together with the documents incorporated herein by reference,] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].

### **39.4 — Certificate of the Promoter**

If there is a promoter of the investment fund or a subsidiary of the investment fund, include a certificate in the same form as the certificate of the investment fund.

### **39.5 — Amendments**

(1) For an amendment to a prospectus that does not restate the prospectus, change "prospectus" to "prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 39.1 to 39.4.

(2) For an amended and restated prospectus, change "prospectus" to "amended and restated prospectus" wherever it appears in the statements in sections 39.1 to 39.4.

### **39.6 — Non-offering Prospectus**

For a non-offering prospectus, change "securities offered by this prospectus" to "securities previously issued by the investment fund" wherever it appears in the statements in sections 39.1 to 39.4.