This Confidential Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and therein only by persons permitted to sell such securities and is not, and under no circumstances is to be construed as, a prospectus or advertisement or public offering of such securities. No securities commission or similar regulatory authority in Canada has in any way passed upon the merits of the securities offered hereunder nor has it reviewed this Confidential Offering Memorandum and any representation to the contrary is an offence. No person is authorized to give any information or make any representation not contained in this Confidential Offering Memorandum in connection with the offering of the securities described herein and, if given or made, any such information or representation may not be relied upon. Under applicable laws, resale of the Units will be subject to indefinite restrictions, other than through a redemption of the Units or another available exemption. As there is no market for these Units, it may be difficult or even impossible for investors to sell their Units.

Continuous Offering

Dynamic Funds®
Invest with advice.

DYNAMIC ALPHA PERFORMANCE FUND

CONFIDENTIAL OFFERING MEMORANDUM

March 1, 2019

CONFIDENTIAL OFFERING MEMORANDUM

Dated: March 1, 2019	*Continuous Offering*

Capitalized terms used but not defined in this cover page shall have the meaning specified in the Glossary of Terms.

THE ISSUER:

Name:	Dynamic Alpha Performance Fund
Head Office:	Dynamic Funds Tower 1 Adelaide Street East, 28th Floor Toronto, Ontario, M5C 2V9
Phone Number	1-800-268-8186
Email Address:	invest@dynamic.ca
Fax Number:	1-800-361-4768
Currently Listed or Quoted:	**These securities do not trade on any exchange or market.**
Reporting Issuer:	No
SEDAR Filer:	No

THE OFFERING:

Securities Offered:	An unlimited number of multiple series of trust units are being offered hereby on a continuous basis. See "Investing in the Fund". Each Unit within a particular series will be of equal value; however, the value of a Unit in one series may differ from the value of a Unit in another series. Each series shall have the attributes and characteristics as set out under the heading "Units of the Fund".
Price Per Security:	The purchase price of a Unit is an amount equal to its Net Asset Value per Unit. The Net Asset Value per Unit for subscription orders which are received and accepted by the Manager prior to 4:00 p.m. (Toronto time) on a Valuation Day will be calculated as of that Valuation Day. The Net Asset Value per Unit for subscription orders received and accepted on or after 4:00 p.m. (Toronto time) on a Valuation Day will be calculated on the next Valuation Day. See "Portfolio Valuation and Net Asset Value".
Minimum/Maximum Offering:	**There is no minimum or maximum offering. You may be the only purchaser.**
Minimum Subscription Amount:	The minimum aggregate subscription price for the Units is $5,000, except in the case of investors that qualify under the Minimum Amount Exemption in which case the minimum aggregate subscription price is $150,000. The minimum aggregate subscription price is waived for purchases of Series F, Series FH and Series FT units by fully managed accounts. See "Investing in the Fund". The Manager reserves the right to change the minimum amounts for investments at any time, from time to time, on a case-by-case basis, subject to regulatory requirements.
Payment Terms:	The subscription price (together, if applicable, with the amount of any commission payable by the investor to the Dealer) is payable upon subscription, by cheque or by bank draft. No financing of the subscription price will be provided by the Manager.
Proposed Closing Date(s):	The Fund is offered on a continuous basis.
Income Tax Consequences:	There are important tax consequences to these securities. See "Canadian Federal Income Tax Considerations" and "Eligibility for Investment".
Selling Agent:	None

RESALE RESTRICTIONS:

You will be restricted from selling your securities for an indefinite period. As there is no market for these securities, it may be difficult or even impossible for an investor to sell them. The Units are subject to resale restrictions. See "Resale Restrictions". However, an investor may generally elect to redeem any or all of his, her or its Units." See "Redemption of Units".

INVESTORS' RIGHTS:

You may have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Confidential Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "Rights of Action". **No securities regulatory authority has assessed the merits of these securities or reviewed this Confidential Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Risk Factors".**

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GLOSSARY OF TERMS

"Accredited Investor" means an accredited investor as such term is defined in NI 45-106 and as described under "Investing in the Fund – Qualified Investors". See the Subscription Agreement for additional information;

"Accredited Investor Exemption" means the exemption from the prospectus requirements for Accredited Investors as set forth in NI 45-106;

"Business Day" means any day, other than a Saturday, Sunday, any statutory holiday in the Province of Ontario, and any other day on which banks are generally closed in the Province of Ontario;

"Dealers" means dealers or brokers registered or exempt from registration (and not otherwise restricted) under applicable securities laws to sell Units and which are acceptable to the Manager;

"Declaration of Trust" means the Dynamic Hedge Funds Master Declaration of Trust dated as of December 14, 2015, as amended from time to time;

"Deferred Sales Charge Option" means the Regular Deferred Sales Charge Option, the Low Load Sales Charge Option or the Low Load 2 Sales Charge Option;

"Deferred Sales Charge Units" means Series A, Series H or Series T Units purchased under a Deferred Sales Charge Option and includes Series A, Series H or Series T Units acquired through the automatic reinvestment of distributions paid on Deferred Sales Charge Units;

"Front-End Sales Charge Option" means an option for purchasing Series A, Series H or Series T Units whereby a sales charge is deducted from the subscription and paid to the subscriber's Dealer and the remaining amount is used to purchase Series A, Series H or Series T Units as the case may be. See "Investing in the Fund - Purchases Under the Front-End Sales Charge Option";

"Front-End Sales Charge Units" means Series A, Series H or Series T Units purchased under the Front-End Sales Charge Option;

"Fund" means Dynamic Alpha Performance Fund;

"General Partner" means 1832 Asset Management G.P. Inc., in its capacity as general partner;

"High Water Mark" means (a) the Initial High Water Mark; or (b) in respect of any calendar year subsequent to a year for which Incentive Fees were paid on or after the last Valuation Day of 2006, the greater of:

(i) the Net Asset Value per Unit on the last Valuation Day of the most recent calendar year for which Incentive Fees were paid after giving effect to all distributions in, and payments of Incentive Fees for, such calendar year, and

(ii) the Net Asset Value per Unit on the last Valuation Day of any calendar year subsequent to the most recent calendar year for which Incentive Fees were paid before giving effect to all distributions since such calendar year;

provided that if the High Water Mark is the net asset value in (ii) above, then for purposes of calculating the Incentive Fee, the High Water Mark for that calendar year will be the Net Asset Value per Unit on the last Valuation Day after giving effect to all distributions;

"Incentive Fee" means an annual incentive fee equal to (a) 20% of the amount by which the Net Asset Value per Unit of a series on the last Valuation Day of such calendar year (before giving effect to any distributions by the Fund since the High Water Mark and adjusted to exclude the accrual of the incentive fee during the calendar year) exceeds 103% of the High Water Mark, multiplied by (b) the average number of Units of that series outstanding during such calendar year, calculated as described herein;

"Initial High Water Mark" means (i) in respect of Series A Units, $6.78, being the Net Asset Value per Unit of the series on the last Valuation Day of 2006, (ii) in respect of Series H Units and Series FH Units, US$5.00, in each case, being the initial Net Asset Value Per Unit of the series, (iii) in respect of Series F Units, $5.33, being the Net Asset Value per Unit of the series on the last Valuation Day of 2006, and (iv) in respect of Series FT and T Units, $10.00, in each case being the initial Net Asset Value Per Unit of the series;

"IRC" means the independent review committee for the Fund;

"Low Load 2 Sales Charge Option" means an option for purchasing Series A or Series T Units whereby the entire amount of the subscription is applied to the purchase of Series A or Series T Units without deduction of a sales charge. In such circumstances, the Deferred Sales Charge will generally be payable by the Unitholder to the Manager if Series A or Series T Units are redeemed within two years from the purchase date. See "Investing in the Fund – Purchases Under a Deferred Sales Charge Option";

"Low Load Sales Charge Option" means an option for purchasing Series A, Series H or Series T Units whereby the entire amount of the subscription is applied to the purchase of Series A, Series H or Series T Units without deduction of a sales charge. In such circumstances, the Deferred Sales Charge will generally be payable by the Unitholder to the Manager if Series A, Series H or Series T Units are redeemed within three years from the purchase date. See "Investing in the Fund – Purchases Under a Deferred Sales Charge Option";

"Management Agreement" means the Dynamic Hedge Funds Master Management Agreement dated as of December 14, 2015, as amended from time to time;

"Manager" means 1832 Asset Management L.P. in its capacity as the manager of the Fund;

"Minimum Amount Exemption" means the exemption from the prospectus requirements for entities that qualify as minimum amount investors as set forth in NI 45-106;

"Net Asset Value" means the Net Asset Value of the Fund calculated in accordance with the Declaration of Trust, and "**Net Asset Value per Unit**" means the Net Asset Value per Unit of the relevant series of Units calculated in accordance with the Declaration of Trust;

"NI 45-106" means National Instrument 45-106 *Prospectus Exemptions*;

"NI 81-107" means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

"Offering Memorandum Exemption" means the exemption from the prospectus requirements for investors residing in certain provinces that receive a copy of this Confidential Offering Memorandum as set forth in NI 45-106;

"Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

"RDSP" means a trust governed by a registered disability savings plan, as defined in the Tax Act;

"Regular Deferred Sales Charge Option" means the previously offered option for purchasing Series A, Series H or Series T Units whereby the entire amount of the subscription was applied to the purchase of Series A, Series H or Series T Units, without deduction of a sales charge. In such circumstances, the Deferred Sales Charge will generally be payable by the Unitholder to the Manager if Series A, Series H or Series T Units are redeemed within six years from the purchase date. See "Investing in the Fund - Purchases Under a Deferred Sales Charge Option";

"RESP" means a trust governed by a registered education savings plan, as defined in the Tax Act;

"RRIF" means a trust governed by a registered retirement income fund, as defined in the Tax Act;

"RRSP" means a trust governed by a registered retirement savings plan, as defined in the Tax Act;

"Series A Units" means Series A Units of the Fund;

"Series F Units" means Series F Units of the Fund;

"Series FH Units" means Series FH Units of the Fund;

"Series FT Units" means Series FT Units of the Fund;

"Series H Units" means Series H Units of the Fund;

"Series T Units" means Series T Units of the Fund;

"Subscription Agreement" means the subscription agreement which accompanies this Confidential Offering Memorandum;

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"Tax Deferred Plans" means, collectively, RRSPs, RRIFs, TFSAs and trusts governed by registered education savings plans, deferred profit sharing plans and registered disability savings plans, each as defined in the Tax Act;

"TFSA" means a trust governed by a tax-free savings account, as defined in the Tax Act;

"Trustee" means 1832 Asset Management L.P. in its capacity as the trustee of the Fund;

"Unitholder" means a Person whose name appears on the register or registers of the Fund as a holder of Units of the Fund;

"Units" means Series A Units, Series F Units, Series FH Units, Series FT Units, Series H Units and Series T Units of the Fund and any other series of units issued by the Fund from time to time; and

"Valuation Day" means the last trading day in each week on which the Toronto Stock Exchange is open for business or such other day or days as the Manager may determine.

All currency amounts in this Offering Memorandum are stated in Canadian dollars, unless otherwise indicated.

USE OF AVAILABLE FUNDS

The Fund sells Units on a continuous basis. The Fund has multiple series of securities being offered. The subscription price varies depending on what Net Asset Value per series of Units is applicable to your investment at the time of purchase. As there is a continuous offering of Units by the Fund, the costs of the offering are an ongoing expense to the Fund. The proceeds from the sale of Units will be used by the Fund in accordance with the Fund’s investment objective, strategies and restrictions. We intend to spend the available funds as stated. We do not intend to reallocate funds.

THE FUND

Dynamic Alpha Performance Fund is an unincorporated open-end trust created under the laws of the Province of Ontario pursuant to a Declaration of Trust dated as of May 31, 2002, as amended from time to time. 1832 Asset Management L.P. is the trustee, the manager and the registrar and transfer agent of the Fund. The address of the head office of the Fund and the Manager is located at Dynamic Funds Tower, 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9. The general partner of the Manager, 1832 Asset Management G.P. Inc., is wholly-owned by The Bank of Nova Scotia.

An investment in the Fund is represented by Units, each of which represents an interest in the net assets of the Fund. The Fund currently offers six series of Units, namely Series A Units, Series F Units, Series FH Units, Series FT Units, Series H Units and Series T Units. Additional series of Units may be offered in the future. See "Units of the Fund". There is no minimum or maximum number of Units offered or minimum or maximum proceeds from the sale of Units.

INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS

Investment Objective

The investment objective of the Fund is to protect capital during a wide range of economic and market environments while earning superior risk-adjusted equity or equity related returns that are not correlated to major stock market indices. The objective is to reduce risk and invest in a diversified portfolio.

Investment Strategies and Restrictions

The Fund will be managed in a flexible manner and will use investment strategies and instruments beyond the reach of a typical mutual fund. To achieve the Fund's investment objective, the Fund will, from time to time and among other investment strategies:

- concentrate primarily on U.S. and global companies in sectors that appear attractive and demonstrate value because of increasing margins, for example, companies in a sector with significant pricing power;
- look for investments primarily in companies of any size of capitalization that offer significant potential for capital appreciation;
- seek out market trends and developments that would have a positive or negative trend on the short or long term performance of the underlying securities;
- purchase closed-end funds that offer exposure to markets that often sell at sizeable discounts to their net asset values, provided that no more than 10% (at the time of investment) of the Net Asset Value of the Fund may be invested in closed-end funds;
- invest primarily in common shares, and write or acquire put and call options, but investments may include equity related securities such as American Depository Securities and Receipts, preferred shares, convertible securities and warrants;
- seek out investment opportunities in issuers trading at a discount due to temporary events caused by market reactions to negative news; and
- look for strategic short sale opportunities in overvalued companies, for example, companies whose deteriorating conditions are not reflected in the share price.

The Fund may engage in derivatives transactions, subject to any registration restrictions which apply to the Manager from time to time. Derivatives may be used to limit or hedge potential losses associated with currencies, specific securities, stock markets and interest rates. This process is called hedging. Derivatives may also be used for non-hedging purposes to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes.

The Fund may use leverage as described below. The Fund may take short sale positions for hedging purposes. Such short sale transactions shall not be considered a form of leverage.

The Manager is responsible for selecting and managing the portfolio investments of the Fund. The Manager may use techniques such as fundamental analysis which involves evaluating the financial condition and management of a company, its industry and the overall economy. As part of this evaluation, the Manager analyzes financial data and other information sources, assesses the quality of a company's management, and conducts company interviews, where possible.

From time to time the relative proportions of the Fund's investment portfolio invested in any one geographic region may vary in order to take advantage of international stock market cycles, to obtain a greater degree of geographic diversification for the portfolio or for other investment considerations determined by the Manager.

The Fund may invest in securities of underlying funds (including underlying funds managed by the Manager or an affiliate or associate of the Manager). The proportions and types of underlying funds held by the Fund will be selected with consideration for the underlying fund’s investment objectives and strategies, past performance and volatility among other factors.

The Fund will not engage in any undertaking other than the investment of its assets in property for the purpose of the Tax Act. The Fund is a registered investment under the Tax Act and will not acquire an investment that is not a "prescribed investment" under the Tax Act if, as a result thereof, the Fund would become subject to tax under Part X.2 of the Tax Act.

Except as identified above, the investments of the Fund will not be subject to restrictions.

Leverage

The Fund may utilize the following forms of leverage to a maximum of 100% in the aggregate (at the time of entering into leverage) of the Fund's Net Asset Value:

(a) the Fund may purchase securities on margin or with borrowed funds provided that:

   (i) only "marketable securities" (being securities for which a ready market exists and, therefore, can be sold easily and quickly) may be purchased using this form of leverage;

   (ii) all borrowings by the Fund for this purpose must be from arm's length financial institutions and must be on normal commercial terms; and

(iii) all purchases on margin must comply with the margining requirements of any applicable stock exchange or other regulatory body;

(b) the Fund may take short sale positions for non-hedging purposes in respect of stocks which are listed on a recognized stock exchange up to 100% (at the time of investment) of the Fund's Net Asset Value. Margined short sales must meet minimum margin requirements set by the applicable regulatory authorities; and

(c) the Fund may write uncovered options.

Inter-Fund Trading

The Fund and other investment funds and managed accounts managed by the Manager have obtained exemptive relief from the Canadian securities regulatory authorities to engage in inter-fund trading, which would otherwise be prohibited under various applicable securities legislation. Inter-fund trading permits related investment funds and managed accounts to trade portfolio securities held by one of them with the others. Under the exemptive relief, the Fund may engage in inter-fund trading of debt securities and exchange traded securities on certain conditions aimed at ensuring that the trade is made at the market price at the time of the trade and that no additional commissions are paid. The IRC for the Fund and the other investment funds managed by the Manager must approve the inter-fund trades in accordance with the approval requirements of NI 81-107.

RISK FACTORS

Outlined below are some of the most common risks associated with investing in the Fund. Investors should consider all risk factors, including those listed below, and consult their own financial and tax advisors before investing:

General Risk

Unitholders' investments in the Fund are not guaranteed. The Fund owns different types of investments, the value of which will change from day to day, reflecting changes in interest rates, economic conditions, market and company news, and unforeseeable events. As a result, the value of the Fund investments may go up and down, and the value of Unitholders' investments may be more or less when they redeem their Units than when they purchased them. The Fund is not subject to the normal mutual fund regulations and disclosure requirements for publicly offered mutual funds which limit such mutual funds' ability to short sell securities, use leverage, concentrate investments and use derivatives, but is instead subject to the investment restrictions set out herein.

Business Risks

While the Manager believes that the Fund's investment policies will be successful over the long term, there can be no guarantee against losses resulting from an investment in Units and there can be no assurance that the Fund's investment approach will be successful or that its investment objectives will be attained. No assurance can be given that the Fund's investment portfolio will generate any income or will appreciate in value. The Fund could realize losses, rather than gains, from some or all of the investments described herein.

International Investment Generally

The Fund may invest in securities of foreign issuers or governments either directly or through the use of equity related or derivative instruments and investments denominated or traded in currencies other than Canadian dollars. These investments involve certain considerations not typically associated with investments in Canadian issuers, the Canadian government or securities denominated or traded in Canadian dollars. These considerations include (a) the potential effect of foreign exchange controls (including suspension of the ability to transfer currency from a given country or to realize on Fund investments); (b) changes in the rate of exchange between the Canadian dollar (the currency in which the Fund calculates its Net Asset Value and distributions) and other currencies in which the Fund's investments are denominated, which changes will affect the Canadian dollar value of the Fund; (c) the application of foreign tax law, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations; (d) the effect of local market conditions on the availability of public information, the liquidity of securities issued by local governments traded on local exchanges and the transaction costs and administrative practices of local markets; (e) the fact that the Fund's assets may be held by governments, in accounts by custodians or pledged to creditors of the Fund, in jurisdictions outside of Canada so that there can be no assurance that judgments obtained in Canadian courts will be enforceable in any of those jurisdictions; and (f) in some countries, political or social instability or diplomatic developments could adversely affect, or result in the complete loss of, such investments. The possibility of expropriation, confiscatory taxation or nationalization of foreign bank deposits or other assets, lack of comprehensive tax, legal and regulatory systems, which may result in the Fund being unable to enforce its legal rights or protect its investments, and the imposition of foreign governmental laws or restrictions could affect investments in securities of issuers or governments in those nations. Restrictions and controls on investment in the securities markets of some countries may have an adverse effect on the availability and costs to the Fund of investments in those countries. Costs may be incurred in connection with the conversions between various currencies. In addition, the income and gains of the Fund may be subject to withholding taxes imposed by foreign governments for which investors may not receive a full foreign tax credit.

Net Asset Value

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in market value may occur as a result of various factors, including those factors identified above with respect to international investments and material changes in the intrinsic value of an issuer whose securities are held by the Fund.

Potential Lack of Diversification

The Fund does not have any specific limits on holdings in securities of issuers in any one country, region, industry or issuer. Although the Fund's portfolio will generally be diversified, this may not be the case at all times if the Manager deems it advantageous for the Fund to be less diversified. Accordingly, the investment portfolio of the Fund may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting a particular country, industry or issuer than would be the case if the Fund were required to maintain a wide diversification.

Illiquid Securities

A portion of the Fund's assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists, or which cease to be traded after the Fund invests and/or which are restricted as to their transferability under local governmental securities laws or practices. The sale of any such investments may be subject to delays and additional costs and may be possible only at substantial discounts that could affect materially and adversely the amount of gain or loss the Fund may realize.

Short Sale Equity Positions and Leveraging

The Fund may take short sale positions without maintaining an equivalent quantity, or a right to acquire an equivalent quantity, of the underlying securities in its portfolio. The Manager may engage in these transactions in circumstances, among others, where it has been concluded that a particular security is overvalued in its principal markets. In such a case, there can be no assurance that the security will experience declines in market value and this could result in the Fund incurring losses if it has agreed to deliver securities at a price which is lower than the market price at which such securities may be acquired at the time the transaction is to be completed. The Manager may selectively engage in transactions which limit the potential liability of the Fund for unanticipated shifts in the market value of these securities, and will limit the short sale equity position to 100% (at the time of investment) of the Net Asset Value of the Fund.

The Fund also intends to employ leveraging (i.e., the use of borrowed funds or securities) as an inherent tool in its investment strategy. The Fund may utilize short selling for non-hedging purposes as a form of leverage in cases where the Fund’s short positions exceed its long positions. While the use of leverage can increase the rate of return, it can also increase the magnitude of loss in unprofitable positions beyond the loss which would have occurred if there had been no borrowings. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost in the event of a decline in the market value of such securities. Leveraging will thus tend to magnify the losses or gains from investment activities. The Manager will limit the leveraging position to 100% in the aggregate (at the time of investment) of the Net Asset Value of the Fund. For the purpose of calculating the Fund’s leveraging position and determining whether the Fund has reached its leveraging position limit, the Manager will include, for greater certainty, long positions, uncovered options and short positions exceeding long positions. Where the Fund’s short positions do not exceed its long positions, short selling is not considered a form of leverage and is therefore not included in the Fund’s calculation of its leveraging position.

The Fund's anticipated use of short-term margin borrowings subjects the Fund to additional risks, including the possibility of a "margin call" pursuant to which the Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of the

Fund's assets, the Fund may not be able to liquidate assets quickly enough to pay off its margin debt.

Use of Derivatives

The Fund may invest in or use derivative instruments, including forward contracts, futures contracts, swaps and options (described below under "Use of Options") for hedging or non-hedging purposes. Derivatives generally involve certain risks, which may include the following: (a) the derivative hedging strategy to reduce risk may not be effective; (b) the market value of the investment being hedged and the derivative instrument being used may not be perfectly correlated; (c) there is no guarantee a market will exist when the Fund wants to buy or sell one of these derivative contracts; and (d) the other party to the contract may not be able to meet its financial obligations.

Use of Options

Subject to the restrictions on the use of options described under "Investment Strategies and Restrictions", the Fund may purchase and write exchange-traded and over-the-counter put and call options on debt and equity securities and indices (both narrow-based and broad-based), and national securities exchange-traded put and call options on currencies. A put option on securities or currencies gives the purchaser of the option, upon payment of premium, the right to deliver a specified amount of the securities or currencies to the writer of the option on or before a fixed date at a predetermined price. A put option on a securities index gives the purchaser of the option, upon payment of a premium, the right to a cash payment from the writer of the option if the index drops below a predetermined level on or before a fixed date. A call option on securities or currencies gives the purchaser of the option, upon payment of a premium, the right to call upon the writer to deliver a specified amount of the securities or currencies on or before a fixed date at a predetermined price. A call option on a securities index gives the purchaser of the option, upon payment of a premium, the right to a cash payment from the writer of the option if the index rises above a predetermined level on or before a fixed date.

The Fund's ability to close out its position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market. Over-the-counter ("OTC") options are purchased from or sold to securities dealers, financial institutions or other parties (the "Counterparty") through direct bilateral agreements with the Counterparty. In contrast to exchange listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guarantees and security, are set by the negotiation of the parties. Unless the parties provide for it, there is no central clearing or guarantee function in an OTC option. As a result, if the Counterparty fails to make or take delivery of the security, currency or other instrument underlying an OTC option it has entered into with the Fund or fails to make a cash settlement payment due in accordance with the terms of that option, the Fund will lose any premium it paid for the option as well as any anticipated benefit of the transaction.

Call options may be purchased to provide exposure to increases in the market (e.g., with respect to temporary cash positions) or to hedge against an increase in the price of securities or other investments that the Fund intends to purchase. Similarly, put options may be purchased to hedge against a decrease in the market generally or in the price of securities or other investments held by the Fund. Buying options may reduce the Fund's returns, but by no more than the amount of the premiums paid for the options. Writing covered call options. (i.e., where the Fund owns the security or other investment that is subject to the call) may limit the Fund's gain on portfolio investments if the option is exercised because the Fund will have to sell the underlying investments below the current market price. Also, writing put options may require the Fund to buy the underlying investment at a disadvantageous price above the current market price. Writing uncovered call options (i.e., where the Fund does not own the security or other investment that is subject to the call) entails the risk that the price of the underlying investment at the time the option is exercised theoretically could have risen without limit. The risk of loss of uncovered put options written by the Fund is limited to the exercise price of the option less the premium received.

Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary market risks.

Portfolio Turnover

The operation of the Fund may result in a high annual portfolio turnover rate. The Fund has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate (e.g., greater transaction costs such as brokerage fees) and may involve different tax consequences.

Counterparty Risk

Due to the nature of some of the investments that the Fund may undertake, the Fund relies on the ability of the Counterparty (as defined above under "Use of Options") to the transaction to perform its obligations. In the event that a Counterparty fails to complete its obligations, the Fund bears the risk of loss of the amount expected to be received under options, forward contracts or securities lending agreements in the event of the default or bankruptcy of a Counterparty.

Interest Rate Fluctuations

In the case of interest rate sensitive securities, the value of a security may change as the general level of interest rates fluctuates. When interest rates decline, the value of such securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline. Increases in interest rates will also increase the Fund's cost of borrowing.

American Depository Securities and Receipts

In some cases, rather than directly holding securities of non-Canadian and non-U.S. companies, the Fund may hold these securities through an American Depository Security and Receipt (an "ADR"). An ADR is issued by a U.S. bank or trust company to evidence its ownership of securities of a non-U.S. corporation. The currency of an ADR may be U.S. dollars rather than the currency of the non-U.S. corporation to which it relates. The value of an ADR will not be equal to the value of the underlying non-U.S. securities to which the ADR relates as a result of a number of factors. These factors include the fees and expenses associated with holding an ADR, the currency exchange rate relating to the conversion of foreign dividends and other foreign cash distributions into U.S. dollars, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of the Fund, as a holder of an ADR, may be different than the rights of holders of the underlying securities to which the ADR relates, and the market for an ADR may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the ADR and, as a consequence, the performance of the Fund if it holds the ADR.

Fund on Fund Risk

The Fund may invest all or a portion of its assets in underlying funds. The proportions and types of underlying funds held by the Fund will be selected and varied by the Manager, in its sole discretion, in the interest of achieving the investment objectives of the Fund. Underlying funds typically bear their own fees and expenses. To the extent that the Fund invests in underlying funds, it has the same risks as its underlying funds.

Legal, Tax and Regulatory Risks

Changes in domestic and foreign tax laws, regulatory laws or the administrative practices or policies of a tax or regulatory authority could occur during the term of the Fund which may adversely affect the Fund. For example, the domestic and foreign regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the Fund and the ability of the Fund to pursue its investment strategies. In addition, the interpretation of the law or the application of administrative practices or policies by a taxation authority may affect the characterization of the Fund's earnings as capital gains or income which may increase the level of tax borne by investors as a result of increased taxable distributions from the Fund. There can be no assurance that Canadian federal income tax laws and administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") respecting the treatment of trusts, including mutual fund trusts, will not be changed in a manner that adversely affects the Unitholders. If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

Reliance on the Manager and Portfolio Manager

Although certain individuals of the Manager (including the portfolio manager of the Fund) primarily responsible for the management of the Fund have extensive experience in managing investment portfolios, there is no certainty that such individuals will continue to provide their services to the Manager or to the Fund. Investors who are not willing to rely on the Manager should not invest in the Fund.

Taxation of the Fund

While the Fund has been structured so that it generally will not be liable to pay income tax, the information available to the Fund and the Manager relating to the characterization, for tax purposes, of the distributions received by the Fund in any taxation year of the Fund from issuers of the Fund's investments may be insufficient at the end of that taxation year to ensure that the Fund will make sufficient distributions in order that the Fund will not be liable to pay income tax in respect of that year.

In determining its income for tax purposes, the Fund will treat option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out options as capital gains or capital losses, as the case may be, in accordance with its understanding of CRA's published administrative policies and assessing practices. Gains or losses realized upon the disposition of securities upon exercise of a call option will be treated as capital gains or capital losses. If, contrary to the CRA's published administrative practice, some or all of the transactions undertaken by the Fund in respect of options and securities were treated as income rather than capital gains, the Fund could be liable to pay income tax on such amounts and after-tax returns to holders of Units could be reduced.

Investment Eligibility

There can be no assurance that Units will continue to be qualified investments for Tax Deferred Plans under the Tax Act. The Tax Act imposes penalties on such plans for the acquisition or holding of non-qualified investments.

Low Rated or Unrated Debt Obligations

A portion of the Fund's portfolio may consist of instruments that have a credit quality rated below investment grade by internationally recognized credit rating organizations or may be unrated. These securities involve significant risk exposure as there is uncertainty regarding the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Low rated and unrated debt instruments generally offer a higher current yield than that available from higher grade issuers, but typically involve greater risk.

Conflicts of Interest

The Manager may be subject to various conflicts of interest due to the fact that the Manager and its advisors are engaged in a wide variety of management, advisory and other business activities unrelated to the Fund's business (some of which may compete with the Fund's investment activities). The Manager's investment decisions for the Fund will be made independently of those made for the other clients of the Manager and its advisors and independently of its own investments. However, on occasion, the Manager may make the same investment for the Fund and one or more of its other clients or clients of its advisors. Where the Fund and one or more of the other clients of the Manager or its advisors are engaged in the purchase or sale of the same security, the transaction will be effected on what the Manager considers to be a fair basis. The Manager will allocate opportunities to make and dispose of investments fairly among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the Fund and the other funds under common management and such other factors as the Manager considers relevant in the circumstances. The Incentive Fee may result in substantially higher payments to the Manager than alternative compensatory arrangements to managers of other types of investment vehicles, although the Manager believes its compensation arrangements are comparable to those of other investment managers for similar vehicles compensated on the basis of performance.

Use of a Prime Broker to Hold Assets

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

Broad Authority of the Manager

The Declaration of Trust and Management Agreement give the Manager broad discretion over the conduct of the Fund's business, selection of the specific companies in which the Fund invests and over the types of transactions in which the Fund engages.

Multiple Series of Units

Units are available in more than one series. If the Fund cannot pay the expenses of one series of Units using its proportionate share of the Fund's assets, the Fund will be required to pay those expenses out of the other series' proportionate share of the Fund's assets. This may lower the investment returns of the other series of Units.

U.S. Withholding Tax Risk

Generally, the Foreign Account Tax Compliance Act (“FATCA”) provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 impose a 30% withholding tax on “withholdable payments” made to a mutual fund, unless the mutual fund enters into a FATCA agreement with the U.S. Internal Revenue Service (the “IRS”) (or is subject to an intergovernmental agreement as described below) to comply with certain information reporting and other requirements. Compliance with FATCA will in certain cases require a mutual fund to obtain certain information from certain investors and (where applicable) their beneficial owners (including information regarding their identity, residency and citizenship) and to report such information, including account balances to the CRA.

Under the terms of the intergovernmental agreement between Canada and the U.S. to provide for the implementation of FATCA (the "Canada-U.S. IGA"), and its implementing provisions under the Tax Act, the Fund is treated as complying with FATCA and not subject to the 30% withholding tax if the Fund complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Fund will not have to enter into an individual FATCA agreement with the IRS but the Fund is required to register with the IRS and to report certain information on accounts held by U.S. Persons owning, directly or indirectly, an interest in the Fund, or held by certain other persons or entities. In addition, the Fund is required to report certain information on accounts held by investors that did not provide the required residency and identity information, through the dealer, to the Fund. The Fund will not have to provide information directly to the IRS but instead will report information to the CRA. The CRA will in turn exchange information with the IRS under the existing provisions of the Canada-U.S. Income Tax Convention. The Canada-U.S. IGA sets out specific accounts that are exempt from being reported, including certain tax deferred plans. By investing in the Fund, the investor is deemed to consent to the Fund disclosing such information to the CRA. If the Fund is unable to comply with any of its obligations under the Canada-U.S. IGA, the imposition of the 30% U.S. withholding tax may affect the Net Asset Value of the Fund and may result in reduced investment returns to Unitholders. It is possible that the administrative costs arising from compliance with FATCA and/or the Canada-U.S. IGA and future guidance may also cause an increase in the operating expenses of the Fund.

Withholdable payments include certain U.S. source income (such as interest, dividends and other passive income) and are subject to withholding tax on or after July 1, 2014. The IRS may, at a future date, impose a 30% withholding tax on gross proceeds from the sale or disposition of property that can produce U.S. interest or dividends and on "foreign passthru payments" but these regulations have yet to be determined.

The foregoing rules and requirements may be modified by future amendments of the Canada-U.S. IGA, and its implementation provisions under the Tax Act, future U.S. Treasury regulations, and other guidance.

Unitholder Liability and Investment Trust Risk

The Fund may invest in investment trusts including, real estate investment trusts and closed-end funds, which are investment vehicles that may be in the form of trusts, rather than corporations. To the extent that claims, whether in contract, in tort or as a result of tax or statutory liability, are not satisfied by the trust, investors in the trust, including the Fund if it has invested in such investment trust, could be held liable for such obligations. Investment trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that provide that the obligations of the trust will not be binding on investors. However, investors in investment trusts, which may include the Fund, could still have exposure to damage claims that are not mitigated contractually such as personal injury and environmental claims.

Certain jurisdictions have enacted legislation to protect investors in investment trusts from the possibility of such liability. Investors in most Canadian investment trusts have been placed on the same footing as shareholders of Canadian corporations which receive the protection of statutorily mandated limited liability in several provincial jurisdictions. However, the extent to which the Fund remains at risk for the obligations of investment trusts ultimately depends on the local laws of the jurisdictions applicable to the investment trusts in which the Fund invests.

Certain publicly traded income trusts and partnerships are required to pay tax on distributions to their securityholders, thereby reducing the amount available for distributions to such securityholders, including to any of the Funds that hold such securities. No assurance may be given that further review of the tax treatment of investment trusts and other flow-through entities will not be undertaken or that Canadian federal or provincial income tax law respecting investment trusts and other flow-through entities will not be changed in a manner that adversely affects the Fund and its securityholders.

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the investment obligations, affairs or assets of the Fund and all such persons shall look solely to the Fund's assets for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's assets only shall be subject to levy or execution. Notwithstanding the foregoing statement in the Declaration of Trust, because of uncertainties in the law relating to trusts such as the Fund, there is a risk that a Unitholder could be held personally liable for obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. Certain jurisdictions have enacted legislation to protect Unitholders from the possibility of such liability. Pursuant to the Management Agreement and the agreement entered into with the prime broker, no recourse or satisfaction may be sought by the Manager or the prime broker from the private property of the Trustee or any of the Unitholders, or any employee or agent of the Fund, but the property of the Fund or a specific portion thereof only shall be bound, for any breach of the obligation of the Fund. The Manager will seek to have any agreements entered into on behalf of the Fund to include a similar express disavowal of liability of Unitholders. In the event that a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

MANAGEMENT OF THE FUND

The Manager

1832 Asset Management L.P., whose registered office is located at Dynamic Funds Tower, 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9, has been appointed to act as manager of the Fund pursuant to the Management Agreement.

The general partner of the Manager, 1832 Asset Management G.P. Inc., is wholly owned by The Bank of Nova Scotia. The Bank of Nova Scotia also, owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, and Scotia Capital Inc., an investment dealer.

The Manager is responsible for the overall business of the Fund, including managing the Fund's investment portfolio. The Manager may seek the advice of outside advisors as required and selected from time to time. The Manager is responsible for all investment advice provided to the

Fund. The Manager also acts as the Trustee of the Fund and the registrar and transfer agent of the Units of the Fund.

The Manager offers investment management services through comprehensive in-house securities services and personnel within a professional working environment. The Manager emphasizes a disciplined approach to securities selection and provides multi-styled investment management. In performing its duties as Manager of the Fund, the Manager may utilize the services of one or more outside advisors in order to diversify the investment style and modify the risk of the portfolio.

The Management Agreement

The Fund is managed by the Manager pursuant to the Management Agreement. The Management Agreement may be terminated by the Trustee with the consent of Unitholders by 90 days' written notice to the Manager in the event of the commission by the Manager of fraud, failure to perform its duties or if the Manager becomes bankrupt or is insolvent. The Management Agreement may be assigned by the Manager upon 90 days' notice to Unitholders (or without notice in the case of an assignment to an affiliate of the Manager), and the Manager may resign on 90 days' notice. In the event that the Manager resigns, the Trustee will call a meeting of Unitholders to appoint a new manager and the Trustee may nominate a person to assume the duties of the Manager. If no new manager is appointed, the Fund will be terminated. The Management Agreement, unless terminated as described above, will continue in effect until the termination of the Fund.

The services of the Manager under the Management Agreement are not exclusive, and nothing in the Management Agreement will prevent the Manager or any affiliate thereof from providing similar services to other investment funds and other clients (whether their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. See "Risk Factors - Conflicts of Interest" and "Broad Authority of the Manager".

The Trustee

1832 Asset Management L.P. acts as the trustee of the Fund pursuant to the provisions of the Declaration of Trust.

The Trustee may assign or delegate the performance of any of the trusts and powers vested in it under the Declaration of Trust. The Trustee or any successor appointed pursuant to the terms of the Declaration of Trust may resign upon 90 days' written notice to Unitholders during which period the Manager shall use its best efforts to arrange for a successor trustee. If the Manager is unable to arrange for a successor trustee, Unitholders may appoint a successor to the Trustee at a meeting called to obtain their consent. If no successor trustee is appointed, the Fund will be terminated.

The Declaration of Trust provides that the Trustee has a right of indemnification in carrying out its duties under the Declaration of Trust except in cases of willful misconduct, bad faith or negligence or in cases where the Trustee fails to act honestly and in good faith with a view to the best interests of Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Declaration of Trust contains provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Independent Review Committee

In accordance with the conditions of the exemptive relief obtained by the Fund from the Canadian securities regulatory authorities to engage in inter-fund trading, which would otherwise be prohibited under various applicable securities legislation, the IRC for the Fund and the other investment funds managed by the Manager must approve the inter-fund trades in accordance with the approval requirements of NI 81-107. See "Investment Objective, Strategies and Restrictions - Inter-Fund Trading".

As such, the Manager has established the IRC for the Fund in accordance with the requirements of NI 81-107 with a mandate to review and provide recommendations or approval, as required, on inter-fund trades referred to it by the Manager on behalf of the Fund.

The IRC has five members, Carol S. Perry (Chair), Stephen Griggs, Simon Hitzig, Heather Hunter and Jennifer L. Witterick, each of whom is independent of the Manager.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. The main components of compensation are an annual retainer and a fee for each committee meeting attended. The chair of the IRC is entitled to an additional fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses. See "Interests of Directors, Management, Promoters and Principal Holders".

FEES AND EXPENSES

Management Fee

For providing its services pursuant to the Management Agreement, the Fund pays a management fee to the Manager which is calculated as an annual percentage of the Net Asset Value of each series of Units and is calculated and paid monthly, based on the average of the weekly Net Asset Values of the Fund during the month. The annual management fee is 2.25% in respect of Series A Units, Series H and Series T Units and 1.25% in respect of Series F Units, Series FH Units and Series FT Units. The Manager collects the annual management fee directly from the Fund, not from individual investors.

In order to encourage very large investments in the Fund and to achieve effective management fees that are competitive for these large investments, the Manager may agree to waive a portion of the Management Fee that it would otherwise be entitled to receive from the Fund with respect to a Unitholder's investment in the Fund. An amount equal to the amount so waived may be distributed to such Unitholder by the Fund (a "Management Fee Distribution"). In this way, the cost of Management Fee Distributions are effectively borne by the Manager, not the Fund, as the Unitholder is paying a discounted Management Fee. Management Fee Distributions in respect of the Fund, where applicable, are calculated and credited to the relevant Unitholder on each Valuation Day and distributed on a regular basis, first out of net income and net realized capital gains of the Fund and thereafter out of capital. All Management Fee Distributions of the Fund will be automatically reinvested in additional Units of the same series at their Net Asset Value per Unit on the date of distribution. The payment of Management Fee Distributions by the Fund, to a Unitholder in respect of a large investment is fully negotiable between the Manager, as agent for the Fund, and the Unitholder's financial advisor and/or dealer, and is primarily based on the size of the investment in the Fund. The Manager will confirm in writing to the Unitholder's financial advisor and/or dealer the details of any Management Fee Distribution arrangement.

As a result of the Unitholder paying a discounted management fee to the Manager in connection with a Management Fee Distribution, there will be fewer expenses to offset income from the Fund. The excess amount of income will be distributed solely to the particular Unitholder by the Fund and other Unitholders will not be affected.

Incentive Fee

The Fund is required to pay to the Manager the annual Incentive Fee equal to (a) 20% of the amount by which the Net Asset Value per Unit on the last Valuation Day of such calendar year (before giving effect to any distributions by the Fund since the High Water Mark and adjusted to exclude the accrual of the incentive fee during the calendar year) exceeds 103% of the High Water Mark, multiplied by (b) the average number of Units of that series outstanding during such calendar year. Incentive Fees are estimated and accrued during the calendar year such that the Net Asset Value per Unit reflects such accrual. A separate Incentive Fee is calculated for each series of Units offered by the Fund. The Incentive Fee shall be accrued and adjusted weekly and shall be payable within 30 days after the calendar year-end. The Incentive Fee in respect of Series H Units and Series FH Units is calculated in U.S. dollars.

Administration Fees and Expenses

The Fund pays all of the fees and expenses relating to its operation, including legal and audit fees and expenses, taxes, brokerage commissions, interest, operating and administrative costs and expenses (other than dealer compensation programs and any advertising, marketing, sponsorship and promotional costs and expenses which are the responsibility of the Manager), custody and safekeeping charges, expenses relating to the issue and redemption of Units (other than deferred sales charges that are payable by the Unitholder to the Manager), providing financial and other reports to Unitholders, convening and conducting meetings of Unitholders, the qualification for sale of Units and complying with all applicable laws, regulations and policies. The Fund is generally required to pay federal goods and services tax ("GST"), harmonized sales tax ("HST"), provincial retail sales taxes and any similar taxes ("Sales Taxes"), as applicable, on the management fee and most administration fees and expenses which it pays. Fees and expenses charged to the Fund are contained in its annual financial statements.

The Fund is required to pay GST or HST on management fees payable to the Manager in respect of each series of Units, on Incentive Fees payable to the Manager in respect of each series of Units and on operating expenses attributed to each series of Units based on the residence for tax purposes of the Unitholders of the particular series. Accordingly, it is expected that the management expense ratio of those series with Unitholders in provinces that have adopted the HST will be greater than for other series as a result of the application of HST on management fees, Incentive Fees and operating expenses.

The Manager may from time to time pay for certain operating expenses of the Fund to maintain the Fund's management expense ratio at a competitive level. The management expense ratio is the fees and operating expenses paid by the Fund (including Sales Taxes) expressed as a percentage of its average net assets during the year.

INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

Compensation and Securities Held

There are no directors or officers of the Fund. The Fund pays the Manager a management fee and an Incentive Fee. See "Fees and Expenses".

For the year ended December 31, 2018, the Trustee did not receive any remuneration in its capacity as such.

For the year ended December 31, 2018, members of the IRC received in their capacity as members of the IRC annual fees and meeting fees, of which $1,264 was allocated to the Fund, along with nominal amounts as reimbursement for expenses in connection with performing their services and duties for the Fund.

As at the date of this Confidential Offering Memorandum, each member of the IRC receives an annual retainer of $50,000 ($65,000 for the Chair) and $1,500 for each meeting of the IRC (includes meetings by conference call) that the member attends, plus expenses for each meeting. The fees and expenses, plus associated legal costs, are allocated among all of the funds managed by the Manager for which the IRC acts as an independent review committee, which includes the Fund, in a manner that is considered by the Manager to be fair and reasonable. See "Management of the Fund".

Management Experience

Directors and Executive Officers of the General Partner of the Manager

The Board of Directors of the General Partner currently consists of seven members.

Directors are appointed to serve on the Board of Directors of the General Partner until such time as they retire or are removed and their successors are appointed. The directors and executive officers of the General Partner collectively have extensive experience in the analysis and understanding of the risks associated with many of the businesses underlying the securities that may comprise the Fund's investments. The Manager will draw upon this experience when necessary in analyzing potential investments for the Fund.

The names, municipalities of residence, offices and principal occupations during the past five years for each of the directors and executive officers of the General Partner are as follows:

Name and Municipality of Residence	Positions Held with the General Partner	Principal Occupation
Glen Gowland Toronto, Ontario	Chairman of the Board, President and Director	President, the Manager Executive Vice President, Global Wealth Management, Scotiabank
Anil Mohan Toronto, Ontario	Chief Financial Officer and Director	Chief Financial Officer, the Manager Vice President, Business Analysis & Planning, Scotiabank
Craig Gilchrist Toronto, Ontario	Director	Managing Director & Vice President Chief Investment Officer, Scotia Wealth Management, Scotiabank
Erin Griffiths Toronto, Ontario	Director	Managing Director, Global Online Brokerage, Scotiabank
Jim Morris Caledon, Ontario	Director	Chief Operating Officer, the Manager
John Pereira Richmond Hill, Ontario	Director	Senior Vice President and Chief Operating Officer, Asset Management, Scotiabank
Anna Tung Toronto, Ontario	Director	Vice President, Risk Management, Controls & Data Analysis, Scotiabank
Gregory Joseph Grimsby, Ontario	Controller	Director, Global Asset Management Finance, Scotiabank
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

Executive Officers of the Manager

The names and municipalities of residence of the executive officers of the Manager, their principal occupations over the past five years, and the positions and offices held with the Manager are as follows:

Name and Municipality of Residence	Positions Held with the Manager	Principal Occupation
Glen Gowland Brampton, Ontario	President	President, the Manager Executive Vice President, Global Wealth Management, Scotiabank
Anil Mohan Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, the Manager Vice President, Business Analysis & Planning, Scotiabank
Bruno Carchidi Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer, the Manager Vice President, Compliance, Scotiabank
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

Penalties, Sanctions and Bankruptcies

To the Manager's knowledge, there are no penalties, sanctions, declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation or proceedings, arrangements or compromises with creditors, appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last ten years against or in connection with any of the directors, senior officers or control persons of the Fund or the Manager or any issuer of which any director, senior officer or control person of the Fund or the Manager was a director, senior officer or control person.

Loans

There are no loans or debentures due from the Fund to the directors, management, promoters and principal holders of the Fund or due from directors, management, promoters and principal holders of the Fund to the Fund.

UNITS OF THE FUND

An investment in the Fund is represented by Units, each of which represents an undivided interest in the net assets of the Fund. Each Unit is entitled to one vote at meetings of Unitholders of the Fund and to participate in distributions made by the Fund and, on liquidation, the net assets.

The Fund is authorized to issue an unlimited number of Units in one or more series. The Fund currently issues Series A Units, Series F Units, Series FH Units, Series FT Units, Series H Units and Series T Units. The Fund may issue additional series of Units in the future. Each series of Units ranks equally with all other series of Units in the payment of distributions (other than Management Fee Distributions). A series of Units will generally be entitled to the portion of a distribution equal to that series' proportionate share of the adjusted net income of the Fund, less expenses of the Fund attributable to that series (including Incentive Fees and, in the case of Series H and Series FH Units, the costs relating to the U.S. currency hedging for the series) and less Management Fee Distributions of that series. Adjusted net income is the Fund's net income adjusted for series expenses. As a result, the amount of distributions for one series of Units will likely be different than the amount of distributions for another Series of Units. All distributions of the Fund will be automatically reinvested, without charge, in additional Units of the same series at their Net Asset Value per Unit on the date of distribution unless the Unitholder otherwise directs in writing.

All Units are fully paid and non-assessable when issued upon receipt of the full consideration for which they are to be issued and are not subject to further call or assessment and no pre-emptive rights attach to them. Units are not transferable on the register of the Fund. The Trustee may at any time subdivide or consolidate any series of Units. Additionally, from time to time and provided that the Unitholder fulfills the criteria established by the Manager for purchasing a particular series of Units, the Manager may consolidate the different series of Units of the Fund into one series of Units as described below under "Investing in the Fund – Reclassification of Units".

The rights of Unitholders of the Fund are contained in the Declaration of Trust. The provisions or rights attaching to the Units and the other terms of the Declaration of Trust applicable to the Fund may be modified, amended or varied but only for the purposes and in the manner described in the Declaration of Trust. Unitholders can terminate their investment in the Fund by redeeming each Unit at its Net Asset Value per Unit, subject to the Manager's right to suspend the right of redemption.

Fractions of Units may be issued. Fractional Units carry the rights and privileges and are subject to the restrictions and conditions applicable to whole Units in the proportions which they bear to one Unit, provided that any holder entitled to a fractional Unit is not entitled to vote in respect of the fractional Unit. See "Redemption of Units".

The Fund maintains a book-based system of Unit registration and, accordingly, does not issue certificates.

CAPITAL STRUCTURE

Share Capital

As at February 12, 2019, the number of outstanding Units of the Fund was as set out below:

Description of Security	Number Authorized to be Issued	Number outstanding as at February 12, 2019 (2)
Units(1):		
Series A Units	Unlimited	7,237,017
Series F Units	Unlimited	32,771,614
Series FH Units	Unlimited	3,046,127
Series FT Units	Unlimited	3,144,052
Series H Units	Unlimited	388,348
Series T Units	Unlimited	264,495

Long-Term Debt

As at February 12, 2019, the Fund had no long-term debt.

Prior Sales

From February 13, 2018 to February 12, 2019.

Series of Units	Number of Securities Issued	Average Price per Security (1)(3)	Total Fund Received (2)(3)
Series A Units	412,050	$6.87	$2,829,666.12
Series F Units	5,831,646	$9.14	$53,280,394.87
Series FH Units	374,630	$8.34	$3,123,479.30
Series FT Units	1,520,308	$9.93	$15,091,120.00
Series H Units	-	-	-
Series T Units	21,293	$9.35	$199,162.08

Notes:

(1) The attributes and characteristics of each series of Units is set forth under the heading "Units of the Fund".

(2) As at February 12, 2019, the issued and outstanding series of Units had the following Net Asset Values: Series A Units: $9.99 per Unit; Series F Units: $9.32 per Unit; Series FH Units: USD$6.44 per Unit; Series FT Units: $9.86 per Unit; Series H Units: USD$6.02 per Unit and Series T Units: $9.39 per Unit.

(3) The figures for Total Funds Received and Average Price Per Security in the table above for Series H and Series FH Units are reflected in Canadian dollar equivalents.

INVESTING IN THE FUND

Series A Units, Series F Units, Series FH Units, Series FT Units, Series H Units and Series T Units are offered on a continuous basis to investors resident in all provinces and territories of Canada pursuant to exemptions from the prospectus requirements of applicable securities legislation. Each series of Units is intended for different kinds of investors. All series of Units of the Fund, other than Series H Units and Series FH Units, are valued and may be bought in Canadian dollars. Series A and Series F Units are no longer available for purchase in U.S dollars. Series H Units and Series FH Units may only be purchased in U.S. dollars.

Series A Units, Series H Units and Series T Units are available to all investors and must be purchased using either the Front-End Sales Charge Option or a Deferred Sales Charge Option. At the time of purchasing Series A Units, Series H Units or Series T Units, each investor must select whether such Series A Units, Series H Units or Series T Units will be purchased subject to a Front-End Sales Charge or subject to a Deferred Sales Charge.

Series A Units are available to all investors. Series H Units are intended for investors who wish to purchase the Fund in U.S. dollars. Series T Units are intended for investors seeking stable monthly distributions. Series F Units have generally the same attributes as Series A Units but they are usually only available to investors who participate in an eligible fee-based or wrap program with their Dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. Series FH Units and Series FT Units are generally only available to investors who participate in an eligible fee-based or wrap program with their Dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. Series FH Units are intended for investors who wish to purchase the Fund in U.S. dollars. Series FT Units are intended for investors seeking stable monthly distributions. The Manager is able to reduce its management fee rate on Series F Units, Series FH Units and Series FT Units because the Manager's costs are lower and because investors who purchase Series F Units, Series FH Units and Series FT Units will usually have entered into a separate agreement to pay fees to their Dealer for their individual investment program.

Series H Units and Series FH Units are available for purchase in U.S. dollars only. The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series H and Series FH Units and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies such that the performance and return of Series H Units and Series FH Units are expected to be substantially the same as those of Series A Units and Series F Units, respectively however, there may be factors beyond the Fund’s control such as derivative transaction costs and Incentive Fees which may cause there to be differences in the performance of such Series. As such, Series H Units and Series FH Units are intended for investors who wish to purchase the Fund, which is a Canadian denominated fund, in U.S. currency but wish to minimize fluctuations between the U.S. and Canadian currencies. Series H Units and Series FH Units will be substantially hedged using derivative instruments such as foreign currency forward contracts. Although, there may be circumstances where the Fund may not be able to fully hedge at all times its Canadian exposure back to U.S. dollars in respect of Series H Units and Series FH Units.

Orders for subscriptions can be placed at any time through Dealers qualified in the province or territory of purchase. However, Units are issued only once a week on the Valuation Day. All orders for subscriptions which are received and accepted by the Manager during the week prior to 4:00 p.m. (Toronto time) on a Valuation Day will be implemented at the Net Asset Value per Unit as of that Valuation Day. Orders for subscriptions received and accepted on or after 4:00 p.m. (Toronto time) on a Valuation Day will be implemented at the Net Asset Value per Unit as of the next Valuation Day. See "Portfolio Valuation and Net Asset Value". The Manager reserves the right to accept or reject orders for subscriptions, to change the minimum amounts for investments in the Fund and to discontinue the offering of any series of Units at any time and from time to time. The Manager may end or restrict purchases under a Deferred Sales Charge Option at any time. Any monies received with a rejected order for subscriptions will be refunded immediately, without interest.

This offering of Units is not subject to any minimum subscription level and therefore any funds received from an investor are available to the Fund and need not be refunded to the investor. Units may be redeemed upon written request based on the Net Asset Value per Unit less any applicable Deferred Sales Charge as described under "Redemption of Units".

Investors

Any investor acceptable to the Manager may subscribe for and purchase Units in the Fund. Investors must purchase as principal (or be deemed under applicable securities legislation to be purchasing as principal), both in respect of initial investments and additional investments. There is no minimum or maximum number of Units offered or minimum or maximum proceeds from the sale of Units.

Purchase of Units

Investors may purchase Units through Dealers. Dealers will send orders to the Manager at its principal office on the day such orders are placed by courier, priority post or telecommunications facilities without charge to the investor. Investors who wish to subscribe for Units must complete, execute and deliver the Subscription Agreement to a Dealer, together with a cheque or bank draft in an amount equal to the purchase price (together, if applicable, with the amount of any commission payable by the investor to the Dealer). Series A Units, Series H Units and Series T Units must be purchased using either a Front-End Sales Charge Option or a Deferred Sales Charge Option. Series A and Series F Units may no longer be purchased in U.S. dollars. Series H Units and Series FH Units may only be purchased in U.S. dollars. No financing of the subscription price will be provided by the Manager.

Each prospective and qualified investor who desires to subscribe for Units must:

(a) fully and properly complete and sign the form of Subscription Agreement specifying the number and the series of Units being subscribed for;

(b) if the subscriber is resident in British Columbia, or Newfoundland and Labrador, is not an Accredited Investor, and does not qualify for the Minimum Amount

Exemption, complete and sign two copies of the Form 45-106F4 – *Risk Acknowledgement*;

(c) through their Dealer, deliver to the Manager, in trust, a cheque or bank draft for the subscription price payable for the Units subscribed for, made payable to "1832 Asset Management L.P, in trust" (all such funds will be transferred to a Fund account on closing.)

The Manager reserves the right to accept or reject subscription orders, provided that any decision to reject a subscription order must be made promptly and, in any event, will be made within two (2) Business Days of receipt of the subscription order by the Manager. In the case of rejection, any monies received with the subscription order will be immediately refunded, without interest.

The aforementioned cash amounts, Subscription Agreements and other documents will be held in trust and released upon closing. No interest will be paid on such amounts. Where required pursuant to NI 45-106 the subscription amount will be held in trust until 48 hours after receipt by the investor of the purchase confirmation. Closings will occur on a continuous basis.

By purchasing Units, each investor is deemed to have acknowledged and agreed that:

(a) the investor, and, if applicable, each beneficial purchaser for whom the investor is acting, (i) is resident in a province or territory of Canada and all actions taken by the investor in connection with purchasing Units have occurred solely in such province or territory, (ii) will forthwith advise the Manager of any change in the residency status of the investor and, if applicable, each beneficial purchaser for whom the investor is acting, and (iii) is not resident in any other jurisdiction for tax purposes;

(b) the investor is not a "U.S. Person" (as defined in Regulation S, Rule 902(K) under the United States Securities Act of 1933, as amended, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not purchasing the Units on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person.

Failure to continue to meet the criteria set out above may result in the Manager requiring a Unitholder to redeem its, his or her Units.

Purchase Price

The purchase price of a Unit is an amount equal to its Net Asset Value per Unit. The Net Asset Value per Unit for subscription orders which are received and accepted by the Manager prior to 4:00 p.m. (Toronto time) on a Valuation Day will be calculated as of that Valuation Day. The Net Asset Value per Unit for subscription orders received and accepted on or after 4:00 p.m. (Toronto time) on a Valuation Day will be calculated on the next Valuation Day. See "Portfolio Valuation and Net Asset Value".

Following each purchase of Units, Unitholders will receive a written confirmation either from the Manager or their Dealer indicating details of the purchase transaction including the dollar amount of the purchase order, the Net Asset Value per Unit and the number of Units held by the Unitholder.

Qualified Investors

The Manager is offering for sale an unlimited number of Units on a continuous basis in each of the provinces and territories of Canada by way of private placement pursuant to the exemptions described below from the prospectus requirements afforded by NI 45-106.

In the event applicable securities legislation, regulations or rules change in the future such that one or more of the exemptions described below are no longer available, the Fund will cease offering Units pursuant to such exemptions, but may continue offering Units to investors pursuant to other exemptions which are or remain available.

Minimum Amount Exemption

An investor resident in any province or territory of Canada will qualify under the Minimum Amount Exemption if the investor qualifies under that exemption as defined in NI 45-106, which includes purchasing as principal, not being a natural person and investing not less than $150,000.

Accredited Investor Exemption

An investor resident in any of the provinces or territories of Canada will qualify as an Accredited Investor if he or she satisfies certain criteria under NI 45-106. Among others, the following investors generally will qualify as Accredited Investors:

(a) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $1,000,000;

(b) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $5,000,000;

(c) an individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

(d) an individual who, either alone or with a spouse, has net assets of at least $5,000,000;

(e) a person (other than an individual or investment fund) that has net assets of at least $5,000,000 as shown on its most recently prepared financial statements provided such person has not been created solely to purchase or hold the Units being purchased; and

(f) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,

and for such purposes:

(i) "financial assets" generally means cash and securities; and

(ii) "related liabilities" means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or liabilities that are secured by financial assets.

Each investor should refer to the more detailed representations, warranties and certifications contained in the Subscription Agreement which accompanies this Confidential Offering Memorandum to determine whether he or she qualifies as an Accredited Investor. For certain categories of “accredited investor” the investor, if a natural person, must sign a Form 45-106F9 – *Risk Acknowledgement*.

Offering Memorandum Exemption

An investor resident in the Provinces of British Columbia or Newfoundland and Labrador will qualify under the Offering Memorandum Exemption pursuant to NI 45-106 if purchasing as principal and if the investor receives a copy of this Confidential Offering Memorandum and signs the Subscription Agreement as well as the risk acknowledgement in the prescribed form of Form 45-106F4 – *Risk Acknowledgement*.

Initial Minimum and Additional Investments

The net amount (after deduction of any commissions) of each initial investment by an investor who qualifies under the Accredited Investor Exemption or under the Offering Memorandum Exemption must be not less than the amount specified by the Manager which is currently $5,000. The minimum aggregate subscription price is waived for purchases of Series F, Series FH and Series FT units by fully managed accounts. TheThe Manager reserves the right to change the minimum amounts for initial investments in the Fund at any time, from time to time, and on a case-by-case basis, subject to regulatory requirements.

Each additional investment by an investor, other than a purchase of Series F, Series FH or Series FT units by a fully managed account, must be not less than the amount specified by the Manager which is currently $5,000.

For Accredited Investors in addition to the requirement that each additional investment be for an amount not less than $5,000, the Manager requires that immediately following the additional investment the Accredited Investor will hold Units with an aggregate acquisition cost or Net Asset Value of not less than the amount specified by the Manager which currently is $5,000.

For investors that qualify under the Minimum Amount Exemption in addition to the requirement that each additional investment be for an amount not less than $5,000, the investor must have previously purchased and continue to hold Units of the same series with an aggregate acquisition cost or current Net Asset Value of not less than $150,000. Otherwise, the additional investment will be subject to the requirements described above for initial investments.

The Manager reserves the right to change the minimum amounts for additional investments in the Fund at any time, from time to time, and on a case-by-case basis, subject to regulatory requirements.

Purchases Under the Front-End Sales Charge Option

The Front-End Sales Charge for purchasing Series A, Series H and Series T Units is negotiated between investors and their Dealers. Investors pay this charge directly to their Dealer. The Front-End Sales Charge of up to 5% will be deducted as a percentage of the amount subscribed (up to 5.3% of the net amount invested). For initial investments, the net amount (after deduction of the Front-End Sales Charge) must be not less than the minimum amount specified above. No Front-End Sales Charge is payable for purchasing Series F Units, Series FH Units or Series FT Units.

Purchases Under a Deferred Sales Charge Option

Under a Deferred Sales Charge Option, the entire amount of an investor's subscription is applied to the purchase of Series A, Series H and Series T Units at a price per Unit equal to its Net Asset Value per Unit, as described under "Purchase of Units", without deduction of a sales charge.

An investor will pay the Deferred Sales Charge to the Manager when redeeming Series A, Series H or Series T Units only if the redemption of Series A, Series H and Series T Units occurs within a certain number of years after the purchase date. The Deferred Sales Charge is a percentage of the redemption price of the Series A, Series H or Series T Units, as applicable, redeemed and is paid by the investor to the Manager. Any Deferred Sales Charge that is payable by the investor to the Manager will be deducted from the redemption proceeds. There are two Deferred Sales Charge Options: the Low Load Sales Charge Option and the Low Load 2 Sales Charge Option. The Low Load 2 Sales Charge Option is not available for Series H Units.

Under the Low Load Sales Charge Option, the Deferred Sales Charge percentage is 3% and declines to nil after the third year after purchase. Under the Low Load 2 Sales Charge Option, the Deferred Sales Charge percentage is 2% and declines to nil after the second year after purchase, as illustrated below:

If Redeemed During the Following Period After Purchase	Low Load Sales Charge Percentage
During the first 18 months	3.0%
Between 19 and 36 months	2.0%
Thereafter	NIL

If Redeemed During the Following Period After Purchase	Low Load 2 Sales Charge Percentage
During the first 24 months	2.0%
Thereafter	NIL

The Deferred Sales Charge Option may be modified or cancelled by the Manager at any time. No Deferred Sales Charge is payable by the investor to the Manager for redeeming Series F Units, Series FH or Series FT Units.

The Manager will pay to the investor's Dealer a selling commission on the total monies invested in the Fund equal to 3% for Series A, Series H or Series T Units purchased under the Low Load Sales Charge Option and 1% for Series A or Series T Units purchased under the Low Load 2 Sales Charge Option. No selling commission is paid for Series A, Series H or Series T Units acquired through the automatic reinvestment of distributions paid on Deferred Sales Charge Units.

In order to facilitate emergency requirements, each calendar year each Unitholder may withdraw a maximum of 10% of his or her investment in Series A or Series T Units which the Unitholder acquired under the Low Load 2 Sales Charge Option without paying the Deferred Sales Charge.

Each Unitholder's annual entitlement is equal to:

- 10% of the number of Series A or Series T Units that the Unitholder held on December 31 of the previous year that the Unitholder acquired under the Low Load 2 Sales Charge Option, **plus**

- 10% of the number of Series A or Series T Units that the Unitholder acquired during the current calendar year under the Low Load 2 Sales Charge Option, **less**

- the number of Series A or Series T Units that the Unitholder would have received during the current calendar year if the Unitholder had automatically reinvested any cash distributions that the Unitholder received from the Fund during the current calendar year.

If through redeeming Series A or Series T Units which are no longer subject to the Low Load 2 Sales Charge (including Series A or Series T Units that the Unitholder received as a result of the automatic reinvestment of distributions by the Fund) the Unitholder is unable to reach his or her annual entitlement, the Manager will permit the Unitholder to redeem more Series A or Series T Units without paying the Low Load 2 Sales Charge so that the Unitholder can reach his or her 10% annual entitlement. In providing this "free redemption" entitlement, Series A and Series T Units which are subject to the smallest Low Load 2 Sales Charge will be the first Series A and Series T Units redeemed.

The Manager may change or discontinue the "free redemption" entitlement at any time without notice and in any single instance. Holders of Series F Units, Series FH Units, Series FT Units and Series H Units are not entitled to this "free redemption" treatment as those series cannot be purchased under the Low Load 2 Sales Charge Option.

Series A, Series H and Series T Units purchased under the Low Load Sales Charge Option are not eligible for this "free redemption" treatment. The Manager may change or discontinue the "free redemption" entitlement at any time without notice and in any single instance. Holders of Series F Units, Series FH Units or Series FT Units are not entitled to this "free redemption" treatment as no Deferred Sales Charges apply to Series F Units, Series FH Units or Series FT Units.

Reclassification of Units

Switching between different series of Units is called a reclassification. Unitholders may reclassify their Units of one series for another series of Units at any time provided they meet the criteria established by the Manager for purchasing such other series of Units. A Unitholder who purchased Series A, Series H or Series T Units on a Deferred Sales Charge basis (i) will be subject to the same deferred sales charge as if you are continuing to hold the original series of Units if you reclassify those Units for Series A, Series H or Series T Units, as applicable, and (ii) will have to pay to the Manager a reclassification fee in an amount equal to the Deferred Sales Charge at the time of such reclassification to Series F Units, Series FH Units or Series FT Units.

If a Unitholder ceases to satisfy the criteria for holding Series F, Series FH or Series FT Units, the Manager may reclassify such series of Units held as Series A, Series H or Series T Units, respectively, on the Front-End Sales Charge Option (no commission) basis.

A reclassification between series of Units (other than those reclassifications described in the following sentence) will generally not be considered a disposition for tax purposes and, in that case, a Unitholder will not realize a capital gain or capital loss as a result of the reclassification, provided there is no redemption of Units in order to pay any Deferred Sales Charges. Although it is not free from doubt, a reclassification from or to (i) a series of Units that employs a hedging strategy and (ii) a series of Units that either does not employ a hedging strategy or that employs a different hedging strategy may result in a disposition for tax purposes, in which case a Unitholder may realize a capital gain or loss as a result of the reclassification. See “Canadian Federal Income Tax Considerations”.

Early Redemption Fee

If a Unitholder redeems his or her Units of any series within 90 days after acquisition, the Manager may, in its sole discretion, charge an early redemption fee of up to 1% of the value of the Units tendered for redemption. This fee is in addition to any sales commission or Deferred Sales Charge payable to the Manager and is deducted from the redemption proceeds. This early redemption fee is retained by the Fund.

Securities Law Exemptions

Units are offered to investors resident in each province and territory of Canada pursuant to the Accredited Investor Exemption and the Minimum Amount Exemption. In addition, Units are also offered to investors resident in British Columbia and Newfoundland and Labrador pursuant to the Offering Memorandum Exemption.

DEALER COMPENSATION

Sales Commissions

Where purchases of Series A, Series H or Series T Units are made under the Front-End Sales Charge Option, a sales commission of up to 5% will be deducted from the subscription order and paid by the investor to the Dealer at the time of purchase. The remaining amount is invested in the Fund. Sales commissions may be negotiated between an investor and his or her Dealer.

Where purchases of Series A, Series H or Series T Units are made under a Deferred Sales Charge Option, no amount is deducted from the purchase order. However, the Manager will pay the Dealer a fixed commission of 3% on the total monies invested in the Fund under the Low Load Sales Charge Option and a fixed commission of 1% on the total monies invested in the Fund under the Low Load 2 Sales Charge Option.

No sales commissions are payable to Dealers for selling Series F Units, Series FH or Series FT Units.

Servicing Commissions

A servicing commission is a portion of the Manager's management fee shared with Dealers. The servicing commissions pay for ongoing advice and service which investors receive from Dealers so long as the investor holds Series A, Series H or Series T Units.

The Manager may pay quarterly or monthly, as the Manager may from time to time determine, in arrears, a servicing commission which is negotiated between the Manager and the Unitholder's Dealer and which could range from 0% to 100% of the Manager's management fee, to the Unitholder's Dealer for its financial advisors in respect of the aggregate assets of their clients invested in Series A, Series H or Series T Units. For Series A, Series H or Series T Units purchased under the Low Load Sales Charge Option, the Manager pays a servicing commission only after the Series A, Series H and Series T Units have been held for at least one year.

DISTRIBUTIONS

The Fund intends to distribute to Unitholders (other than for Series FT and Series T Unitholders), in respect of each taxation year, any net income and any net realized capital gains by December 31 of each year, or at such other times as may be determined by the Manager, with a view to reducing its income tax liability to nil.

Unitholders of Series FT and Series T Units will receive monthly distributions at a fixed rate. These distributions are not guaranteed and may change at any time at the Manager’s discretion. The Fund will also distribute to Series FT and Series T Unitholders, in respect of each taxation year, any net income and net realized capital gains in excess of the monthly distributions by December 31 of each year, or at such other times as may be determined by the Manager, with a view of reducing its income tax liability to nil. Monthly distributions on Series FT Units and Series T Units will consist of income and/or capital gains and/or, in certain circumstances, a return of capital.

A return of capital is not taxable, but generally will reduce the adjusted cost base of Units for tax purposes. However, if the distributions are reinvested in additional Units of the Fund, the adjusted cost base will increase by the amount reinvested. Where net reductions to the adjusted cost base of Units would result in the adjusted cost base becoming a negative amount, such amount will be treated as a capital gain and the adjusted cost base of the related Units will then be nil. Any further net reductions to the adjusted cost base will similarly be treated as realized capital gains.

All distributions of the Fund (including Management Fee Distributions) will be automatically reinvested in additional Units of the same series, without charge, at the Net Asset Value per Unit determined as of the date of distribution unless the Unitholder otherwise directs in writing. The Unitholder may, by written request, receive the distribution payment by cheque or electronic transfer. No sales charge is payable with respect to any purchase of Units made under the reinvestment program. Units acquired through the reinvestment of distributions will not be subject to the Deferred Sales Charge. Certain Management Fee Distributions may be made first out of income and capital gains (net of applicable losses) and thereafter out of capital. See "Fees and Expenses - Management Fee".

PORTFOLIO VALUATION AND NET ASSET VALUE

The Manager will determine the Net Asset Value of the Fund and of each series of Units as of every Valuation Day. The Net Asset Value of the Fund is determined in accordance with the provisions of its Declaration of Trust by valuing the assets of the Fund and deducting all its liabilities. The Net Asset Value of the Fund will be reported in Canadian or U.S. currency, as applicable. The Net Asset Value of the Fund in respect of any series of Units may also be reported in such other currencies as the Manager may from time to time determine, based on the rate or rates of exchange, as the case may be, reported by any report in common use.

The material provisions of the basis for calculating the Net Asset Value of the Fund from time to time are as follows:

(a) the value of any security which is listed on a stock exchange will be the official closing sale price or, if there is no such sale price, the average of the bid and the ask price at that time by the close of trading of the Toronto Stock Exchange (generally 4:00 p.m., Toronto time) all as reported by any report in common use or authorized as official by the stock exchange; provided that if such official closing sale price is not within the latest available bid and ask quotations on the Valuation Day, the Manager has the discretion to determine a value which the Manager considers to be fair and reasonable (the "fair value") for the security based on market quotations the Manager believes most closely reflect the fair value of the investment. The trading hours for foreign securities that trade in foreign markets may end prior to 4:00 p.m., Toronto time, and therefore not take into account, among other things, events that occur after the close of the foreign market. In these circumstances, the Manager may determine a fair value for the foreign securities which may differ from that security's most recent closing market price. These adjustments are intended to minimize the potential for market timing strategies which are largely focused on investment funds with significant holdings in foreign securities;

(b) the value of the securities of any unlisted mutual fund will be the net asset value per security on the Valuation Date or, if such date is not a valuation date of the mutual fund, the net asset value per security on the most recent valuation date for the mutual fund;

(c) the value of any security which is traded on an over-the-counter market will be the closing sale price on that day or, if there is no such sale price, the average of the bid and the ask prices at that time, all as reported by the financial press;

(d) the value of long positions and short positions in clearing corporation options is based on the mid-price and the value of long positions and short positions in debt-like securities and warrants that are traded on a stock exchange or other markets will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and ask prices at that time, all as reported by any report in common use or authorized as official by the stock exchange or, if no bid or ask price is available, the last reported closing sale price of such security;

(e) the value of long positions and short positions in clearing corporation options on futures is based on the daily settlement price determined by the respective exchange (if available); if no settlement price is available, the last reported closing sale price on the Valuation Date; or, if no closing sale price is available, the last reported settlement price of such security;

(f) where a covered clearing corporation option or over-the-counter option is written by the Fund, the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the value of the clearing corporation option or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the Net Asset Value of the Fund; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in the manner listed above for listed securities in paragraph (d) above;

(g) the value of any standardized futures contract or forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the standardized futures contract or forward contract, as applicable, on the Valuation Day, unless "daily limits" are in effect in which case the value shall be based on the value of the underlying interest on the Valuation Day as determined in a manner by the Manager in its discretion;

(h) the value of any security or other asset for which a market quotation is not readily available or to which, in the opinion of the Manager, the above principles cannot be applied, will be its fair value on the Valuation Day determined in a manner by the Manager in its discretion; and

(i) the liabilities of a Fund include:

- all bills, notes and accounts payable;
- all administrative expenses payable or accrued, including management fees and Administration Fees (as defined in the Simplified Prospectus);
- all contractual obligations for the payment of money or property, including unpaid distributions or dividends;
- all allowances authorized or approved by the Trustee for taxes; and
- all other liabilities of a Fund except liabilities represented by outstanding series of securities of any Fund.

For the purpose of determining the Net Asset Value of the Fund, the Fund has also adopted the valuation requirements for restricted securities and margin paid or deposited which have been established by the Canadian securities regulatory authorities.

The market value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange established at noon on each Valuation Day. Under the Fund's fair pricing policy, when the rates of exchange established at 3 p.m. are materially different from the noon exchange rates on a given Valuation Day, the market value of investments and other assets and liabilities denominated in foreign currencies will be translated at the 3 p.m. exchange rates for that Valuation Day. For the purposes of all such conversions to Canadian currency, the rate of exchange as determined by customary banking sources will be used.

For the purpose of determining the Net Asset Value of the Fund, the assets of the Fund shall be deemed to include:

(a) all liquid assets, which shall mean cash or its equivalent (including cash of other countries if conversion into Canadian currency can be readily effected), on hand, on deposit or on call, including any accrued interest thereon;

(b) all bills and demand notes, accounts receivable and prepaid expenses;

(c) all bonds, time notes, shares, subscription rights and other securities owned or contracted for by the Fund;

(d) all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it but declared to shareholders of record on a date on or before the date as of which the Net Asset Value of the Fund and the Net Asset Value per Unit of the series are being determined;

(e) all interest accrued on any interest-bearing securities owned by the Fund (except interest accrued on securities in default which is included in the quoted price); and

(f) all other property of every kind and nature.

For the purposes of determining the Net Asset Value of the Fund, the liabilities of the Fund shall be deemed to include all liabilities of the Fund of whatsoever kind and nature except liabilities represented by outstanding Units and, for greater certainty but without limitation, includes:

(a) all bills, notes and accounts payable;

(b) all administrative expenses payable or accrued (including management fees payable pursuant to the Management Agreement);

(c) all contractual obligations for the payment of money or property, including unpaid distributions;

(d) all allowances authorized or approved by the Trustee for taxes; and

(e) all other liabilities of the Fund, except liabilities represented by outstanding series of Units of the Fund.

A separate Net Asset Value per Unit is calculated for each series of Units by:

(a) adding up the market value of the assets of the Fund and determining the proportionate share of the series;

(b) subtracting the liabilities of the Fund allocated to that series;

(c) subtracting the proportionate share of the liabilities of the Fund that are not allocated to any particular series; and

(d) dividing the amount by the total number of outstanding Units of that series.

In calculating the Net Asset Value per Unit:

(a) the issue of Units shall be reflected in the computation of the Net Asset Value of the Fund no later than the next Valuation Day after the time as at which the Net Asset Value per Unit is determined for the purpose of the issue of the Units; and

(b) each portfolio transaction will be reflected in the computation of Net Asset Value per Unit no later than the Valuation Day after the date on which the transaction becomes binding.

For U.S. dollar pricing for Series A and Series F Units, the Net Asset Value of the Fund is calculated by converting the Canadian dollar net asset per unit to the U.S. dollar equivalent using the current rate of exchange. Under the Fund's fair pricing policy, when the rates of exchange established at 3 p.m. are materially different from the noon exchange rates on a given Valuation Day, the market value of investments and other assets and liabilities will be translated at the 3 p.m. exchange rates for that Valuation Day as determined by customary banking sources. U.S. dollar pricing is provided as a convenience for transferring and redeeming Series A and Series F Units of the Fund with U.S. dollar denomination and is not a means to effect currency arbitrage.

It is expected that there will be no difference in the performance or return of the Fund if Series H and Series FH Units are purchased with U.S. dollar denominations or if Series A and Series F Units, respectively, are purchased with Canadian dollar denominations, except to the extent that any costs related to the U.S. currency hedging for Series H or Series FH Units will be allocated to that series. The Fund may not be able to fully hedge at all times its Canadian dollar exposure back to U.S. dollars and there is a difference in the Incentive Fee paid per series.

The Manager may declare a suspension of the determination of Net Asset Value for the whole or part of any period in which the right of redemption has been suspended. See "Redemption of Units".

Differences from International Financial Reporting Standards

The fair value of a portfolio security used to determine the price of the Fund’s securities for purchases and redemptions by investors will be based on the Fund’s valuation principles set out above. These valuation principles differ in some respects from the requirements of International Financial Reporting Standards (“IFRS”), which are used for financial reporting purposes only.

The interim financial reports and annual financial statements of the Fund (the “Financial Statements”) are required to be prepared in compliance with IFRS. The Fund’s accounting policies for measuring the fair value of their investments (including derivatives) are identical to those used in measuring their Net Asset Value for transactions with Unitholders, except as disclosed below.

The fair value of the Fund’s investments (including derivatives) is the price that would be received to sell an asset, or the price that would be paid to transfer a liability, in an orderly transaction between market participants as at the date of the Financial Statements (the “reporting date”). The fair value of the Fund’s financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date (the “close price”). However, in contrast for IFRS purposes, the Fund uses the close price for both financial assets and liabilities where that price falls within that day’s bid-ask spread. If a close price does not fall within the bid-ask spread, the close price will then be adjusted by the Manager, to a point within the bid-ask spread that, in the Manager’s view, is most representative of fair value based on specific facts and circumstances.

As a result of this potential adjustment, the fair value of the financial assets and liabilities of the Fund determined under IFRS may differ from the values used to calculate the Net Asset Value of the Fund.

The notes to the Financial Statements of the Fund will include a reconciliation of the differences between the Net Asset Value calculated based on IFRS and the valuation principles set out above.

REDEMPTION OF UNITS

A Unitholder may require the Fund to redeem his or her Units by delivering to the Unitholder's Dealer a request in writing that a specified dollar amount or number of Units be redeemed, with signatures conforming to the name of the registered Unitholder and guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to the Manager. If the Units are registered in the name of an intermediary such as a Dealer, clearing agency or its nominee, redemption orders must be made through such intermediary. If the redemption request that is forwarded by the Unitholder's Dealer is received by the Manager prior to 4:00 p.m. (Toronto time), on a Valuation Day, the redemption price of the Units is the Net Asset Value per Unit calculated on that date and orders received after that time will be effective on the next Valuation Day.

The amount payable to a Unitholder from the Fund for each Unit redeemed (the "Redemption Amount") will be an amount equal to the Net Asset Value per Unit on the Valuation Day. If a Unitholder redeems his or her Units of any series within 90 days after acquisition, the Manager may on behalf of the Fund, in its sole discretion, charge the Unitholder an early redemption fee of up to 1% of the value of the Units tendered for redemption. This fee is in addition to any sales commission or Deferred Sales Charge payable to the Manager and is deducted from the redemption proceeds. This early redemption fee is retained by the Fund. See "Investing in the Fund - Purchases Under a Deferred Sales Charge Option".

For Units purchased under the previously offered Regular Deferred Sales Charge Option, the Deferred Sales Charge percentage is 6% in the first year and declines to nil after the sixth year after purchase, as illustrated below:

If Redeemed During the Following Period After Purchase	**Regular Deferred Sales Charge Percentage**
During the 1st year	6.0%
During the 2nd year	5.5%
During the 3rd year	5.0%
During the 4th year	4.5%
During the 5th year	4.0%
During the 6th year	3.0%
Thereafter	NIL

In order to facilitate emergency requirements, each calendar year each Unitholder may withdraw a maximum of 10% of his or her investment in Series A, Series H or Series T Units which the Unitholder acquired under the Regular Deferred Sales Charge Option without paying the Deferred Sales Charge.

Each Unitholder's annual entitlement is equal to:

- 10% of the number of Series A, Series H or Series T Units that the Unitholder held on December 31 of the previous year that the Unitholder acquired under the Regular Deferred Sales Charge Option, **plus**

- 10% of the number of Series A, Series H or Series T Units that the Unitholder acquired during the current calendar year under the Regular Deferred Sales Charge Option **less**
- the number of Series A, Series H or Series T Units that the Unitholder would have received during the current calendar year if the Unitholder had automatically reinvested any cash distributions that the Unitholder received from the Fund during the current calendar year.

If through redeeming Series A, Series H or Series T Units which are no longer subject to the Regular Deferred Sales Charge (including Series A, Series H or Series T Units that the Unitholder received as a result of the automatic reinvestment of distributions by the Fund) the Unitholder is unable to reach his or her annual entitlement, the Manager will permit the Unitholder to redeem more Series A, Series H or Series T Units without paying the Regular Deferred Sales Charge so that the Unitholder can reach his or her 10% annual entitlement. In providing this "free redemption" entitlement, Series A, Series H and Series T Units which are subject to the smallest Regular Deferred Sales Charge will be the first Series A, Series H and Series T Units redeemed.

Payment for Units which are redeemed will be made by the Fund in the currency in which they were purchased. Payments made in Canadian dollars will be made either by cheque or, if the Unitholder provides the necessary information, electronically to the Unitholder's bank account. Payment in U.S. dollars will be made by cheque. The Manager may, subject to applicable securities legislation, pay for all or any of such redeemed Units by making good delivery to such Unitholder of a Fund investment or Fund investments provided that such Fund investment or Fund investments are valued for purposes of determining the Redemption Amount at an amount equal to the amount at which such Fund investment or Fund investments were valued for the purpose of determining the Net Asset Value of the Fund on the Valuation Day.

Unless redemptions have been suspended (which may only occur in circumstances set out below), or the Unitholder has not yet paid for the Units of the Fund, payment of the Redemption Amount for Units tendered for redemption will be made by the Manager within three (3) Business Days of the determination of the Net Asset Value per Unit on the Valuation Day of the Units redeemed. Subject to the implementation of changes to the timeframe for settlement of securities in Canada, effective September 5, 2017 payment of the Redemption Amount for Units tendered for redemption will be made by the Manager within two (2) Business Days of the determination of the Net Asset Value per Unit on the Valuation Day of the Units redeemed.

Subject to compliance with applicable securities legislation, the Fund may suspend the redemption of Units or postpone the date of payment of redeemed Units (a) for any period when normal trading is suspended on any stock, options, futures or other exchange or market within or outside Canada on which securities are listed and traded, or on which permitted derivatives are traded, which represent more than 50% by value or underlying market exposures of the total assets of the Fund, without allowance for liabilities or (b) at any time that the Manager is unable to value or dispose of the assets of the Fund, in which case (if required to do so) the Fund will obtain the consent of the Canadian securities regulators. In case of suspension of the right of redemption, a Unitholder may receive payment by the Trustee based on the Net Asset Value per

Unit on the first Valuation Day following the termination of the suspension unless the redemption request has been withdrawn earlier by the Unitholder.

The Manager may, in its discretion, redeem all or any of the Units held by any Unitholder and pay to such Unitholder the Redemption Amount thereof if the Net Asset Value of the Units in such Unitholder's account is less than $5,000 or if it is otherwise adverse to the Fund to permit Units to be held by a particular Unitholder.

The right of Unitholders to redeem their Units is contained in the Declaration of Trust. See "Units of the Fund".

RESALE RESTRICTIONS

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade these securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Fund becomes a reporting issuer in any Canadian province or territory. The Fund does not intend to become a reporting issuer in any Canadian province or territory.

Manitoba Resale Restrictions

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

(a) the Fund has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this Confidential Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, at all relevant times, for the purposes of the Tax Act is resident in Canada, deals at arm's length, and is not affiliated, with the Fund and holds Units as capital property. Generally, Units will be considered to be capital property to a holder provided that the holder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain persons who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the facts set out in this Confidential Offering Memorandum, the current provisions of the Tax Act, the Manager's understanding of the current administrative and assessing practices and policies of the CRA that have been made publicly available prior to the date hereof and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (collectively, the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administrative or assessing practices of the CRA and does not take into account provincial, territorial, or foreign income tax legislation or considerations. There is no certainty that the Tax Proposals will be enacted in the form proposed or at all.

This summary assumes that the Fund will not invest in shares of a corporation that is a foreign affiliate of the Fund or in securities that are "tax shelter investments" within the meaning of the Tax Act.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed by a Unitholder to acquire Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending upon the investor's particular circumstances, including the province or provinces, or territory or territories in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective investor. Prospective investors should consult their own tax advisor for advice with respect to the income tax consequences of an investment in Units, based on the investor's particular circumstances.

Status of the Fund

This summary assumes that the Fund will qualify as a "mutual fund trust" as defined in the Tax Act at all relevant times. If the Fund were not to qualify as a mutual fund trust, the income tax considerations as described below would in some respects be materially different. See “Non-Qualification as a Mutual Fund Trust”.

Taxation of the Fund

In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its net income for the year (computed in Canadian dollars in accordance with the Tax Act), including net realized taxable capital gains, interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year (except to the extent such interest was included in computing its income for a prior year) and dividends received in the year, less the portion thereof that it deducts in respect of amounts paid or payable to Unitholders in the year.

An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount.

The Fund intends to distribute or make payable sufficient net income and net realized capital gains to Unitholders in respect of each taxation year so that the Fund will not be liable for income tax under Part I of the Tax Act (after taking into account any applicable losses and any capital gains refund to which the Fund is entitled, as described below).

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year ("capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemption of Units.

The Fund has made an election under subsection 39(4) of the Tax Act so that all Fund investments in Canadian securities (as defined in the Tax Act) will be deemed to be capital property. Accordingly, gains or losses realized by the Fund on the disposition of Canadian securities (as defined in the Tax Act) will be on capital account.

The "suspended loss" rules in the Tax Act may prevent the Fund from recognizing capital losses on the disposition of securities in certain circumstances which may increase the amount of net realized capital gains of the Fund to be paid or made payable to investors.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on borrowed funds used for the purpose of earning income from its investments. All of the Fund's deductible expenses, including expenses common to all series of the Fund and management fees and other expenses specific to a particular series of the Fund, will be taken into account in determining the income or loss of the Fund as a whole and applicable taxes payable by the Fund as a whole.

Cost and proceeds of disposition of shares, dividends received, interest income and all other amounts will be determined for purposes of the Tax Act in Canadian dollars, converted where applicable, at the exchange rate quoted by the Bank of Canada at noon on the relevant day or at such other rate of exchange as is acceptable to the Minister. The Fund may realize gains or losses as a result of fluctuations in the value of foreign currencies relative to the Canadian dollar, which the Fund will be required to take into account in reporting its income.

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

Fund's income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

In general, subject to the application of the DFA Rules discussed below, gains and losses realized by a Fund from derivative transactions will be treated for income tax purposes as being on income account unless applicable jurisprudence or CRA administrative policy would support treating such gains and losses as being on capital account. Any such gains and losses will generally be recognized for income tax purposes at the time they are realized by the Fund. Pursuant to the Tax Act, an election to realize gains and losses on “eligible derivatives” (as defined in the Tax Act) of a Fund on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for any Fund.

The DFA Rules target financial arrangements (referred to as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests). The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options). If the DFA Rules were to apply in respect of derivatives utilized by a Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. The Tax Act exempts the application of the DFA Rules on currency forward contracts or certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

If the Fund experiences a “loss restriction event” and does not qualify as an “investment fund” for the purposes of the tax loss restriction rules in the Tax Act, the Fund (i) will be deemed to have a year-end for tax purposes (which, if the Fund has not distributed sufficient net income and net realized capital gains, if any, for such taxation year, would result in the Fund being liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward non-capital losses. Generally, the Fund would be subject to a loss restriction event if a person becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of the Fund, as those terms are defined in the Tax Act. A person would be a majority-interest beneficiary of the Fund if it, together with persons with whom it is affiliated, owns more than 50% of the fair market value of the Fund's outstanding units. The Tax Act excludes a person or group of persons from becoming a majority-interest beneficiary or a majority-interest group of beneficiaries of a trust that is an “investment fund” as a result of the redemption of units by another unitholder of the trust. Generally, a loss restriction event will be deemed not to occur for a Fund if it meets the conditions to qualify as an "investment fund" under the Tax Act, including complying with certain asset diversification requirements.

Non-Qualification as a Mutual Fund Trust

The Fund may not qualify as a "mutual fund trust" under the Tax Act. If the Fund does not qualify as a "mutual fund trust", the Fund could be subject to tax under Part XII.2 of the Tax Act. Part XII.2 of the Tax Act provides that certain trusts (excluding mutual fund trusts) that have a unitholder who is a "designated beneficiary" (including a non-resident) within the meaning of the Tax Act will be subject to a special tax at the rate of 40% on the trust’s “designated income” within the meaning of the Tax Act. "Designated income" generally includes income from a business carried on in Canada and taxable capital gains from dispositions of "taxable Canadian property". Where the Fund is subject to tax under Part XII.2 of the Tax Act, unitholders who are not designated beneficiaries may be entitled to claim a refundable tax credit, provided that the Fund makes a designation. If the Fund does not qualify as a mutual fund trust, it may be subject to alternative minimum tax under the Tax Act. A trust fund that is not a mutual fund trust will not be entitled to claim the capital gains refund that would otherwise be available to it if it were a mutual fund trust throughout the year. Finally, if the Fund that does not qualify as a mutual fund trust it will be a "financial institution" for purposes of the "mark-to-market" rules contained in the Tax Act if at any time more than 50% of the fair market value of all interests in the Fund are held at that time by one or more financial institutions. The Tax Act contains special rules for determining the income of a financial institution. If the Fund is not a mutual fund trust and is a registered investment, the Fund may be liable for tax under Part X.2 of the Tax Act if, at the end of any month, the Fund holds property that is not a “qualified investment” for the type of Tax Deferred Plan in respect of which the Fund is registered.

Taxation of Unitholders

Unitholders will generally be required to include in computing their income for a particular taxation year all net income and the net taxable capital gains of the Fund, if any, paid or payable to them, and deducted by the Fund in computing its income for tax purposes, including Management Fee Distributions, whether or not reinvested in additional Units. To the extent applicable, the Fund intends to make designations to ensure that the maximum portion of its taxable dividends from taxable Canadian corporations, foreign income, net realized capital gains and foreign creditable tax will be received by Unitholders as taxable dividends from taxable Canadian corporations, foreign income or taxable capital gains, as the case may be, or paid by Unitholders in the case of foreign creditable tax.

Any amount in excess of the Fund's net income and the non-taxable portion of net realized capital gains designated to the Unitholder for a taxation year that is paid or payable to the Unitholder in such year will generally not be included in the Unitholder's income, but will reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base of such Unit will be increased by the amount of such deemed capital gain.

The reclassification of Units of one series as Units of a different series (other than those reclassifications described in the following sentence) will generally not be considered a disposition for tax purposes and, in that case, a Unitholder will realize neither a gain nor a loss as a result of the reclassification, provided there is no redemption of Units in order to pay any Deferred Sales Charge. Although it is not free from doubt, a reclassification from or to (i) a series of Units that employs a hedging strategy and (ii) a series of Units that either does not employ a hedging strategy or that employs a different hedging strategy may result in a disposition for tax purposes, in which case a Unitholder may realize a capital gain or capital loss as a result of the reclassification.

If a Unitholder reclassifies Units and the reclassification is not considered a disposition for tax purposes, the cost of the series of Units acquired on the reclassification will be the same as the adjusted cost base of the reclassified Units, as determined immediately before the reclassification. If the reclassification is considered a disposition for tax purposes, the cost of the series of Units acquired on the reclassification will be equal to the value of such Units when they are acquired. The cost of a series of Units acquired on a reclassification will be averaged with the adjusted base of other Units of such series held or subsequently acquired by the Unitholder.

On the disposition or deemed disposition of a Unit (including a sale or redemption of a Unit), the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the Unitholder's income. The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all the Units owned by the Unitholder as capital property immediately before that time. The cost to a Unitholder of Units received on the reinvestment of distribution of the Fund will be equal to the amount reinvested. For purposes of the Tax Act, a Unitholder is generally required to compute their income in Canadian dollars. Unitholders who purchase Series H or Series FH units in U.S. dollars should consult their own tax advisers.

One-half of any capital gain (a "taxable capital gain") realized by a Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss (an "allowable capital loss") realized by a Unitholder in a taxation year is deducted from taxable capital gains realized by the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in such year, to the extent and under the circumstances provided for in the Tax Act.

If a Unitholder disposes of Units, and the Unitholder, the Unitholder's spouse or another person affiliated with the Unitholder (including a corporation controlled by the Unitholder) has also acquired Units of any series within 30 days before or after the Unitholder disposes of the Unitholder's Units (such newly acquired Units being considered "substituted property"), the Unitholder's capital loss may be deemed to be a "superficial loss". If so, the Unitholder’s loss will be deemed to be nil and the amount of the loss will instead be added to the adjusted cost base of the Units which are "substituted property".

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

Non-Taxable Unitholders of the Fund

In general, distributions paid or payable to trusts governed by Tax Deferred Plan from the Fund, or capital gains realized on a disposition of units of the Fund, will not be taxable under the Tax Act. Withdrawals from Tax Deferred Plans (other than TFSAs) may be subject to tax.

International Information Reporting Requirements

Under the terms of the Canada-U.S. IGA to provide for the implementation of FATCA, and its implementing provisions under Part XVIII of the Tax Act, a Fund will be treated as complying with FATCA and not subject to the 30% withholding tax if the Fund complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Fund will not have to enter into an individual FATCA agreement with the IRS but the Fund is required to register with the IRS and to report information, including certain financial information, on accounts held by investors that failed to provide information to their financial advisor dealer related to their citizenship and residency for tax purposes and/or investors that are identified as, or in the case of certain entities as having one or more controlling persons who are, U.S. Persons owning, directly or indirectly, an interest in the Fund to the CRA. The CRA will in turn provide such information to the IRS.

The Fund will endeavor to comply with the requirements imposed under the Canada-U.S. IGA and its implementing provision under the Tax Act. However, if the Fund cannot satisfy the applicable requirements under the Canada-U.S. IGA or its implementing provision of the Tax Act and is unable to comply with the requirements under FATCA, the Fund may be subject to U.S. withholding tax on U.S. and certain non-U.S. source income and gross proceeds. The Fund may also be subject to the penalty provisions of the Tax Act. Any potential U.S. withholding taxes or penalties associated with such failure to comply would reduce the Fund's Net Asset Value.

In addition, to meet the objectives of the Organisation for Economic Co-operation and Development Common Reporting Standards (the "**CRS**"), the Fund is required under Part XIX of the Tax Act to identify and to report to the CRA certain information (including residency details and financial information such as account balances) relating to investments held by unitholders or by the "controlling persons" of certain entities who are resident in a country other than Canada or the United States. The information is shared with CRS participating jurisdiction in which the securityholder resides for tax purposes under the provision and safeguards of the Multilateral Administrative Assistance in Tax Matters or the relevant bilateral tax treaty.

ELIGIBILITY FOR INVESTMENT

Provided the Fund qualifies at all relevant times as a "mutual fund trust" or is a "registered investment" within the meaning of the Tax Act, Units will be qualified investments under the Tax Act for Tax Deferred Plans.

Provided that the annuitant or holder of a RRSP, RRIF or TFSA (i) deals at arm's length with a Fund, and (ii) does not hold a "significant interest" (as defined in the Tax Act) in the Fund, the

Units will not be a prohibited investment for a RRSP, RRIF or TFSA. The prohibited investment rules will also apply to a trust governed by a RESP or RDSP.

Investors should consult with their tax advisors regarding whether an investment in the Fund will a prohibited investment for their RRSP, RRIF, TFSA, RESP, or RDSP.

REPORTING TO UNITHOLDERS

Unitholders will receive an annual and semi-annual statement showing the Units held by the Unitholder and any transactions for the preceding period.

The financial year-end of the Fund is June 30. Unitholders will be sent audited annual financial statements within 90 days of the Fund's financial year-end.

AMENDMENT OF THE DECLARATION OF TRUST AND TERMINATION OF THE FUND

The Trustee may, in its discretion, amend the Declaration of Trust at any time, without notice to Unitholders, provided that no amendment shall be made: (i) to alter the amendment provision; (ii) to amend the Declaration of Trust which would materially and adversely affect the pecuniary interest of any Unitholder; or (iii) for any other matter required to be approved by Unitholders pursuant to applicable securities legislation.

The Fund may be terminated on the occurrence of certain events stipulated in the Declaration of Trust. The Manager may resign as manager of the Fund and if no successor manager is appointed, the Fund will be terminated. On termination of the Fund, the Trustee will distribute the assets of the Fund in cash or in kind in accordance with the Declaration of Trust. See also "Management of the Fund - The Manager" and "The Trustee".

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Units is the Manager, located at Dynamic Funds Tower, 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9. The Unit transfer and holder registers of the Fund will be kept by the Manager at its principal office in Toronto.

PRIME BROKER

The Trustee appointed TD Securities Inc. ("TDSI") as prime broker of the assets of the Fund pursuant to a prime brokerage agreement dated as of September 30, 2008 and a number of product-specific supplemental documents. As prime broker, TDSI will be responsible for the safekeeping of all of the investments and other assets of the Fund delivered to it, other than those transferred to TDSI or another entity as collateral or margin. TDSI will also provide the Fund with financing lines and short-selling facilities.

The Trustee reserves the right, in its discretion, to change the prime brokerage arrangements described above including, but not limited to, the appointment of additional prime broker(s).

AUDITOR

The auditor of the Fund is PricewaterhouseCoopers LLP, located at PWC Tower, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

RIGHTS OF ACTION

Securities legislation in certain provinces of Canada provides purchasers of Units under this Confidential Offering Memorandum with, in addition to any other right they may have at law, rights of action for rescission or damages, or both, where this Confidential Offering Memorandum, any amendment thereto and, in some cases, advertising, and sales literature used in connection with the offering of Units, contains a misrepresentation. These remedies must be exercised within the prescribed time limits and are described in the attached Schedule "A".

AUDITED FINANCIAL STATEMENTS OF
DYNAMIC ALPHA PERFORMANCE FUND
AS AT JUNE 30, 2018 AND JUNE 30, 2017

(see attached)

ANNUAL REPORT

DYNAMIC ALPHA PERFORMANCE FUND

Period ended June 30, 2018

Dynamic Funds®
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Dynamic Alpha Performance Fund

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Fund have been prepared by 1832 Asset Management L.P., in its capacity as manager (the “Manager”) of the Fund, and have been approved by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., in its capacity as trustee (the “Trustee”) of the Fund. The Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Fund are described in Note 2 to the financial statements.

The Board of Directors of 1832 Asset Management G.P. Inc. has delegated responsibility for oversight of the financial reporting process to the Finance Committee of the Board of Directors of 1832 Asset Management G.P. Inc. (the “Finance Committee”). The Finance Committee is responsible for reviewing the financial statements and recommending them to the Board of Directors of 1832 Asset Management G.P. Inc. for approval, in addition to meeting with management, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

PricewaterhouseCoopers LLP is the external auditor of the Fund, appointed by the Trustee of the Fund. The auditor of the Fund has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the securityholders its opinion on the financial statements. The auditor’s report is set out herein.

Glen Gowland
President
1832 Asset Management L.P.

Anil Mohan
Chief Financial Officer
1832 Asset Management L.P.

September 13, 2018

Dynamic Alpha Performance Fund

STATEMENTS OF FINANCIAL POSITION

As at

(in $000s except per unit amounts)	June 30, 2018	June 30, 2017
ASSETS		
Current assets		
Investments		
Non-derivative financial assets	97,290	246,631
Purchased options	–	1,468
Unrealized gain on currency forward contracts	657	35
Cash	455,366	242,853
Receivable for securities sold	8,460	21,941
Subscriptions receivable	1,327	352
Accrued investment income and other	279	196
	563,379	**513,476**
LIABILITIES		
Current liabilities		
Non-derivative financial liabilities	97,986	86,314
Management fee payable	608	608
Payable for interest and dividends on securities sold short	–	31
Payable for securities purchased	18,002	11,036
Redemptions payable	711	4,339
Accrued expenses	23	24
Distributions payable	95	81
Unrealized loss on currency forward contracts	10	1,346
Incentive fee payable	5,561	–
	122,996	**103,779**
Net assets attributable to holders of redeemable units	**440,383**	**409,697**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES		
Series A	84,307	100,553
Series F	297,497	263,217
Series FH (in equivalent CAD)	26,020	19,609
Series FT	26,928	18,121
Series H (in equivalent CAD)	3,137	3,190
Series T	2,494	5,007
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES – USD		
Series FH	19,799	15,104
Series H	2,387	2,457
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
Series A	10.23	9.21
Series F	9.49	8.49
Series FH (in equivalent CAD)	8.60	7.59
Series FT	10.35	9.71
Series H (in equivalent CAD)	8.08	7.18
Series T	9.89	9.36
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT – USD		
Series FH	6.54	5.85
Series H	6.15	5.53

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended June 30 (note 1),

(in $000s except per unit amounts and average units)	2018	2017
INCOME		
Net gain (loss) on investments		
Dividends	546	1,118
Interest for distribution purposes	3,387	1,048
Net realized gain (loss) on non-derivative financial assets	51,420	53,427
Net realized gain (loss) on non-derivative financial liabilities	7,872	(11,015)
Net realized gain (loss) on option contracts	(7,115)	2,686
Change in unrealized gain (loss) on non-derivative financial assets	6,987	(4,631)
Change in unrealized gain (loss) on non-derivative financial liabilities	(858)	4,400
Change in unrealized gain (loss) on option contracts	5,830	(5,537)
Change in unrealized gain (loss) on currency forward contracts	1,958	(1,254)
Dividend and interest expense on securities sold short	(1,508)	(1,011)
Net gain (loss) on investments	**68,519**	**39,231**
Net realized and unrealized foreign currency translation gain (loss)	(5,180)	(4,584)
Total income (loss), net	**63,339**	**34,647**
EXPENSES		
Management fees (note 5)	6,148	6,894
Incentive fees (note 11)	7,000	–
Independent Review Committee fees	1	1
Custody and bank charges	2	1
Foreign withholding taxes/tax reclaims	108	141
Audit fees	13	18
Filing fees	6	8
Legal fees	2	28
Unitholder administration costs	236	305
Unitholder reporting costs	12	14
Other fund costs	256	265
Harmonized Sales Tax/Goods and Services Tax	1,332	741
Transaction costs	2,150	3,519
Total expenses	**17,266**	**11,935**
Expenses absorbed by the Manager	–	–
Net expenses	**17,266**	**11,935**
Net increase (decrease) in net assets attributable to holders of redeemable units from operations	**46,073**	**22,712**
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A	9,273	5,716
Series F	30,848	14,602
Series FH (in equivalent CAD)	2,904	699
Series FT	2,361	977
Series H (in equivalent CAD)	359	406
Series T	328	312
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES – USD		
Series FH	2,286	526
Series H	283	306
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT†		
Series A	1.00	0.43
Series F	1.00	0.45
Series FH (in equivalent CAD)	1.03	0.29
Series FT	1.19	0.49
Series H (in equivalent CAD)	0.86	0.61
Series T	0.96	0.48
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT – USD†		
Series FH	0.81	0.22
Series H	0.68	0.46
WEIGHTED AVERAGE NUMBER OF UNITS PER SERIES		
Series A	9,306,898	12,930,327
Series F	30,982,121	32,686,740
Series FH	2,801,128	2,410,649
Series FT	1,995,602	2,012,152
Series H	418,846	670,758
Series T	345,737	646,606

† The increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations per series by the weighted average number of units per series.

The accompanying notes are an integral part of these financial statements.

Dynamic Alpha Performance Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the periods ended June 30 (note 1),

(in $000s)	2018	2017
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, BEGINNING OF PERIOD		
Series A	100,553	131,393
Series F	263,217	266,412
Series FH	19,609	15,968
Series FT	18,121	18,050
Series H	3,190	6,143
Series T	5,007	6,704
	409,697	**444,670**
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A	9,273	5,716
Series F	30,848	14,602
Series FH	2,904	699
Series FT	2,361	977
Series H	359	406
Series T	328	312
	46,073	**22,712**
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From return of capital		
Series FT	(987)	(1,007)
Series T	(160)	(314)
	(1,147)	**(1,321)**
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A	2,325	3,342
Series F	36,796	53,858
Series FH	4,492	5,270
Series FT	9,624	7,090
Series H	–	226
Series T	–	116
Reinvested distributions		
Series FT	206	184
Series T	22	68
Payments on redemption		
Series A	(27,844)	(39,898)
Series F	(33,364)	(71,655)
Series FH	(985)	(2,328)
Series FT	(2,397)	(7,173)
Series H	(412)	(3,585)
Series T	(2,703)	(1,879)
	(14,240)	**(56,364)**
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A	(16,246)	(30,840)
Series F	34,280	(3,195)
Series FH	6,411	3,641
Series FT	8,807	71
Series H	(53)	(2,953)
Series T	(2,513)	(1,697)
	30,686	**(34,973)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, END OF PERIOD		
Series A	84,307	100,553
Series F	297,497	263,217
Series FH	26,020	19,609
Series FT	26,928	18,121
Series H	3,137	3,190
Series T	2,494	5,007
	440,383	**409,697**

STATEMENTS OF CASH FLOWS

For the periods ended June 30 (note 1),

(in $000s)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	46,073	22,712
Adjustments for:		
Net realized (gain) loss on non-derivative financial assets	(51,420)	(53,427)
Net realized (gain) loss on non-derivative financial liabilities	(7,872)	11,015
Net realized (gain) loss on option contracts	7,115	(2,686)
Unrealized foreign currency translation (gain) loss	(8,969)	7,714
Change in unrealized (gain) loss on non-derivative financial assets	(6,987)	4,631
Change in unrealized (gain) loss on non-derivative financial liabilities	858	(4,400)
Change in unrealized (gain) loss on option contracts	(5,830)	5,537
Change in unrealized (gain) loss on currency forward contracts	(1,958)	1,254
Purchases of portfolio investments	(2,376,104)	(3,098,190)
Proceeds from sale of portfolio investments	2,623,168	3,011,777
Payable for interest and dividends on securities sold short	(31)	31
Accrued investment income and other	(83)	60
Accrued expenses and other payables	5,560	(77)
Net cash provided by (used in) operating activities	**223,520**	**(94,049)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	38,175	46,995
Amounts paid on redemption of redeemable units	(57,246)	(98,610)
Distributions to unitholders of redeemable units	(905)	(988)
Net cash provided by (used in) financing activities	**(19,976)**	**(52,603)**
Unrealized foreign currency translation gain (loss)	8,969	(7,714)
Net increase (decrease) in cash	203,544	(146,652)
Cash (margin payable), beginning of period	242,853	397,219
CASH (MARGIN PAYABLE), END OF PERIOD	**455,366**	**242,853**
Interest received, net of withholding taxes[(1)]	3,264	1,052
Dividends paid[(1)]	1,539	980
Dividends received, net of withholding taxes[(1)]	448	1,033

(1) Classified as operating items.

The accompanying notes are an integral part of these financial statements.

Dynamic Alpha Performance Fund

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2018

		Par Value ($000s)/ Number of Shares/Units	Average Cost ($000s)	Carrying Value ($000s)
BONDS AND DEBENTURES (4.9%)				
Foreign Bonds and Debentures (4.9%)				
United States (4.9%)				
Coupa Software Incorporated, 0.375% Jan. 15 23	USD	1,000	1,367	1,969
Tesla, Inc., 2.375% Mar. 15 22	USD	8,000	10,695	12,782
Twitter, Inc., 0.25% Jun. 15 24	USD	5,000	6,494	6,804
			18,556	**21,555**
EQUITIES (17.2%)				
Ireland (2.1%)				
Jazz Pharmaceuticals PLC		40,500	**8,662**	**9,171**
United States (15.1%)				
Amazon.com, Inc.		3,900	8,019	8,712
Electronic Arts, Inc.		70,400	13,391	13,047
Illumina, Inc.		23,900	7,502	8,772
Netflix, Inc.		18,500	7,604	9,517
Palo Alto Networks, Inc.		33,800	7,845	9,127
PayPal Holdings, Inc.		80,600	8,470	8,820
ServiceNow, Inc.		37,800	8,027	8,569
			60,858	**66,564**
TOTAL – LONG POSITIONS (22.1%)			**88,076**	**97,290**
SHORT POSITIONS – EQUITIES (–22.3%)				
United States (–22.3%)				
Bristol-Myers Squibb Company		(128,200)	(8,750)	(9,324)
Cisco Systems, Inc.		(231,500)	(13,212)	(13,091)
eBay Inc.		(173,900)	(9,028)	(8,287)
Intel Corporation		(199,500)	(13,160)	(13,033)
International Business Machines Corporation		(69,800)	(13,304)	(12,815)
Northrop Grumman Corporation		(21,800)	(9,105)	(8,815)

	Par Value ($000s)/ Number of Shares/Units	Average Cost ($000s)	Carrying Value ($000s)
SHORT POSITIONS – EQUITIES (–22.3%) (cont'd)			
United States (–22.3%) (cont'd)			
Oracle Corporation	(127,500)	(7,860)	(7,383)
Starbucks Corporation	(176,000)	(12,203)	(11,299)
Walt Disney Company (The)	(101,200)	(13,284)	(13,939)
		(99,906)	**(97,986)**
TOTAL – SHORT POSITIONS (–22.3%)		**(99,906)**	**(97,986)**
AVERAGE COST AND CARRYING VALUE OF INVESTMENTS (–0.2%)		**(11,830)**	**(696)**
TRANSACTION COSTS (0.0%)		**(83)**	**–**
TOTAL AVERAGE COST AND CARRYING VALUE OF INVESTMENTS (–0.2%)		**(11,913)**	**(696)**
UNREALIZED GAIN (LOSS) ON DERIVATIVES (0.1%)			**647**
CASH AND SHORT TERM INSTRUMENTS (MARGIN PAYABLE) (103.4%)			
Canadian		121,127	121,127
Foreign		332,738	334,239
		453,865	**455,366**
OTHER NET ASSETS (LIABILITIES) (–3.3%)			**(14,934)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)			**440,383**

Schedule of Derivative Instruments

Unrealized Gain on Currency Forward Contracts – Series FH and Series H(1)

Counterparty	Credit Rating	Delivery Date	Par Value of Currency Bought ($000s)	Par Value of Currency Sold ($000s)	Contract Price ($)	Market Price ($)	Unrealized Gain ($000s)
TD Securities Inc.	A-1+	18-Jul-18	USD 253	(CAD) (329)	1.299	1.314	4
TD Securities Inc.	A-1+	18-Jul-18	USD 20,633	(CAD) (26,456)	1.282	1.314	653
							657

Unrealized Loss on Currency Forward Contracts – Series FH and Series H(1)

Counterparty	Credit Rating	Delivery Date	Par Value of Currency Bought ($000s)	Par Value of Currency Sold ($000s)	Contract Price ($)	Market Price ($)	Unrealized Loss ($000s)
TD Securities Inc.	A-1+	18-Jul-18	USD 352	(CAD) (463)	1.316	1.314	(1)
TD Securities Inc.	A-1+	18-Jul-18	USD 1,002	(CAD) (1,326)	1.323	1.314	(9)
							(10)

(1) These unrealized forward currency contract gains and losses are attributed solely to Series FH and Series H.

The accompanying notes are an integral part of these financial statements.

Dynamic Alpha Performance Fund

FUND SPECIFIC NOTES
For the periods indicated in note 1

The Fund (note 1)

The Fund's investment objective is to protect capital during a wide range of economic and market environments while earning superior equity or equity related returns that are not correlated to major stock market indices.

Risks associated with financial instruments (note 4)

Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio, excluding underlying funds, preferred shares and cash, as applicable.

Interest rate exposure	June 30, 2018 ($000s)	June 30, 2017 ($000s)
Less than 1 year	–	–
1-3 years	–	–
3-5 years	14,751	13,073
5-10 years	6,804	–
> 10 years	–	–
	21,555	**13,073**

As at June 30, 2018, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by $240,000 or approximately 0.1% (June 30, 2017 – $149,000 or approximately 0.0%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk

The Fund's exposure to currency risk is summarized in the tables below. Amounts shown are based on the carrying value of monetary and non-monetary assets and liabilities of the Fund net of currency contracts, as applicable.

The Fund may hedge currency exposure of its foreign portfolio positions to the extent deemed appropriate. The net assets attributable to Series FH and Series H units of the Fund are hedged against changes in foreign currency relative to Canadian currency and in doing so attempts to eliminate foreign currency risk for such series.

	June 30, 2018			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	324,154	–	324,154	73.6
Euro	21	–	21	0.0
	324,175	**–**	**324,175**	**73.6**

Series FH and Series H

	June 30, 2018			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	29,157	(29,221)	(64)	(0.0)
	29,157	**(29,221)**	**(64)**	**(0.0)**

	June 30, 2017			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	408,513	–	408,513	99.7
Japanese Yen	13,392	–	13,392	3.3
Euro	21	–	21	0.0
	421,926	**–**	**421,926**	**103.0**

Series FH and Series H

	June 30, 2017			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	22,799	(22,798)	1	0.0
	22,799	**(22,798)**	**1**	**0.0**

If the Canadian dollar strengthened or weakened by 10% in relation to all other foreign currencies, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund could possibly have decreased or increased, respectively, by $32,411,000 or approximately 7.4% (June 30, 2017 – $42,193,000 or approximately 10.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Price risk

Price risk is the risk that the carrying value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to price risk is mainly in equities, underlying funds, derivatives and commodities, as applicable. As at June 30, 2018, approximately –5.1% (June 30, 2017 – 36.4%) of the Fund's net assets were exposed to price risk. If prices of these instruments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately –$2,225,000 (June 30, 2017 – $14,871,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

The table below summarizes the credit ratings of bonds and debentures, money market instruments and preferred shares held by the Fund, as applicable.

Dynamic Alpha Performance Fund

FUND SPECIFIC NOTES
For the periods indicated in note 1

	June 30, 2018		June 30, 2017	
Credit ratings	Percentage of total credit rated instruments (%)	Percentage of net assets (%)	Percentage of total credit rated instruments (%)	Percentage of net assets (%)
B	59.3	2.9	100.0	3.2
Unrated	40.7	2.0	–	–
	100.0	**4.9**	**100.0**	**3.2**

Concentration risk

Concentration risk arises as a result of the concentration of financial instruments within the same category, geographical location, asset type or industry sector, as applicable. The table below is a summary of the Fund's concentration risk by carrying value as a percentage of net assets:

	June 30, 2018	June 30, 2017
BONDS AND DEBENTURES	**4.9**	**3.2**
Foreign Bonds and Debentures		
United States	4.9	3.2
EQUITIES	**17.2**	**57.0**
China	–	9.0
Ireland	2.1	–
Japan	–	3.3
United States	15.1	44.7
PURCHASED OPTIONS	**–**	**0.4**
SHORT POSITIONS – EQUITIES	**(22.3)**	**(21.0)**
Canada	–	(3.0)
United States	(22.3)	(18.0)
CASH AND SHORT TERM INSTRUMENTS (BANK OVERDRAFT)	**103.4**	**59.3**

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy.

June 30, 2018	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Equities – long	75,735	–	–	75,735
Bonds and debentures – long	–	21,555	–	21,555
Unrealized gain on currency forward contracts	–	657	–	657
	75,735	**22,212**	**–**	**97,947**
Equities – short	(97,986)	–	–	(97,986)
Unrealized loss on currency forward contracts	–	(10)	–	(10)
	(22,251)	**22,202**	**–**	**(49)**

June 30, 2017	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Equities – long	220,166	13,392	–	233,558
Bonds and debentures – long	–	13,073	–	13,073
Warrants, rights and options	1,468	–	–	1,468
Unrealized gain on currency forward contracts	–	35	–	35
	221,634	**26,500**	**–**	**248,134**
Equities – short	(86,314)	–	–	(86,314)
Unrealized loss on currency forward contracts	–	(1,346)	–	(1,346)
	135,320	**25,154**	**–**	**160,474**

Transfers between levels

During the periods ended June 30, 2018 and June 30, 2017, there were no significant transfers between Level 1 and Level 2.

Offsetting of financial assets and liabilities (note 2)

The following tables present offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts, were to arise.

	June 30, 2018			
Financial assets – by type	Gross amount of assets ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	657	(10)	–	647
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	657	**(10)**	**–**	**647**

	June 30, 2018			
Financial liabilities – by type	Gross amount of liabilities ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	10	(10)	–	–
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	10	**(10)**	**–**	**–**

	June 30, 2017			
Financial assets – by type	Gross amount of assets ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	35	(35)	–	–
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	35	**(35)**	**–**	**–**

	June 30, 2017			
Financial liabilities – by type	Gross amount of liabilities ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	1,346	(35)	–	1,311
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	1,346	**(35)**	**–**	**1,311**

Interest in Underlying Funds (note 2)

The Fund did not hold any interest in Underlying Funds as at June 30, 2018 or June 30, 2017.

Comparison of net asset value per unit and net assets per unit (note 2)

As at June 30, 2018 and June 30, 2017, there were no differences between the net asset value per unit and the net assets per unit for any series of the Fund.

Dynamic Alpha Performance Fund

NOTES TO THE FINANCIAL STATEMENTS

For the periods indicated in note 1

1. The Fund

1832 Asset Management L.P., a wholly owned subsidiary of The Bank of Nova Scotia ("Scotiabank"), is the manager and trustee of Dynamic Alpha Performance Fund (the "Fund"). In this document, "we", "us", "our", the "Manager", the "Trustee", and "1832 Asset Management" refer to 1832 Asset Management L.P. The registered office of the Fund is Dynamic Funds Tower, 1 Adelaide Street East, 28th Floor, Toronto, ON, M5C 2V9.

The Fund presented in these financial statements is an open-ended fund established under the laws of the Province of Ontario pursuant to an Amended and Restated Master Declaration of Trust dated December 14, 2015, as amended from time to time.

The Statements of Financial Position are as at June 30, 2018 and 2017, and the Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the years ended June 30, 2018 and 2017. The Schedule of Investment Portfolio is as at June 30, 2018. Throughout this document, reference to the periods refers to the reporting periods described above.

These financial statements were approved and authorized for issue on September 13, 2018 by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., in its capacity as Trustee of the Fund.

The investment objective for the Fund is provided in the Fund's "Fund Specific Notes". The inception date for the Fund is June 7, 2002.

The Fund may offer an unlimited number of units of some or all of its respective series. Each series of the Fund is intended for different investors.

A description of each series is provided below:

Series A: Series A units are available to all investors.

Series F: Series F units are generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series F units because of lower costs and because investors who purchase Series F units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program.

Series FH: Series FH units are generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series FH units because of lower costs and because investors who purchase Series FH units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program.

Series FH units are offered for purchase in U.S. dollars only. The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series FH units and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies.

Series FT: Series FT units are generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series FT units because of lower costs and because investors who purchase Series FT units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program. Series FT units are intended for investors seeking stable monthly distributions.

Series H: Series H units are available to all investors.

Series H units are offered for purchase in U.S. dollars only. The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series H units and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies.

Series T: Series T units are available to all investors. Series T units are intended for investors seeking stable monthly distributions.

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

These annual financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board (IASB).

The preparation of these financial statements in accordance with IFRS requires the use of judgment in applying accounting policies and to make estimates and assumptions concerning the future. Significant accounting judgments and estimates made by the Manager are disclosed in Note 3.

b) Financial instruments

Classification

The Fund classifies investments, including derivatives, as financial assets or financial liabilities at fair value through profit or loss. This category has two sub categories: financial assets and financial liabilities are either held for trading or designated at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired principally for the purpose of selling or repurchasing in the near future or on initial recognition as part of an identical portfolio of financial instruments that are managed together for which there is evidence of actual short-term profit taking. Derivatives and any short positions are included in this category.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed and their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Fund's obligations for net assets attributable to holders of redeemable units are presented at the redemption amount.

Loans and receivables include receivable for securities sold, subscription receivable, and accrued investment income and other, and are measured at amortized cost.

All other financial liabilities, other than those classified as fair value through profit or loss are measured at amortized cost.

Recognition and measurement

Regular purchases and sales of investments are recognized on the date on which the Fund initiates a trade to purchase or sell investments at fair value. Transaction costs are expensed as incurred in the Statements of Comprehensive Income. Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value as presented below. Gains and losses arising from changes in their fair value are included in the Statements of Comprehensive Income for the periods in which they arise.

c) Fair value measurement and hierarchy of financial instruments

Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants which make the maximum use of observable inputs.

IFRS 13, *Fair value measurement*, requires the use and disclosure of a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value of financial instruments. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs. The three level hierarchy based on inputs levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Fair value is based on inputs other than unadjusted quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

Changes in valuation methodology may result in transfers in and out of a level. The Fund's policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments, as applicable, are disclosed in the Fund's "Fund Specific Notes".

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including level 3 measurements. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed by the valuation team daily. At each financial reporting date, the Manager reviews and approves all level 3 fair value measurements. The Manager also has a Valuation Committee which includes members of the finance team, as well as members of the investment counsel and compliance teams. The committee meets quarterly to perform detailed reviews of the valuations of investments held by the Fund.

Financial instruments are valued at their fair value as summarized below:

(i) North American securities are valued at the closing market price recorded by the security exchange on which the security is principally traded. Non-North American equities are valued at fair value based on information provided by an independent pricing source.

(ii) Fixed income securities, including bonds and mortgage-backed securities, are valued using quotations received from independent pricing sources.

(iii) Short-term debt instruments are carried at amortized cost, which approximates fair value.

(iv) Investments in Underlying Funds, as defined below, are valued based on the net asset value per unit provided by the Underlying Fund's manager at the end of each valuation date.

(v) Unlisted warrants are valued using the Black-Scholes option valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation. For purposes of determining Net Asset Value, as defined below, unlisted warrants are valued at their intrinsic value.

(vi) Options contracts are valued at their mid-price as reported by the principal exchange or the over-the-counter market on which the contract is traded. All transactions in over-the-counter options are executed using approved brokers with an approved credit rating.

(vii) Futures contracts are valued at their close prices on each valuation date.

(viii) Open forward currency contracts are valued at the gain or loss that would arise as a result of closing the position on the valuation date.

(ix) Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indices, reference rates and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by an independent pricing source, which may use inputs that are observed from actively quoted markets such as the overnight index swap rate, London Interbank Offered Rate forward rate, interest rates, yield curves and credit spreads.

d) Net Assets versus Net Asset Value

The Fund's accounting policies for measuring the fair value of their investments and derivatives are identical to those used in measuring their net asset value for transactions with unitholders in accordance with Part 14 of National Instrument 81-106 Investment Funds for Continuous Disclosure ("NI 81-106"), except where the last traded market price for financial assets and liabilities are not within the bid-ask spread or the Fund holds unlisted warrants, as described above. A comparison of the net assets per unit in accordance to IFRS ("Net Assets per unit") and the net assets per unit calculated in accordance to NI 81-106 ("Net Asset Value per unit") is presented in the "Fund Specific Notes" for the Fund.

e) Income recognition

Gains and losses arising from changes in fair value of financial assets, other than derivatives, are shown in the Statements of Comprehensive Income as "Change in unrealized gain (loss) on non-derivative financial assets" and as "Net realized gain (loss) on non-derivative financial assets" when the positions are sold. Where applicable, gains or losses arising from changes in fair value of securities sold short, are shown in the Statements of Comprehensive Income as "Change in unrealized gain (loss) on non-derivative financial liabilities". When the short position is closed out, the gain and loss is realized and included in the Statements of Comprehensive Income as "Net realized gain (loss) on non-derivative financial liabilities".

The premium received or paid on options purchased or written are included in the cost of the options. Any difference resulting from revaluation at the reporting date is treated as "Change in unrealized gain (loss) on option contracts", while the gains and losses realized when the position is closed is included in the Statements of Comprehensive Income as "Net realized gain (loss) on option contracts".

Gains and losses arising from changes in fair value of spots, forwards, futures and swaps are shown in the Statements of Comprehensive Income as "Change in unrealized gain (loss)" of the respective derivative contract and in the Statements of Financial Position as "Unrealized Gain" or "Unrealized Loss" of the respective derivative contract until the contracts are closed out or have expired. Once the contracts are closed out or have expired, the resulting realized gains and losses of forwards, futures and swaps are shown in the Statements of Comprehensive Income as "Net Realized gain (loss)" of the respective derivative contract.

Dividend income and distributions from Underlying Funds are recognized on the ex-dividend date. Where applicable, interest and dividends on investments sold short are accrued as earned and are reported as a liability in the Statements of Financial Position in "Payable for interest and dividends on securities sold short" and in the Statements of Comprehensive Income in "Dividend and interest expense on securities sold short". Distributions received from income trusts are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital by applying previous year characterizations reported by the trust as current year characterizations are not available until the following year. The interest income component of the distributions received from Underlying Funds are included as part of "Interest for distribution purposes" in the Statements of Comprehensive Income.

Interest for distribution purposes represents the coupon interest received by the Fund, recognized on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Realized gains or losses on the sale of short-term debt instruments are recorded as an adjustment to "Interest for distribution purposes".

f) Functional and presentation currency and foreign exchange translation

The functional and reporting currency for the Fund is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the Fund operates, or where mixed indicators exist in the primary environment, the currency in which it primarily raises capital. Any currency other than functional currency represents foreign currency to the Fund. Amounts denominated in foreign currencies are converted into the functional currency as follows:

(i) The fair values of investments, derivative contracts and monetary and non-monetary assets and liabilities at the rates of exchange prevailing as at the valuation date;

(ii) Foreign income and expenses at the rates of exchange applicable on the respective dates of such transactions; and

(iii) Purchase or sale of investments and investment income at the rate of exchange prevailing on the respective dates of such transactions.

Gains and losses on foreign exchange incurred in the Fund from monetary or non-monetary assets and liabilities other than investments and derivatives are shown in the Statements of Comprehensive Income as "Net realized and unrealized foreign currency translation gain (loss)".

g) Investments in unconsolidated structured entities

The Fund may invest in mutual funds, exchange-traded funds or closed-ended funds managed by the Manager or third party investment managers. The Fund considers all investments in such instruments ("Underlying Funds") to be investments in unconsolidated structured entities based on the fact that the decisions made by these Underlying Funds are not governed by voting rights or any other similar rights held by the Fund. The Fund accounts for these unconsolidated structured entities at fair value.

The Underlying Funds each have their own objectives and investment strategies which assists the Fund in achieving its investment objectives. The Underlying Funds primarily finance their operations by issuing redeemable units or shares which are puttable at the holder's option in the case of mutual funds and exchange-traded funds or through issuing non-redeemable units or partnership interests in the case of closed-ended funds. The Underlying Funds entitle the holder to a proportional stake in the respective fund's net assets. The Fund holds units, shares or partnership interests in each of its Underlying Funds. These investments are included in "Non-derivative financial assets" in the Statements of Financial Position. The change in fair value of each Underlying Fund is included in the Statements of Comprehensive Income in "Change in unrealized gain (loss) of non-derivative financial assets". The exposure to investments in Underlying Funds at fair value is disclosed in the Fund's "Fund Specific Notes". The Fund's maximum exposure to loss from its interests in Underlying Funds is equal to the total carrying value of its investments in Underlying Funds.

Mortgage-backed securities or asset-backed securities are also considered to be unconsolidated structured entities. Mortgage-backed securities are formed by pooling various types of mortgages while asset-backed securities are formed by pooling assets such as auto loans, credit card receivables or student loans. An interest or claim to this future cash flow (interest and principal) is then sold in the form of debt or equity securities, which could be held by the Fund. The Fund accounts for these unconsolidated structured entities at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, as applicable, represents the maximum exposure to losses at that date.

h) Redeemable units issued by the Fund

The Fund's outstanding redeemable units qualify as "puttable instruments" as per the International Accounting Standard 32, *Financial Instruments*: *Presentation* ("IAS 32") which states that units or shares of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liabilities.

The Fund's redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains at least annually in cash (at the request of the unitholder) and therefore meet the contractual obligation requirement. This feature violates criteria that are required in order for the redeemable units to be presented as equity under IAS 32. Consequently, the Fund's outstanding redeemable units are classified as financial liabilities in these financial statements.

i) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the Statements of Financial Position only if there is an unconditional legal right to offset the amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss. Financial assets and liabilities that are subject to master netting or comparable agreements and the related potential effect of offsetting are disclosed in the Fund's "Fund Specific Notes".

j) Increase (decrease) in net assets attributable to holders of redeemable units per unit

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" is disclosed in the Statements of Comprehensive Income and represents, for each series of units, the increase or decrease in net assets attributable to holders of redeemable units from operations for the period attributable to each series divided by the weighted average number of units outstanding for the corresponding series during the period.

k) Short selling

If the Fund sells a security short, it will borrow that security from the prime broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. There can be no assurance that the Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security, it will maintain an adequate margin in the portfolio containing cash and liquid securities such that the value of the portfolio will be more than the current market value of the security sold short.

l) Cash

Cash is comprised of cash on deposit and margin payable, as applicable. Short-term instruments are disclosed in "Non-derivative financial assets" in the Statements of Financial Position.

m) Non-cash transactions

Non-cash transactions on the Statements of Cash Flows include reinvested distributions from the underlying mutual funds and stock dividends from equity investments. These amounts represent non-cash income recognized in the Statements of Comprehensive Income.

In addition, reclassifications between series of the same fund are also non-cash in nature and have been excluded from "Proceeds from issue of redeemable units" and "Amounts paid on redemption of redeemable units" on the Statements of Cash Flows.

n) Comparative balances

Certain prior year balances have been reclassified in the financial statements in order to conform to the current year's classification of these financial statement items.

Cash collateral on derivatives was segregated from "Margin deposited on derivatives" to "Cash Collateral deposited on derivatives" in the Statements of Financial Position and the Statements of Cash Flows.

o) Accounting standards issued but not yet effective

The final version of IFRS 9, *Financial Instruments* was issued by the International Accounting Standards Board ("IASB") in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement,* related to the classification and measurement of financial assets and financial liabilities.

IFRS 9 relates to the classification and measurement of financial assets and financial liabilities in the Fund. The new standard is effective for the Fund for its fiscal year beginning July 1, 2018. The Manager has evaluated the standard and has determined that the impact to the Fund will include additional disclosures related to changes to the classification of certain financial instruments to align with the classifications under IFRS 9. Adoption of the standard will not impact net assets attributable to holders of redeemable units.

3. Significant Accounting Judgments and Estimates

The preparation of financial statements requires the Manager to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These estimates are made based on information available as at the date of issuance of the financial statements. Actual results could materially differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Investment Entities

In accordance with IFRS 10: *Consolidated Financial Statements,* the Manager has determined that the Fund meets the definition of an Investment Entity which requires that the Fund obtain funds from one or more investors for the purpose of providing investment management services, commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measure and evaluate the performance of their investments on a fair value basis. Consequently, the Fund does not consolidate its investment in subsidiaries, if any, but instead measure these at fair value through profit or loss, as required by the accounting standard.

Classification and measurement of financial instruments and application of the fair value option

In classifying and measuring certain financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, *Financial Instruments: Recognition and Measurement.* The most significant judgments made include the determination that certain financial instruments are held-for-trading and that the fair value option can be applied to those which are not.

Fair value measurement of financial instruments not quoted in an active market

Key areas of estimation, where the Manager has made complex or subjective judgments, include the determination of fair values of financial instruments that are not quoted in an active market. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

4. Discussion of Financial Instrument Risk

The Fund's investment activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. The Fund's investment practices include portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's securities and financial market developments. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Fund is being managed in accordance with the Fund's stated investment objectives, strategies and securities regulations.

The Fund may invest in Underlying Funds. The Fund is indirectly exposed to market risk, credit risk, and liquidity risk in the event that the Underlying Funds invest in financial instruments that are subject to those risks.

The Fund's exposure to market risk, credit risk and liquidity risk, where applicable, is disclosed in the Fund's "Fund Specific Notes".

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. The Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate sensitive derivative instruments, if any.

(ii) Currency risk

The Fund may invest in monetary and non-monetary assets denominated in currencies other than its functional currency. Currency risk is the risk that the value of foreign instruments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. The Fund may enter into currency forward contracts, currency futures contracts and/or foreign currency option contracts for hedging purposes to reduce their foreign currency risk exposure.

(iii) Price risk

Price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to price risk is mainly in equities, Underlying Funds, derivatives and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for written options, short sales and short futures contracts, where possible losses can be unlimited.

(b) Credit risk

Credit risk is the risk that the issuer of a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's investment in financial instruments such as bonds, debentures, money market instruments, preferred shares and derivatives represents the main concentration of credit risk. The fair value of financial instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund. All the transactions in listed securities and derivatives are settled or paid upon delivery using approved brokers with an approved credit rating. The risk of default with the counterparty is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

The Trade Management Oversight Committee is responsible for regulatory evaluation and improvement of trade management policies and procedures, when applicable, and is also responsible for counterparty selection and oversight. The committee reviews counterparties regularly to ensure they still meet preapproved credit standards established by the committee. The counterparty policies and procedures established by the committee have been reviewed and approved by the Board of Directors of the Manager.

The Fund enters into transactions with approved counterparties with a designated rating in accordance with securities regulations.

The credit ratings reported in the financial statements for issuers of debt instruments, counterparties of derivative transactions, prime brokers and custodians, where applicable, are S&P Global Ratings' credit ratings or S&P Global Ratings equivalent for credit ratings from other approved rating agencies. In instances where the credit rating was to fall below the designated rating, the Manager would take appropriate action.

(c) Liquidity risk

The Fund's exposure to liquidity risk arises primarily from the weekly cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the Fund's Schedule of Investment Portfolio, as applicable.

(d) Concentration risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The identification and disclosure of concentration risk is provided in the Fund's "Fund Specific Notes".

5. Management Fees

The Fund pays the Manager management fees. Management fees for other series of securities are paid directly by investors. The management fees cover the costs of managing the Fund, arranging for investment analysis, recommendations and investment decision making for the Fund, arranging for distribution of the Fund, marketing and promotion of the Fund and providing or arranging for other services for the Fund.

The management fee for all series is an annualized rate based on the net asset value of each series of the Fund. The management fees paid by the Fund are calculated and paid monthly, based on the average of the weekly net asset values of the Fund during the month.

The Manager may reduce the effective management fee payable by clients who invest large amounts in the Fund by waiving a portion of the management fee that it would otherwise be entitled to receive from the Fund and directing the Fund to make a management fee distribution in the amount of the reduction. All management fee distributions are automatically reinvested in additional securities of the relevant series of the Fund.

There is no duplication of management fees, incentive fees, sales charges or redemption fees between the Fund and the Underlying Funds held directly by it, if any. The Manager is entitled to an annual management fee, exclusive of sales taxes, as follows:

	Series (%)					
Fund Name	**A**	**F**	**FH**	**FT**	**H**	**T**
Dynamic Alpha Performance Fund	2.25	1.25	1.25	1.25	2.25	2.25

6. Operating Expenses

The Fund pays all of the fees and expenses relating to its operation, including legal and audit fees and expenses, taxes, brokerage commissions, interest, operating and administrative costs and expenses (other than dealer compensation programs and any advertising, marketing, sponsorship and promotional costs and expenses which are the responsibility of the Manager), custody and safekeeping charges, expenses relating to the issue and redemption of units (other than deferred sales charges that are payable by the unitholder to the Manager), providing financial and other reports to unitholders, convening and conducting meetings of unitholders, the qualification for sale of units and complying with all applicable laws, regulations and policies. The Fund is generally required to pay federal goods and services tax ("GST"), harmonized sales tax ("HST"), provincial retail sales taxes and any similar taxes ("Sales Taxes"), as applicable, on the Management Fee and most administration fees and expenses which it pays.

Administration service expenses of $164,000 (June 30, 2017 – $227,000) were paid to the Manager during the period.

7. Redeemable Units

Units issued and outstanding represent the capital of the Fund. The Fund may issue an unlimited number of units. Each unit is redeemable at the option of the unitholder in accordance with the Declaration of Trust, ranks equally with all other units of the Fund and entitles the unitholder to a proportionate undivided interest in the Net Asset Value of the Fund. Unitholders are entitled to distributions when declared. Distributions on units of the Fund are reinvested in additional units of the Fund or at the option of the unitholder, paid in cash. The Fund's capital is managed in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's offering memorandum. The Fund has no specific restrictions or specific capital requirements on the subscriptions or redemptions of units, other than minimum subscription requirements.

The units of each series of the Fund are issued and redeemed at their Net Asset Value per unit of each series which is determined as of the close of the last trading day in each week on which the Toronto Stock Exchange is open for trading. The Net Asset Value per unit is calculated by dividing the Net Asset Value per Series by the total number of outstanding units of each series.

For the periods ended June 30, 2018 and 2017, the following number of units were issued, reinvested and redeemed:

	Units outstanding, beginning of period		Subscriptions		Reinvested Distributions		Redemptions		Units outstanding, end of period	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Dynamic Alpha Performance Fund										
Series A	**10,918,770**	14,881,776	**236,347**	358,883	**–**	–	**(2,912,735)**	(4,321,889)	**8,242,382**	10,918,770
Series F	**30,986,030**	33,063,097	**4,120,349**	6,360,054	**–**	–	**(3,762,222)**	(8,437,121)	**31,344,157**	30,986,030
Series FH	**2,582,371**	2,212,545	**573,095**	671,284	**–**	–	**(129,218)**	(301,458)	**3,026,248**	2,582,371
Series FT	**1,865,537**	1,863,610	**957,085**	713,196	**20,594**	18,503	**(242,352)**	(729,772)	**2,600,864**	1,865,537
Series H	**444,025**	889,759	**–**	30,818	**–**	–	**(55,677)**	(476,552)	**388,348**	444,025
Series T	**534,903**	710,565	**–**	12,095	**2,331**	7,100	**(284,988)**	(194,857)	**252,246**	534,903

8. Income Taxes

Mutual fund trust

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada). The Fund is subject to tax on its net investment income, including the taxable portion of net realized capital gains that are not paid or payable to its unitholders. The Fund distributes sufficient amounts of its net investment income, including net realized capital gains, less the amount retained to enable the Fund to utilize any available tax losses or, if applicable, tax credits attributable to redemptions during the period by its unitholders such that no income tax will be paid or payable by the Fund. Such net investment income, including net realized capital gains are taxable in the hands of the unitholders. Accordingly, the Fund does not record Canadian income taxes in its financial statements.

The Fund may distribute a return of capital. A return of capital is generally not taxable to unitholders but will reduce the adjusted cost base of the units held.

Losses carried forward

Capital losses can be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses for income tax purposes may be carried forward up to twenty years and applied against all sources of income. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses have not been reflected in the Statements of Financial Position as a deferred income tax asset.

As of the 2017 tax year end, the Fund has losses available to carry forward as indicated in the table below:

			Non-Capital Losses that Expire in:		
Fund Name	**Total Capital Losses ($000's)**	**Total Non-Capital Losses ($000's)**	**2034 ($000's)**	**2035 ($000's)**	**2036 ($000's)**
Dynamic Alpha Performance Fund	–	**19,349**	6,912	–	12,437

Withholding taxes

The Fund currently incurs withholding taxes imposed by certain countries on investment income and in some cases, capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Uncertain income taxes

The Fund may invest in securities issued by entities which are domiciled in countries other than Canada. These foreign countries may impose taxes on capital gains realized by non-residents. In addition, the Fund may be required to determine these capital gains taxes on a self-assessment basis; therefore, such taxes may not be deducted by the Fund's broker on a "withholding" basis.

As at June 30, 2018 and 2017, the Fund has recorded uncertain tax liabilities and related interest and penalties with respect to foreign capital gains taxes. These are included in the Statements of Financial Position as "Provision for uncertain tax", as applicable. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

9. Client Brokerage Commissions

Client brokerage commissions are arrangements pursuant to which products or services, other than the execution of portfolio securities transactions, are obtained by a portfolio advisor from or through a broker-dealer in exchange for directing client securities transactions to the broker-dealer. The ascertainable client brokerage commissions paid in connection with investment portfolio transactions for the period ended June 30, 2018 was $387,000 (June 30, 2017 – $372,000).

10. Related Party Transactions

The Manager is a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank"). Scotiabank also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, and Scotia Capital Inc. (which includes ScotiaMcLeod and Scotia iTRADE), an investment dealer.

On August 4, 2017, Industrial Alliance Insurance and Financial Services Inc. completed its acquisition of HollisWealth including HollisWealth Advisory Services Inc. (collectively, "HollisWealth"), a related party of the Manager. As such, HollisWealth ceased to be a related party.

The Manager, on behalf of the Fund, may enter into transactions or arrangements with other members of Scotiabank or certain other companies that are related or connected to the Manager (each a "related party"). All transactions between the Fund and the related parties are in the normal course of business and are carried out at arm's length terms.

(a) The Manager earns management fees for acting as trustee and/or manager of the Fund as detailed in note 5. The Manager may also be entitled to earn an annual incentive fee based on the performance of the Fund as detailed in note 11. The management fees and incentive fees, as applicable, are disclosed in separate lines in the Statements of Comprehensive Income.

(b) Decisions about the purchase and sale of the Fund's portfolio securities are made by appointed Portfolio Managers of the Fund. Provided that the pricing, service and other terms are comparable to those offered by other dealers, a portion of the portfolio transactions may be executed for the Fund, by a related party to the Fund. In such cases, the related party will receive commissions from the Fund. Brokerage fees paid to related parties for the period ended June 30, 2018 was nil (June 30, 2017 – nil).

(c) Certain registered dealers through which units of the Fund are distributed are related parties to the Fund and the Manager. The Manager pays to these affiliates, out of its fees, distribution and servicing fees based on the amount of assets held in the investor's account. These fees are paid on the basis and at the same rates that the Manager pays to non-affiliated dealers.

(d) The Manager received approval from the Independent Review Committee to invest the Fund's overnight cash with Scotiabank with interest paid by Scotiabank to the Fund based on prevailing market rates. The interest earned by the Fund is included in "Interest for distribution purposes" in the Statements of Comprehensive Income.

(e) The Fund may invest in investment funds managed by the Manager or a related party, which are disclosed in the Schedule of Investment Portfolio. These include Scotia Funds, Scotia Private Pools, Pinnacle Portfolios, Scotia ETFs, Dynamic Funds, Marquis Funds and Dynamic Private Investment Pools.

(f) The Manager has received approval from the Independent Review Committee for the Fund to purchase securities of related parties. Any related party securities held by the Fund are disclosed in the Schedule of Investment Portfolio.

(g) Distributions received from related party funds are included in "Interest for distribution purposes", "Dividends" or "Net realized gain (loss) on non-derivative financial assets", as applicable in the Statements of Comprehensive Income.

11. Incentive Fees

In addition to the management fees, the Fund is required to pay incentive fees. The incentive fees are accrued weekly and payable within 30 days after December 31. For purposes of calculating the incentive fees, the high water mark for the Fund is determined in accordance with the offering memorandum. The incentive fee payable by the Fund is shown in "Incentive fee payable", as applicable, in the Statements of Financial Position.

The Fund is required to pay to the Manager an annual incentive fee equal to (a) 20% of the amount by which the net asset value per unit of a series on the last valuation day of such calendar year (before giving effect to any distributions by the Fund since the high water mark and adjusted to exclude the accrual of the incentive fee during the calendar year) exceeds 103% of the high water mark, multiplied by (b) the average number of units of that series outstanding during such calendar year. Incentive fees are estimated and accrued during the calendar year such that the net asset value per unit reflects such accrual. A separate incentive fee is calculated for each series of units offered by the Fund. The Incentive Fee in respect of Series H Units and Series FH Units is calculated in U.S. dollars. As at June 30, 2018, incentive fees, inclusive of sales tax, accrued and payable to the Manager were $5,561,000 (June 30, 2017 – nil).

12. Unfunded Credit Agreements

The Fund may enter into credit agreements, all or a portion of which may be unfunded. The Fund is obligated to fund the credit agreements at the issuer's discretion. The funded portions of the agreements are marked to market daily and any unrealized gain or loss is included in the Statements of Financial Position and the Statements of Comprehensive Income. The unfunded portion of the credit agreements will be marked to market and any unrealized gain or loss will be included in the Statements of Financial Position and the Statements of Comprehensive Income when the issuer has called for the amounts and has met all the conditions of the call in accordance with the credit agreement. The funded portions of credit agreements are presented on the Schedule of Investment Portfolio. There are no unfunded portions as at June 30, 2018 or June 30, 2017.

13. Prime Broker Arrangements

The Manager has appointed TD Securities Inc., a prime broker, as custodian of the assets for the Fund. Some or all of the Fund's assets may be held in the prime broker account as the Fund will use leverage and may engage in short selling. The prime broker accounts may provide less segregation of the Fund's assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the Fund's assets in such accounts, which may result in a potential loss of such assets. As a result, the Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors and adverse market movements while its positions cannot be traded.

14. Leverage and Borrowing

The Fund will, from time to time, enter into leverage and borrowing transactions, pursuant to the terms of the offering memorandum. The Fund has provided the prime broker interest in all of the assets of the Fund as collateral for leverage purposes. Such facilities are repayable on demand. For the periods ended June 30, 2018 and 2017, the Fund did not enter into any leverage or borrowing transactions.

15. Filing Exemptions

The Fund is relying on the exemption available under section 2.11 of National Instrument 81-106 – Investment Fund Continuous Disclosure which exempts a mutual fund that is not a reporting issuer from publicly filing its financial statements for a financial year or for an interim period.

16. Currency Legend

The following is a list of abbreviations that may be used in the Financial Statements:

AUD	Australian Dollar	KRW	South Korean Won
BMD	Bermuda Dollar	MXN	Mexican Peso
BRL	Brazilian Real	MYR	Malaysian Ringgit
CAD	Canadian Dollar	NOK	Norwegian Krone
CHF	Swiss Franc	NZD	New Zealand Dollar
DKK	Danish Krone	PHP	Philippine Peso
EUR	Euro	PKR	Pakistani Rupee
GBP	Pound Sterling	SEK	Swedish Krona
HKD	Hong Kong Dollar	SGD	Singapore Dollar
IDR	Indonesian Rupiah	THB	Thailand Baht
ILS	Israeli Shekel	TWD	New Taiwan Dollar
INR	Indian Rupee	USD	US Dollar
JPY	Japanese Yen	ZAR	South African Rand

To the Unitholders and Trustee of

Dynamic Alpha Performance Fund (the Fund)

We have audited the accompanying June 30, 2018 annual financial statements of the Fund, which comprise the statements of financial position as at June 30, 2018 and June 30, 2017 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for years ended June 30, 2018 and June 30, 2017, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2018 and June 30, 2017 and its financial performance and its cash flows for the years ended June 30, 2018 and June 30, 2017 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
September 13, 2018

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UNAUDITED FINANCIAL STATEMENTS OF
DYNAMIC ALPHA PERFORMANCE FUND
AS AT DECEMBER 31, 2018

(see attached)

INTERIM REPORT
DYNAMIC ALPHA PERFORMANCE FUND

Period ended December 31, 2018

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Dynamic Alpha Performance Fund

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Fund have been prepared by 1832 Asset Management L.P., in its capacity as manager (the “Manager”) of the Fund, and have been approved by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., in its capacity as trustee (the “Trustee”) of the Fund. The Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Fund are described in Note 2 to the financial statements.

The Board of Directors of 1832 Asset Management G.P. Inc. has delegated responsibility for oversight of the financial reporting process to the Finance Committee of the Board of Directors of 1832 Asset Management G.P. Inc. (the “Finance Committee”). The Finance Committee is responsible for reviewing the financial statements and recommending them to the Board of Directors of 1832 Asset Management G.P. Inc. for approval, in addition to meeting with management, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

GLEN GOWLAND
President
1832 Asset Management L.P.

ANIL MOHAN
Chief Financial Officer
1832 Asset Management L.P.

February 14, 2019

Dynamic Alpha Performance Fund (Unaudited)

STATEMENTS OF FINANCIAL POSITION

As at

(in $000s except per unit amounts)	December 31, 2018	June 30, 2018
ASSETS		
Current assets		
Financial assets at fair value through profit or loss (note 2)		
Non-derivative financial assets	52,159	97,290
Derivatives	979	657
Cash	428,219	455,366
Receivable for securities sold	13,227	8,460
Subscriptions receivable	2,764	1,327
Accrued investment income and other	513	279
	497,861	**563,379**
LIABILITIES		
Current liabilities		
Financial liabilities at fair value through profit or loss (note 2)		
Non-derivative financial liabilities	34,229	97,986
Derivatives	–	10
Management fee payable	602	608
Payable for securities purchased	19,875	18,002
Redemptions payable	82	711
Accrued expenses	26	23
Distributions payable	–	95
Incentive fee payable	2,823	5,561
	57,637	**122,996**
Net assets attributable to holders of redeemable units	**440,224**	**440,383**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES		
Series A	78,095	84,307
Series F	301,451	297,497
Series FH (in equivalent CAD)	26,480	26,020
Series FT	28,673	26,928
Series H (in equivalent CAD)	3,184	3,137
Series T	2,341	2,494
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES – USD		
Series FH	19,405	19,799
Series H	2,333	2,387
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT		
Series A	9.98	10.23
Series F	9.30	9.49
Series FH (in equivalent CAD)	8.76	8.60
Series FT	9.88	10.35
Series H (in equivalent CAD)	8.20	8.08
Series T	9.42	9.89
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT – USD		
Series FH	6.42	6.54
Series H	6.01	6.15

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31 (note 1),

(in $000s except per unit amounts and average units)	2018	2017
INCOME		
Net gain (loss) on investments		
Dividends	164	398
Interest for distribution purposes	3,677	1,433
Net realized gain (loss) on non-derivative financial assets	(5,465)	19,955
Change in unrealized gain (loss) on non-derivative financial assets	(8,114)	11,087
Net realized gain (loss) on non-derivative financial liabilities	(1,448)	3,514
Change in unrealized gain (loss) on non-derivative financial liabilities	(1,278)	(2,829)
Net realized gain (loss) on derivatives	–	(7,115)
Change in unrealized gain (loss) on derivatives	332	6,722
Dividend and interest expense on securities sold short	(372)	(855)
Net gain (loss) on investments	**(12,504)**	**32,310**
Net realized and unrealized foreign currency translation gain (loss)	6,195	(12,087)
Total income (loss), net	**(6,309)**	**20,223**
EXPENSES		
Management fees (note 5)	3,167	3,065
Incentive fees (note 11)	(2,497)	1,931
Independent Review Committee fees	1	1
Custody and bank charges	1	1
Foreign withholding taxes/tax reclaims	25	86
Audit fees	7	9
Filing fees	3	4
Legal fees	–	14
Unitholder administration costs	122	155
Unitholder reporting costs	5	7
Other fund costs	77	126
Harmonized Sales Tax/Goods and Services Tax	76	535
Transaction costs	1,013	1,136
Total expenses	**2,000**	**7,070**
Expenses absorbed by the Manager	–	–
Net expenses	**2,000**	**7,070**
Net increase (decrease) in net assets attributable to holders of redeemable units from operations	**(8,309)**	**13,153**
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A	(2,002)	3,154
Series F	(6,163)	9,228
Series FH (in equivalent CAD)	472	33
Series FT	(607)	623
Series H (in equivalent CAD)	47	(13)
Series T	(56)	128
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES – USD		
Series FH	360	26
Series H	36	(11)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT†		
Series A	(0.25)	0.31
Series F	(0.19)	0.31
Series FH (in equivalent CAD)	0.15	0.01
Series FT	(0.22)	0.33
Series H (in equivalent CAD)	0.13	(0.04)
Series T	(0.23)	0.31
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT – USD†		
Series FH	0.11	0.01
Series H	0.10	(0.03)
WEIGHTED AVERAGE NUMBER OF UNITS PER SERIES		
Series A	8,019,871	10,095,485
Series F	31,880,734	30,838,510
Series FH	3,054,521	2,741,188
Series FT	2,698,442	1,831,112
Series H	388,348	431,379
Series T	246,468	411,722

† The increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations per series by the weighted average number of units per series.

Dynamic Alpha Performance Fund (Unaudited)

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the periods ended December 31 (note 1),

(in $000s)	2018	2017
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, BEGINNING OF PERIOD		
Series A	84,307	100,553
Series F	297,497	263,217
Series FH	26,020	19,609
Series FT	26,928	18,121
Series H	3,137	3,190
Series T	2,494	5,007
	440,383	**409,697**
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A	(2,002)	3,154
Series F	(6,163)	9,228
Series FH	472	33
Series FT	(607)	623
Series H	47	(13)
Series T	(56)	128
	(8,309)	**13,153**
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS		
From return of capital		
Series FT	(667)	(449)
Series T	(58)	(95)
	(725)	**(544)**
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A	2,272	380
Series F	33,334	18,091
Series FH	917	2,182
Series FT	5,449	1,081
Series T	50	–
Reinvested distributions		
Series FT	126	92
Series T	7	16
Payments on redemption		
Series A	(6,482)	(16,130)
Series F	(23,217)	(18,046)
Series FH	(929)	(615)
Series FT	(2,556)	(1,764)
Series H	–	(111)
Series T	(96)	(1,999)
	8,875	**(16,823)**
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A	(6,212)	(12,596)
Series F	3,954	9,273
Series FH	460	1,600
Series FT	1,745	(417)
Series H	47	(124)
Series T	(153)	(1,950)
	(159)	**(4,214)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS, END OF PERIOD		
Series A	78,095	87,957
Series F	301,451	272,490
Series FH	26,480	21,209
Series FT	28,673	17,704
Series H	3,184	3,066
Series T	2,341	3,057
	440,224	**405,483**

STATEMENTS OF CASH FLOWS

For the periods ended December 31 (note 1),

(in $000s)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	(8,309)	13,153
Adjustments for:		
Net realized (gain) loss on non-derivative financial assets	5,465	(19,955)
Change in unrealized (gain) loss on non-derivative financial assets	8,114	(11,087)
Net realized (gain) loss on non-derivative financial liabilities	1,448	(3,514)
Change in unrealized (gain) loss on non-derivative financial liabilities	1,278	2,829
Net realized (gain) loss on derivatives	–	7,115
Change in unrealized (gain) loss on derivatives	(332)	(6,722)
Unrealized foreign currency translation (gain) loss	(1,759)	(3,876)
Purchases of non-derivative financial assets and liabilities	(1,150,207)	(1,105,616)
Proceeds from sale of non-derivative financial assets and liabilities	1,112,382	1,225,514
Payable for interest and dividends on securities sold short	–	9
Accrued investment income and other	(234)	(65)
Accrued expenses and other payables	(2,741)	2,135
Net cash provided by (used in) operating activities	**(34,895)**	**99,920**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	34,987	14,644
Amounts paid on redemption of redeemable units	(28,311)	(35,528)
Distributions to unitholders of redeemable units	(687)	(517)
Net cash provided by (used in) financing activities	**5,989**	**(21,401)**
Unrealized foreign currency translation gain (loss)	1,759	3,876
Net increase (decrease) in cash	(28,906)	78,519
Cash (margin payable), beginning of period	455,366	242,853
CASH (MARGIN PAYABLE), END OF PERIOD	**428,219**	**325,248**
Interest received, net of withholding taxes[(1)]	3,447	1,344
Dividends paid[(1)]	372	846
Dividends received, net of withholding taxes[(1)]	139	297

(1) Classified as operating items.

Dynamic Alpha Performance Fund (Unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2018

		Par Value ($000s)/ Number of Shares/Units	Average Cost ($000s)	Carrying Value ($000s)
BONDS AND DEBENTURES (0.5%)				
Foreign Bonds and Debentures (0.5%)				
United States (0.5%)				
Coupa Software Incorporated, 0.375% Jan. 15 23	USD	1,000	**1,367**	**2,068**
EQUITIES (11.4%)				
United States (11.4%)				
Abiomed, Inc.		10,100	4,492	4,480
Five Below, Inc.		34,400	4,676	4,803
JPMorgan Chase & Co.		33,200	4,401	4,422
Palo Alto Networks, Inc.		35,000	8,742	8,995
PayPal Holdings, Inc.		39,000	4,344	4,475
salesforce.com, inc.		23,900	4,513	4,467
ServiceNow, Inc.		20,300	4,914	4,932
Vertex Pharmaceuticals Incorporated		20,000	4,502	4,522
Workday, Inc., Class "A"		20,900	4,564	4,554
Xilinx, Inc.		38,200	4,524	4,441
			49,672	**50,091**
TOTAL – LONG POSITIONS (11.9%)			**51,039**	**52,159**
SHORT POSITIONS – EQUITIES (–7.8%)				
Germany (–0.5%)				
Deutsche Bank Aktiengesellschaft		(185,500)	**(2,187)**	**(2,063)**
Switzerland (–1.0%)				
Novartis AG, Sponsored ADR		(37,800)	**(4,415)**	**(4,426)**
United States (–6.3%)				
Apple Inc.		(20,500)	(4,405)	(4,413)
eBay Inc.		(115,200)	(4,474)	(4,412)
International Business Machines Corporation		(28,000)	(4,581)	(4,343)
Microsoft Corporation		(31,300)	(4,484)	(4,338)
Nevro Corp.		(27,300)	(1,508)	(1,449)
Oracle Corporation		(142,600)	(8,839)	(8,785)

	Par Value ($000s)/ Number of Shares/Units	Average Cost ($000s)	Carrying Value ($000s)
SHORT POSITIONS – EQUITIES (–7.8%) (cont'd)			
United States (–6.3%) (cont'd)			
		(28,291)	**(27,740)**
TOTAL – SHORT POSITIONS (–7.8%)		**(34,893)**	**(34,229)**
AVERAGE COST AND CARRYING VALUE OF INVESTMENTS (4.1%)		**16,146**	**17,930**
TRANSACTION COSTS (0.0%)		**(40)**	**–**
TOTAL AVERAGE COST AND CARRYING VALUE OF INVESTMENTS (4.1%)		**16,106**	**17,930**
UNREALIZED GAIN (LOSS) ON DERIVATIVES (0.2%)			**979**
CASH AND SHORT TERM INSTRUMENTS (MARGIN PAYABLE) (97.3%)			
Canadian		282,090	282,090
Foreign		142,869	146,129
		424,959	**428,219**
OTHER NET ASSETS (LIABILITIES) (–1.6%)			**(6,904)**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)			**440,224**

Schedule of Derivative Instruments

Unrealized Gain on Currency Forward Contracts – Series FH and Series H[(1)]

Counterparty	Credit Rating	Delivery Date	Par Value of Currency Bought ($000s)		Par Value of Currency Sold ($000s)		Contract Price ($)	Market Price ($)	Unrealized Gain ($000s)
TD Securities Inc.	A-1+	16-Jan-19	USD	6,763	(CAD)	(8,803)	1.302	1.364	423
TD Securities Inc.	A-1+	20-Feb-19	USD	7,447	(CAD)	(9,773)	1.312	1.363	377
TD Securities Inc.	A-1+	15-Mar-19	USD	7,410	(CAD)	(9,915)	1.338	1.362	179
									979

(1) These unrealized forward currency contract gains and losses are attributed solely to Series FH and Series H.

Dynamic Alpha Performance Fund (Unaudited)

FUND SPECIFIC NOTES
For the periods indicated in note 1

The Fund (note 1)

The Fund's investment objective is to protect capital during a wide range of economic and market environments while earning superior equity or equity related returns that are not correlated to major stock market indices.

The Fund may also invest a portion of its assets in funds managed by the Manager and/or by third party investment managers (the "Underlying Funds"). In addition to the risks described below, the Fund could be exposed to indirect risk to the extent that the Underlying Funds held financial instruments that were subject to the below risks.

Risks associated with financial instruments (note 4)

Interest rate risk

Below is a summary of the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio, excluding underlying funds, preferred shares and cash, as applicable.

Interest rate exposure	December 31, 2018 ($000s)	June 30, 2018 ($000s)
Less than 1 year	–	–
1-3 years	–	–
3-5 years	2,068	14,751
5-10 years	–	6,804
> 10 years	–	–
	2,068	**21,555**

As at December 31, 2018, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by $22,000 or approximately 0.0% (June 30, 2018 – $240,000 or approximately 0.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk

Below is a summary of the Fund's direct exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary assets and liabilities of the Fund net of currency contracts, as applicable.

	December 31, 2018			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	157,494	–	157,494	35.8
Euro	22	–	22	0.0
	157,516	**–**	**157,516**	**35.8**

	June 30, 2018			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	324,154	–	324,154	73.6
Euro	21	–	21	0.0
	324,175	**–**	**324,175**	**73.6**

The Fund may hedge currency exposure of its foreign portfolio positions to the extent deemed appropriate. The net assets attributable to Series FH and Series H units of the Fund are hedged against changes in foreign currency relative to Canadian currency and in doing so attempts to eliminate foreign currency risk for such series.

Series FH and Series H

	December 31, 2018			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	29,664	(29,470)	194	0.0
	29,664	**(29,470)**	**194**	**0.0**

Series FH and Series H

	June 30, 2018			
Currency	Gross currency exposure ($000s)	Currency contracts ($000s)	Net currency exposure ($000s)	Percentage of net assets (%)
US Dollar	29,157	(29,221)	(64)	(0.0)
	29,157	**(29,221)**	**(64)**	**(0.0)**

If the Canadian dollar strengthened or weakened by 10% in relation to all other foreign currencies, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund could possibly have decreased or increased, respectively, by $15,771,000 or approximately 3.6% (June 30, 2018 – $32,411,000 or approximately 7.4%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Price risk

Price risk is the risk that the carrying value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Direct exposure to price risk is mainly in equities, underlying funds, derivatives and commodities, as applicable. As at December 31, 2018, approximately 3.6% (June 30, 2018 – 5.1%) of the Fund's net assets were directly exposed to price risk. If prices of these instruments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately $1,586,000 (June 30, 2018 – $2,225,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Dynamic Alpha Performance Fund (Unaudited)

FUND SPECIFIC NOTES
For the periods indicated in note 1

Credit risk

Below is a summary of the credit ratings of bonds and debentures, money market instruments and preferred shares held by the Fund, as applicable.

	December 31, 2018		June 30, 2018	
Credit ratings	Percentage of total credit rated instruments (%)	Percentage of net assets (%)	Percentage of total credit rated instruments (%)	Percentage of net assets (%)
B	–	–	59.3	2.9
Unrated	100.0	0.5	40.7	2.0
	100.0	**0.5**	**100.0**	**4.9**

Concentration risk

Concentration risk arises as a result of the concentration of financial instruments within the same category, geographical location, asset type or industry sector, as applicable. Below is a summary of the Fund's concentration risk by carrying value as a percentage of net assets.

	December 31, 2018	June 30, 2018
BONDS AND DEBENTURES	**0.5**	**4.9**
Foreign Bonds and Debentures		
United States	0.5	4.9
EQUITIES	**11.4**	**17.2**
Ireland	–	2.1
United States	11.4	15.1
SHORT POSITIONS – EQUITIES	**(7.8)**	**(22.3)**
Germany	(0.5)	–
Switzerland	(1.0)	–
United States	(6.3)	(22.3)
CASH AND SHORT TERM INSTRUMENTS (BANK OVERDRAFT)	**97.3**	**103.4**

Fair value classification (note 2)

Below is a summary of the classification of the Fund's financial instruments within the fair value hierarchy.

December 31, 2018	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Equities	50,091	–	–	50,091
Bonds and debentures	–	2,068	–	2,068
Unrealized gain on currency forward contracts	–	979	–	979
	50,091	**3,047**	**–**	**53,138**
Equities – short	(34,229)	–	–	(34,229)
	15,862	**3,047**	**–**	**18,909**

June 30, 2018	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Equities	75,735	–	–	75,735
Bonds and debentures	–	21,555	–	21,555
Unrealized gain on currency forward contracts	–	657	–	657
	75,735	**22,212**	**–**	**97,947**
Equities – short	(97,986)	–	–	(97,986)
Unrealized loss on currency forward contracts	–	(10)	–	(10)
	(22,251)	**22,202**	**–**	**(49)**

Transfers between levels

During the periods ended December 31, 2018 and June 30, 2018, there were no significant transfers between Level 1 and Level 2.

Offsetting of financial assets and liabilities (note 2)

Below is a summary of the offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts, were to arise. No amounts were offset in the financial statements.

	December 31, 2018			
Financial assets – by type	Gross amount of assets ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	979	–	–	979
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	979	**–**	**–**	**979**

	December 31, 2018			
Financial liabilities – by type	Gross amount of liabilities ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	–	–	–	–
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	–	**–**	**–**	**–**

	June 30, 2018			
Financial assets – by type	Gross amount of assets ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	657	(10)	–	647
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	657	**(10)**	**–**	**647**

	June 30, 2018			
Financial liabilities – by type	Gross amount of liabilities ($000s)	Master netting offset ($000s)	Collateral pledged/ received ($000s)	Net amount ($000s)
Currency forward contracts	10	(10)	–	–
Options contracts – OTC	–	–	–	–
Swap contracts – OTC	–	–	–	–
	10	**(10)**	**–**	**–**

Interest in Underlying Funds (note 2)

The Fund did not hold any interest in Underlying Funds as at December 31, 2018 or June 30, 2018.

Comparison of net asset value per unit and net assets per unit (note 2)

As at December 31, 2018 and June 30, 2018, there were no differences between the net asset value per unit and the net assets per unit for any series of the Fund.

Dynamic Alpha Performance Fund

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

For the periods indicated in note 1

1. The Fund

1832 Asset Management L.P., a wholly owned subsidiary of The Bank of Nova Scotia (“Scotiabank”), is the manager and trustee of Dynamic Alpha Performance Fund (the “Fund”). In this document, “we”, “us”, “our”, the “Manager”, the “Trustee”, and “1832 Asset Management” refer to 1832 Asset Management L.P. The registered office of the Fund is Dynamic Funds Tower, 1 Adelaide Street East, 28th Floor, Toronto, ON, M5C 2V9.

The Fund presented in these financial statements is an open-ended fund established under the laws of the Province of Ontario pursuant to an Amended and Restated Master Declaration of Trust dated December 14, 2015, as amended from time to time.

The Statements of Financial Position are as at December 31, 2018 and June 30, 2018, and the Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the six month periods ended December 31, 2018 and 2017. The Schedule of Investment Portfolio is as at December 31, 2018. Throughout this document, reference to the periods refers to the reporting periods described above.

These financial statements were approved and authorized for issue on February 14, 2019 by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., in its capacity as Trustee of the Fund.

The investment objective for the Fund is provided in the Fund’s “Fund Specific Notes”. The inception date for the Fund is June 7, 2002.

The Fund may offer an unlimited number of units of some or all of its respective series. Each series of the Fund is intended for different investors.

A description of each series is provided below:

Series A: Series A units are available to all investors.

Series F: Series F units are generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series F units because of lower costs and because investors who purchase Series F units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program.

Series FH: Series FH units are generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series FH units because of lower costs and because investors who purchase Series FH units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program.

Series FH units are offered for purchase in U.S. dollars only. The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series FH units and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies.

Series FT: Series FT units are generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series FT units because of lower costs and because investors who purchase Series FT units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program. Series FT units are intended for investors seeking stable monthly distributions.

Series H: Series H units are available to all investors.

Series H units are offered for purchase in U.S. dollars only. The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series H units and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies.

Series T: Series T units are available to all investors. Series T units are intended for investors seeking stable monthly distributions.

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of accounting

These interim financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (“IFRS”).

The preparation of these financial statements in accordance with IFRS requires the use of judgment in applying accounting policies and to make estimates and assumptions concerning the future. Significant accounting judgments and estimates made by the Manager are disclosed in Note 3.

Accounting standards effective July 1, 2018

The Fund has adopted IFRS 9, Financial Instruments in the current reporting period commencing July 1, 2018. The adoption of IFRS 9 has been applied retrospectively and does not result in a change to the classification or measurement of financial instruments.

Previously under IAS 39, the Fund classified investments, including derivatives, as financial assets or financial liabilities at fair value through profit or loss. This category had two sub categories: financial assets and financial liabilities as either held for trading or designated at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading were those acquired principally for the purpose of selling or repurchasing in the near future or on initial recognition as part of an identical portfolio of financial instruments that were managed together for which there was evidence of actual short-term profit taking. Derivatives and short positions were included in this category.

Financial assets and financial liabilities at fair value through profit or loss at inception were financial instruments that were not classified as held for trading but were managed and their performance was evaluated on a fair value basis in accordance with the respective Fund's investment strategy.

On adoption of IFRS 9, all investments and derivatives are classified as fair value through profit or loss.

b) Financial instruments

Classification

The Fund classifies investments, including derivatives, as financial assets or financial liabilities at fair value through profit or loss. Investment classification is based on both the Fund's business model for managing those investments and their contractual cash flow characteristics. The portfolio of investments is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess performance and to make decisions. The contractual cash flows of the Fund's debt securities are generally principal and interest, however, the collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund may sell securities short, in which a borrowed security is sold in anticipation of a decline in the market value of that security. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

Derivatives include warrants, swaps, options, futures and forward currency contracts. Derivative contracts that have a negative fair value are classified as financial liabilities at fair value through profit or loss.

As such, the Fund classifies all investments and derivatives as financial assets or liabilities at fair value through profit or loss.

The Fund's obligations for net assets attributable to holders of redeemable units are presented at the redemption amount.

Receivable for securities sold, subscription receivable, and accrued investment income and other are measured at amortized cost.

All other financial liabilities, other than those classified as fair value through profit or loss are measured at amortized cost.

Recognition and measurement

Regular purchases and sales of investments are recognized on the date on which the Fund initiates a trade to purchase or sell investments at fair value. Transaction costs are expensed as incurred in the Statements of Comprehensive Income. Financial assets and liabilities at fair value through profit or loss are measured at fair value as presented below. Gains and losses arising from changes in their fair value are included in the Statements of Comprehensive Income for the periods in which they arise.

c) Fair value measurement and hierarchy of financial instruments

Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants which make the maximum use of observable inputs.

IFRS 13, *Fair value measurement*, requires the use and disclosure of a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value of financial instruments. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs. The three level hierarchy based on inputs levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Fair value is based on inputs other than unadjusted quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

Changes in valuation methodology may result in transfers in and out of a level. The Fund's policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments, as applicable, are disclosed in the Fund's "Fund Specific Notes".

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including level 3 measurements. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed by the valuation team daily. At each financial reporting date, the Manager reviews and approves all level 3 fair value measurements. The Manager also has a Valuation Committee which includes members of the finance team, as well as members of the investment counsel and compliance teams. The committee meets quarterly to perform detailed reviews of the valuations of investments held by the Fund.

Financial instruments are valued at their fair value as summarized below:

(i) North American equities, including exchange traded funds and closed end funds, are valued at the closing market price recorded by the security exchange on which the security is principally traded. Non-North American equities are valued at fair value based on information provided by an independent pricing source.

(ii) Fixed income securities, including bonds and mortgage-backed securities, are valued using quotations received from independent pricing sources.

(iii) Short-term debt instruments are carried at amortized cost, which approximates fair value.

(iv) Investments in underlying mutual funds are valued based on the net asset value per unit provided by the underlying mutual funds' manager at the end of each valuation date.

(v) Unlisted warrants are valued using the Black-Scholes option valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation. For purposes of determining Net Asset Value, as defined below, unlisted warrants are valued at their intrinsic value.

(vi) Options contracts are valued at their mid-price as reported by the principal exchange or the over-the-counter market on which the contract is traded. All transactions in over-the-counter options are valued using quotations received from independent pricing sources. Options on futures are valued using settlement price determined by the exchange (if available); if no settlement price is available, the last reported closing sale price on the valuation date; or, if no closing sale price is available, the last reported settlement price.

(vii) Futures contracts are valued at their settle prices on each valuation date.

(viii) Open forward currency contracts are valued at the gain or loss that would arise as a result of closing the position on the valuation date.

(ix) Over-the-counter swap contracts are valued at the amount that the Fund would receive or pay to terminate the swap, based on the current value of the underlying interest on the valuation date; centrally cleared swaps listed or traded on a multilateral or trade facility platform, such as a registered exchange, are valued at the daily settlement price determined by the respective exchange (if available).

d) Net Assets versus Net Asset Value

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value for transactions with unitholders in accordance with Part 14 of National Instrument 81-106 Investment Funds for Continuous Disclosure ("NI 81-106"), except where the last traded market price for financial assets and liabilities are not within the bid-ask spread or the Fund holds unlisted warrants, as described above. A comparison of the net assets per unit in accordance to IFRS ("Net Assets per unit") and the net asset value per unit calculated in accordance to NI 81-106 ("Net Asset Value per unit") is presented in the "Fund Specific Notes" for the Fund.

e) Income recognition

Gains and losses arising from changes in fair value of non-derivative financial assets are shown in the Statements of Comprehensive Income as "Change in unrealized gain (loss) on non-derivative financial assets" and as "Net realized gain (loss) on non-derivative financial assets" when the positions are sold.

Gains and losses arising from changes in fair value of securities sold short, are shown in the Statements of Comprehensive Income as "Change in unrealized gain (loss) on non-derivative financial liabilities", and as "Net realized gain (loss) on non-derivative financial liabilities" when positions are closed out, where applicable.

Gains and losses arising from changes in fair value of derivatives are shown in the Statements of Comprehensive Income as "Change in unrealized gain (loss) on derivatives", and as "Net realized gain (loss) on derivatives" when positions are closed out or have expired, where applicable.

The premium received or paid on options purchased or written are included in the cost of the options. Any difference resulting from revaluation at the reporting date is treated as "Change in unrealized gain (loss) on derivatives", while the gains and losses realized when the position is closed is included in the Statements of Comprehensive Income as "Net realized gain (loss) on derivatives".

Dividend income and distributions from Underlying Funds are recognized on the ex-dividend date. Where applicable, interest and dividends on investments sold short are accrued as earned and are reported as a liability in the Statements of Financial Position in "Payable for interest and dividends on securities sold short" and in the Statements of Comprehensive Income in "Dividend and interest expense on securities sold short". Distributions received from income trusts are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital by applying previous year characterizations reported by the trust as current year characterizations are not available until the following year. The interest income component of the distributions received from Underlying Funds are included as part of "Interest for distribution purposes" in the Statements of Comprehensive Income.

Interest for distribution purposes represents the coupon interest received by the Fund, recognized on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Realized gains or losses on the sale of short-term debt instruments are recorded as an adjustment to "Interest for distribution purposes".

f) Functional and presentation currency and foreign exchange translation

The functional and reporting currency for the Fund is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the Fund operates, or where mixed indicators exist in the primary environment, the currency in which it primarily raises capital. Any currency other than functional currency represents foreign currency to the Fund. Amounts denominated in foreign currencies are converted into the functional currency as follows:

(i) The fair values of investments, derivative contracts and monetary and non-monetary assets and liabilities at the rates of exchange prevailing as at the valuation date;

(ii) Foreign income and expenses at the rates of exchange applicable on the respective dates of such transactions; and

(iii) Purchase or sale of investments and investment income at the rate of exchange prevailing on the respective dates of such transactions.

Gains and losses on foreign exchange incurred in the Fund from monetary or non-monetary assets and liabilities other than investments and derivatives are shown in the Statements of Comprehensive Income as "Net realized and unrealized foreign currency translation gain (loss)".

g) Investments in unconsolidated structured entities

The Fund may invest in mutual funds, exchange-traded funds or closed-ended funds managed by the Manager or third party investment managers. The Fund considers all investments in such instruments ("Underlying Funds") to be investments in unconsolidated structured entities based on the fact that the decisions made by these Underlying Funds are not governed by voting rights or any other similar rights held by the Fund. The Fund accounts for these unconsolidated structured entities at fair value.

The Underlying Funds each have their own objectives and investment strategies which assists the Fund in achieving its investment objectives. The Underlying Funds primarily finance their operations by issuing redeemable units or shares which are puttable at the holder's option in the case of mutual funds and exchange-traded funds or through issuing non-redeemable units or partnership interests in the case of closed-ended funds. The Underlying Funds entitle the holder to a proportional stake in the respective fund's net assets. The Fund holds units, shares or partnership interests in each of its Underlying Funds. These investments are included in "Non-derivative financial assets" in the Statements of Financial Position. The change in fair value of each Underlying Fund is included in the Statements of Comprehensive Income in "Change in unrealized gain (loss) of non-derivative financial assets". The exposure to investments in Underlying Funds at fair value is disclosed in the Fund's "Fund Specific Notes". The Fund's maximum exposure to loss from its interests in Underlying Funds is equal to the total carrying value of its investments in Underlying Funds.

Mortgage-backed securities or asset-backed securities are also considered to be unconsolidated structured entities. Mortgage-backed securities are formed by pooling various types of mortgages while asset-backed securities are formed by pooling assets such as auto loans, credit card receivables or student loans. An interest or claim to this future cash flow (interest and principal) is then sold in the form of debt or equity securities, which could be held by the Fund. The Fund accounts for these unconsolidated structured entities at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, as applicable, represents the maximum exposure to losses at that date.

h) Redeemable units issued by the Fund

The Fund's outstanding redeemable units qualify as "puttable instruments" and have been classified as liabilities as per the International Accounting Standard 32, *Financial Instruments: Presentation* ("IAS 32") which states that units or shares of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liabilities.

The Fund's redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains at least annually in cash (at the request of the unitholder) and therefore meet the contractual obligation requirement. This feature violates criteria that are required in order for the redeemable units to be presented as equity under IAS 32. Consequently, the Fund's outstanding redeemable units are classified as financial liabilities in these financial statements.

i) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the Statements of Financial Position only if there is an unconditional legal right to offset the amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss. Financial assets and liabilities that are subject to master netting or comparable agreements and the related potential effect of offsetting are disclosed in the Fund's "Fund Specific Notes".

j) Increase (decrease) in net assets attributable to holders of redeemable units per unit

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" is disclosed in the Statements of Comprehensive Income and represents, for each series of units, the increase or decrease in net assets attributable to holders of redeemable units from operations for the period attributable to each series divided by the weighted average number of units outstanding for the corresponding series during the period.

k) Short selling

If the Fund sells a security short, it will borrow that security from the prime broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. There can be no assurance that the Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security, it will maintain an adequate margin in the portfolio containing cash and liquid securities such that the value of the portfolio will be more than the current market value of the security sold short.

l) Cash

Cash is comprised of cash on deposit and margin payable, as applicable. Short-term instruments are disclosed in “Non-derivative financial assets” in the Statements of Financial Position.

m) Non-cash transactions

Non-cash transactions on the Statements of Cash Flows include reinvested distributions from the underlying mutual funds and stock dividends from equity investments. These amounts represent non-cash income recognized in the Statements of Comprehensive Income.

In addition, reclassifications between series of the same fund are also non-cash in nature and have been excluded from “Proceeds from issue of redeemable units” and “Amounts paid on redemption of redeemable units” on the Statements of Cash Flows.

n) Comparative balances

Certain prior year balances have been reclassified in the financial statements in order to conform to the current year’s classification of these financial statement items.

Unrealized gain or loss on currency forward contracts are now included in “Derivatives” on the Statements of Financial Position. Change in unrealized gain (loss) on options contracts and change in unrealized gain (loss) on forward contracts are now included in “Change in unrealized gain (loss) on derivatives” in the Statements of Comprehensive Income and the Statements of Cash Flows. Net realized gain (loss) on options contracts is now included in “Net realized gain (loss) on derivatives” in the Statements of Comprehensive Income and the Statements of Cash Flows.

3. Significant Accounting Judgments and Estimates

The preparation of financial statements requires the Manager to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These estimates are made based on information available as at the date of issuance of the financial statements. Actual results could materially differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Investment Entities

In accordance with IFRS 10: *Consolidated Financial Statements,* the Manager has determined that the Fund meets the definition of an Investment Entity which requires that the Fund obtain funds from one or more investors for the purpose of providing investment management services, commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measure and evaluate the performance of their investments on a fair value basis. Consequently, the Fund does not consolidate its investment in subsidiaries, if any, but instead measure these at fair value through profit or loss, as required by the accounting standard.

Classification and measurement of financial instruments

In classifying and measuring certain financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business model of the Fund is to manage its assets on a fair value basis and to realize those fair values, for the purpose of classifying all financial instruments as fair value through profit or loss under IFRS 9.

Fair value measurement of financial instruments not quoted in an active market

Key areas of estimation, where the Manager has made complex or subjective judgments, include the determination of fair values of financial instruments that are not quoted in an active market. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

4. Discussion of Financial Instrument Risk

The Fund’s investment activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. The Fund’s investment practices include portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Fund is being managed in accordance with the Fund’s stated investment objectives, strategies and securities regulations.

The Fund may invest in Underlying Funds. The Fund is indirectly exposed to market risk, credit risk, and liquidity risk in the event that the Underlying Funds invest in financial instruments that are subject to those risks.

The Fund’s exposure to market risk, credit risk and liquidity risk, where applicable, is disclosed in the Fund’s “Fund Specific Notes”.

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. The Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate sensitive derivative instruments, if any.

(ii) Currency risk

The Fund may invest in monetary and non-monetary assets denominated in currencies other than its functional currency. Currency risk is the risk that the value of foreign instruments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. The Fund may enter into currency forward contracts, currency futures contracts and/or foreign currency option contracts for hedging purposes to reduce their foreign currency risk exposure.

(iii) Price risk

Price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to price risk is mainly in equities, Underlying Funds, derivatives and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for written options, short sales and short futures contracts, where possible losses can be unlimited.

(b) Credit risk

Credit risk is the risk that the issuer of a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's investment in financial instruments such as bonds, debentures, money market instruments, preferred shares and derivatives represents the main concentration of credit risk. The fair value of financial instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund. All the transactions in listed securities and derivatives are settled or paid upon delivery using approved brokers with an approved credit rating. The risk of default with the counterparty is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

The Trade Management Oversight Committee is responsible for regulatory evaluation and approval of trade management policies and procedures, when applicable, and is also responsible for counterparty selection and oversight. The committee reviews counterparties regularly to ensure they still meet preapproved credit standards established by the committee. The counterparty policies and procedures established by the committee have been reviewed and approved by the Board of Directors of the Manager.

The Fund enters into transactions with approved counterparties with a designated rating in accordance with securities regulations. The credit ratings reported in the financial statements for issuers of debt instruments, counterparties of derivative transactions, prime brokers and custodians, where applicable, are S&P Global Ratings' credit ratings or S&P Global Ratings equivalent for credit ratings from other approved rating agencies. In instances where the credit rating was to fall below the designated rating, the Manager would take appropriate action.

(c) Liquidity risk

The Fund's exposure to liquidity risk arises primarily from the weekly cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the Fund's Schedule of Investment Portfolio, as applicable.

(d) Concentration risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The identification and disclosure of concentration risk is provided in the Fund's "Fund Specific Notes".

5. Management Fees

The Fund pays the Manager management fees. The management fees cover the costs of managing the Fund, arranging for investment analysis, recommendations and investment decision making for the Fund, arranging for distribution of the Fund, marketing and promotion of the Fund and providing or arranging for other services for the Fund.

The management fee for all series is an annualized rate based on the net asset value of each series of the Fund. The management fees paid by the Fund are calculated and paid monthly, based on the average of the weekly net asset values of the Fund during the month.

The Manager may reduce the effective management fee payable by clients who invest large amounts in the Fund by waiving a portion of the management fee that it would otherwise be entitled to receive from the Fund and directing the Fund to make a management fee distribution in the amount of the reduction. All management fee distributions are automatically reinvested in additional securities of the relevant series of the Fund.

There is no duplication of management fees, incentive fees, sales charges or redemption fees between the Fund and the Underlying Funds held directly by it, if any. The Manager is entitled to an annual management fee, exclusive of sales taxes, as follows:

	Series (%)					
Fund Name	A	F	FH	FT	H	T
Dynamic Alpha Performance Fund	2.25	1.25	1.25	1.25	2.25	2.25

6. Operating Expenses

The Fund pays all of the fees and expenses relating to its operation, including legal and audit fees and expenses, taxes, brokerage commissions, interest, operating and administrative costs and expenses (other than dealer compensation programs and any advertising, marketing, sponsorship and promotional costs and expenses which are the responsibility of the Manager), custody and safekeeping charges, expenses relating to the issue and redemption of units (other than deferred sales charges that are payable by the unitholder to the Manager), providing financial and other reports to unitholders, convening and conducting meetings of unitholders, the qualification for sale of units and complying with all applicable laws, regulations and policies. The Fund is generally required to pay federal goods and services tax ("GST"), harmonized sales tax ("HST"), provincial retail sales taxes and any similar taxes ("Sales Taxes"), as applicable, on the Management Fee and most administration fees and expenses which it pays.

Administration service expenses of $87,000 (December 31, 2017 – $115,000) were paid to the Manager during the period.

7. Redeemable Units

Units issued and outstanding represent the capital of the Fund. The Fund may issue an unlimited number of units. Each unit is redeemable at the option of the unitholder in accordance with the Declaration of Trust, ranks equally with all other units of the Fund and entitles the unitholder to a proportionate undivided interest in the Net Asset Value of the Fund. Unitholders are entitled to distributions when declared. Distributions on units of the Fund are reinvested in additional units of the Fund or at the option of the unitholder, paid in cash. The Fund's capital is managed in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's offering memorandum. The Fund has no specific restrictions or specific capital requirements on the subscriptions or redemptions of units, other than minimum subscription requirements.

The units of each series of the Fund are issued and redeemed at their Net Asset Value per unit of each series which is determined as of the close of the last trading day in each week on which the Toronto Stock Exchange is open for trading. The Net Asset Value per unit is calculated by dividing the Net Asset Value per Series by the total number of outstanding units of each series.

For the periods ended December 31, 2018 and 2017, the following number of units were issued, reinvested and redeemed:

	Units outstanding, beginning of period		Subscriptions		Reinvested Distributions		Redemptions		Units outstanding, end of period	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Dynamic Alpha Performance Fund										
Series A	**8,242,382**	10,918,770	**226,105**	40,070	**–**	–	**(643,056)**	(1,714,446)	**7,825,431**	9,244,394
Series F	**31,344,157**	30,986,030	**3,567,143**	2,086,893	**–**	–	**(2,484,468)**	(2,086,561)	**32,426,832**	30,986,362
Series FH	**3,026,248**	2,582,371	**108,294**	297,696	**–**	–	**(110,510)**	(82,456)	**3,024,032**	2,797,611
Series FT	**2,600,864**	1,865,537	**545,190**	109,862	**12,548**	9,346	**(256,581)**	(179,844)	**2,902,021**	1,804,901
Series H	**388,348**	444,025	**–**	–	**–**	–	**–**	(15,681)	**388,348**	428,344
Series T	**252,246**	534,903	**5,330**	–	**682**	1,661	**(9,844)**	(212,157)	**248,414**	324,407

8. Income Taxes

Mutual fund trust

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada). The Fund is subject to tax on its net investment income, including the taxable portion of net realized capital gains that are not paid or payable to its unitholders. The Fund distributes sufficient amounts of its net investment income, including net realized capital gains, less the amount retained to enable the Fund to utilize any available tax losses or, if applicable, tax credits attributable to redemptions during the period by its unitholders such that no income tax will be paid or payable by the Fund. Such net investment income, including net realized capital gains are taxable in the hands of the unitholders. Accordingly, the Fund does not record Canadian income taxes in its financial statements.

The Fund may distribute a return of capital. A return of capital is generally not taxable to unitholders but will reduce the adjusted cost base of the units held.

Losses carried forward

Capital losses can be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses for income tax purposes may be carried forward up to twenty years and applied against all sources of income. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses have not been reflected in the Statements of Financial Position as a deferred income tax asset.

As of the 2018 tax year end, the Fund has losses available to carry forward as indicated in the table below:

Fund Name	Total Capital Losses ($000's)	Total Non-Capital Losses ($000's)	Non-Capital Losses that Expire in: 2034 ($000's)	2035 ($000's)	2036 ($000's)
Dynamic Alpha Performance Fund	**–**	**11,950**	–	–	11,950

Withholding taxes

The Fund currently incurs withholding taxes imposed by certain countries on investment income and in some cases, capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Uncertain income taxes

The Fund may invest in securities issued by entities which are domiciled in countries other than Canada. These foreign countries may impose taxes on capital gains realized by non-residents. In addition, the Fund may be required to determine these capital gains taxes on a self-assessment basis; therefore, such taxes may not be deducted by the Fund's broker on a "withholding" basis.

If applicable, the uncertain tax liabilities recorded by the Fund are shown in the Statements of Financial Position as "Provision for uncertain tax" and in the Statements of Comprehensive Income as "Foreign withholding taxes/tax reclaims". While any such provision represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

9. Client Brokerage Commissions

Client brokerage commissions are arrangements pursuant to which products or services, other than the execution of portfolio securities transactions, are obtained by a portfolio advisor from or through a broker-dealer in exchange for directing client securities transactions to the broker-dealer. The ascertainable client brokerage commissions paid in connection with investment portfolio transactions for the period ended December 31, 2018 was $122,000 (December 31, 2017 – $200,000).

10. Related Party Transactions

The Manager is a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank"). Scotiabank also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, and Scotia Capital Inc. (which includes ScotiaMcLeod and Scotia iTRADE), an investment dealer.

The Manager, on behalf of the Fund, may enter into transactions or arrangements with other members of Scotiabank or certain other companies that are related or connected to the Manager (each a "related party"). All transactions between the Fund and the related parties are in the normal course of business and are carried out at arm's length terms.

(a) The Manager earns management fees for acting as trustee and/or manager of the Fund as detailed in note 5. The Manager may also be entitled to earn an annual incentive fee based on the performance of the Fund as detailed in note 11. The management fees and incentive fees, as applicable, are disclosed in separate lines in the Statements of Comprehensive Income.

(b) Decisions about the purchase and sale of the Fund's portfolio investments are made by appointed Portfolio Managers of the Fund. Provided that the pricing, service and other terms are comparable to those offered by other dealers, a portion of the portfolio transactions may be executed for the Fund, by a related party to the Fund. In such cases, the related party will receive commissions from the Fund. Brokerage fees paid to related parties for the period ended December 31, 2018 was nil (December 31, 2017 – nil).

(c) Certain registered dealers through which units of the Fund are distributed are related parties to the Fund and the Manager. The Manager may pay a trailing commission, which is negotiated with dealers, to dealers for their financial advisors in respect of the assets of their clients invested in securities of the Funds. The Manager may also pay trailing commissions to dealers for securities purchased or held through discount brokerage accounts.

(d) The Manager received approval from the Independent Review Committee to invest the Fund's overnight cash with Scotiabank with interest paid by Scotiabank to the Fund based on prevailing market rates. The interest earned by the Fund is included in "Interest for distribution purposes" in the Statements of Comprehensive Income.

(e) The Fund may invest in investment funds managed by the Manager or a related party, which are disclosed in the Schedule of Investment Portfolio. These include Scotia Funds, Scotia Private Pools, Pinnacle Portfolios, Scotia ETFs, Dynamic Funds, Marquis Funds and Dynamic Private Investment Pools.

(f) The Manager has received approval from the Independent Review Committee for the Fund to purchase securities of related parties, which include investments in related funds as described in e) above and investments in securities of Scotiabank. Any related party securities held by the Fund are disclosed in the Schedule of Investment Portfolio. The Fund is also permitted to enter into derivative transactions with Scotiabank as counterparty.

(g) Distributions received from related party funds are included in "Interest for distribution purposes", "Dividends" or "Net realized gain (loss) on non-derivative financial assets", as applicable in the Statements of Comprehensive Income.

11. Incentive Fees

In addition to the management fees, the Fund is required to pay incentive fees. The incentive fees are accrued weekly and payable within 30 days after December 31. For purposes of calculating the incentive fees, the high water mark for the Fund is determined in accordance with the offering memorandum. The incentive fee payable by the Fund is shown in "Incentive fee payable", as applicable, in the Statements of Financial Position.

The Fund is required to pay to the Manager an annual incentive fee equal to (a) 20% of the amount by which the net asset value per unit of a series on the last valuation day of such calendar year (before giving effect to any distributions by the Fund since the high water mark and adjusted to exclude the accrual of the incentive fee during the calendar year) exceeds 103% of the high water mark, multiplied by (b) the average number of units of that series outstanding during such calendar year. Incentive fees are estimated and accrued during the calendar year such that the net asset value per unit reflects such accrual. A separate incentive fee is calculated for each series of units offered by the Fund. The Incentive Fee in respect of Series H Units and Series FH Units is calculated in U.S. dollars.

12. Unfunded Credit Agreements

The Fund may enter into credit agreements, all or a portion of which may be unfunded. The Fund is obligated to fund the credit agreements at the issuer's discretion. The funded portions of the agreements are marked to market daily and any unrealized gain or loss is included in the Statements of Financial Position and the Statements of Comprehensive Income. The unfunded portion of the credit agreements will be marked to market and any unrealized gain or loss will be included in the Statements of Financial Position and the Statements of Comprehensive Income when the issuer has called for the amounts and has met all the conditions of the call in accordance with the credit agreement. The funded portions of credit agreements are presented on the Schedule of Investment Portfolio. There are no unfunded portions as at December 31, 2018 and June 30, 2018.

13. Prime Broker Arrangements

The Manager has appointed TD Securities Inc., a prime broker, as custodian of the assets for the Fund. All or substantially all of the Fund's assets may be held in the prime broker account as the Fund will use leverage and may engage in short selling. As such, the Fund has provided the prime broker interest in all of the assets of the Fund as collateral. The prime broker accounts may provide less segregation of the Fund's assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the Fund's assets in such accounts, which may result in a potential loss of such assets. As a result, the Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors and adverse market movements while its positions cannot be traded.

14. Leverage and Borrowing

The Fund may enter into leverage and borrowing transactions, pursuant to the terms of the offering memorandum. Such facilities are repayable on demand. For the periods ended December 31, 2018 and 2017, the Fund did not enter into any leverage or borrowing transactions.

15. Filing Exemptions

The Fund is relying on the exemption available under section 2.11 of National Instrument 81-106 – Investment Fund Continuous Disclosure which exempts a mutual fund that is not a reporting issuer from publicly filing its financial statements for a financial year or for an interim period.

16. Currency Legend

The following is a list of abbreviations that may be used in the Financial Statements:

AUD	Australian Dollar	KRW	South Korean Won
BMD	Bermuda Dollar	MXN	Mexican Peso
BRL	Brazilian Real	MYR	Malaysian Ringgit
CAD	Canadian Dollar	NOK	Norwegian Krone
CHF	Swiss Franc	NZD	New Zealand Dollar
DKK	Danish Krone	PHP	Philippine Peso
EUR	Euro	PKR	Pakistani Rupee
GBP	Pound Sterling	SEK	Swedish Krona
HKD	Hong Kong Dollar	SGD	Singapore Dollar
IDR	Indonesian Rupiah	THB	Thailand Baht
ILS	Israeli Shekel	TWD	New Taiwan Dollar
INR	Indian Rupee	USD	US Dollar
JPY	Japanese Yen	ZAR	South African Rand

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CERTIFICATE

Dated March 1, 2019

Dynamic Alpha Performance Fund
(the “Fund”)

This Confidential Offering Memorandum does not contain a misrepresentation.

“Glen Gowland”	*“Anil Mohan”*
Glen Gowland Chairman of the Board and President *(Signing in the capacity of Chief Executive Officer)* 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., as manager, trustee and promoter of the Fund	Anil Mohan Chief Financial Officer 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., as manager, trustee and promoter of the Fund

On behalf of the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., as manager, trustee and promoter of the Fund

“John Pereira”	*“Jim Morris”*
John Pereira Director	Jim Morris Director

SCHEDULE "A"
PURCHASERS' RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain of the provinces of Canada provide purchasers with rights of rescission or damages, or both, where an offering memorandum or any amendment thereto contains a misrepresentation.

For the purposes of this section, "misrepresentation" means: (a) an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of securities (a "material fact"); or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

The following is a summary of the statutory rights of rescission or damages, or both, under securities legislation in certain of the provinces of Canada, and as such, is subject to the express provisions of the legislation and the related regulations and rules. **Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor.**

Ontario and New Brunswick

If an offering memorandum, together with any amendment thereto, is delivered to a prospective purchaser and the offering memorandum, or any amendment thereto, contains a misrepresentation which was a misrepresentation at the time the securities were purchased, the purchaser will be deemed to have relied upon the misrepresentation and will have a statutory right of action against the issuer for damages or, may elect to exercise the right of rescission against the issuer (in which case, the purchaser will have no right of action for damages against the issuer).

Securities legislation in each of these provinces provides a number of limitations and defences, including:

(a) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(b) in a case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

(c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum, or any amendment thereto.

The statutory right of action described above does not apply to the following purchasers of securities in Ontario:

(a) a Canadian financial institution, as defined in *Ontario Securities Commission Rule 45-501 – Ontario Prospectus and Registration Exemptions*, or an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

In New Brunswick, (a) if advertising or sales literature is relied upon by a purchaser in connection with a purchase of the securities, the purchaser shall also have a similar right of action for damages or rescission against the issuer, every promoter or director of the issuer and every person who, at the time of dissemination of the advertising or sales literature sells securities on behalf of the issuer; (b) if an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of securities, the purchaser has a right of action for damages against the individual who made the verbal statement subject to certain defences available to such person.

No action shall be commenced to enforce the right of action described above unless the right is exercised within:

(a) in case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any action for damages, the earlier of:

  (i) 180 days, in the case of Ontario purchasers, and one year, in the case of New Brunswick purchasers, after the date the purchasers first had knowledge of the facts giving rise to the course of action; and

  (ii) three years, in the case of Ontario purchasers, and six years, in the case of New Brunswick purchasers, after the date of the transaction that gave rise to the cause of action.

Alberta (when relying on the minimum amount exemption), British Columbia (when relying on the offering memorandum exemption) Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and the Yukon Territory

If the offering memorandum, together with any amendment thereto delivered to a purchaser (in Alberta when relying on the minimum amount exemption or in British Columbia when relying on the offering memorandum exemption) or any advertising or sales literature in the case of purchasers of securities who are resident in Nova Scotia, contains a misrepresentation, a purchaser to whom the offering memorandum has been delivered and who purchases securities shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and the purchaser has the right of action for damages against (a) the issuer (or seller in Nova Scotia), (b) subject to certain additional defences, against every director of the issuer (or seller in Nova Scotia) at the date of the offering memorandum and (c) every person or company who signed the offering memorandum, but may elect to exercise the right of rescission against the issuer (in which case the purchaser shall have no right of action for damages against the aforementioned persons or company).

Securities legislation in each of these provinces provides a number of limitations and defences, including:

(a) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

(c) in no case shall the amount recoverable under the right of action described herein exceed the price at which the securities were offered under the offering memorandum, or any amendment thereto.

No action shall be commenced to enforce the right of action discussed above more than:

(a) in case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any action for damages, the earlier of:

  (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or

  (ii) three years after the date of the transaction that gave rise to the cause of action.

Furthermore, in Nova Scotia, no action shall be commenced to enforce the right of action discussed above unless an action is commenced to enforce that right not later than 120 days after the date on which payment was made for the security or after the date on which the initial payment for the security was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Saskatchewan and Manitoba

If an offering memorandum or any amendment thereto, sent or delivered to a purchaser contains a misrepresentation, a purchaser who purchases a security has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages,

(a) in Saskatchewan, against, the (i) issuer, (ii) every promoter or director of the issuer at the time the offering memorandum or any amendment thereto was sent or delivered, (iii) every person or company whose consent has been filed respecting the offering but only with respect to reports, opinions or statements that have been made by them, (iv) every person who or company that, in addition to the person or companies mentioned in (i) to (iii) above, signed the offering memorandum or any amendments thereto, and (v) every person or company that sells securities on behalf of the issuer under the offering memorandum or amendment thereto;

(b) in Manitoba, against the issuer, every director of the issuer at the date of the offering memorandum, and every person or company who signed the offering memorandum

or, may elect a right to exercise the right of rescission against the issuer (in which case the purchaser will have no right of action for damages against the aforementioned persons).

Similar rights of action for damages and rescission are provided under the securities legislation of Saskatchewan in respect of a misrepresentation in advertising and sales literature disseminated or in case of a verbal misrepresentation made in connection with an offering of securities.

The Saskatchewan and Manitoba securities legislation provides a number of limitations and defences, including: (a) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

No action shall be commenced to enforce any of the foregoing rights more than: (a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or (b) in the case of an action for damages, the earlier of (i) one year in the case of Saskatchewan purchasers, and 180 days in the case of Manitoba purchasers, after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years in the case of Saskatchewan purchasers, and two years in the case of Manitoba purchasers, after the date of the transaction that gave rise to the cause of action.

Other Rescission Rights

In certain provinces, a purchaser of a security of a mutual fund may (where the amount of the purchase does not exceed an amount as prescribed by legislation), rescind the purchase by notice given to the registered dealer from whom the purchase was made within 48 hours after receipt of the confirmation for a lump sum purchase or within 60 days after receipt of confirmation for the initial payment under a contractual plan for the purchase.

General

The rights described above are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein. Each purchaser should refer to provisions of the applicable securities legislation for the particulars of these rights or consult a legal advisor.

The foregoing summaries are subject to the express provisions of the *Securities Act* (Ontario), *Securities Act* (Newfoundland and Labrador), *Securities Act* (Northwest Territories), *Securities Act* (Nunavut), *Securities Act* (Alberta), *Securities Act* (British Columbia), *Securities Act* (Nova Scotia), *Securities Act* (Saskatchewan), *Securities Act* (Yukon), *Securities Act* (Manitoba), *Securities Act* (New Brunswick), *Securities Act* (Prince Edward Island), and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. These rights must be exercised by purchasers of securities within the prescribed time limits under applicable securities legislation.

Rights for Purchasers in Alberta (when relying on the accredited investor exemption), British Columbia (when relying on the accredited investor or minimum amount exemption) and Québec

Purchasers of securities pursuant to this Confidential Offering Memorandum who are resident in Alberta (when relying on the accredited investor exemption), British Columbia (when relying on the accredited investor or minimum amount exemption) or Québec shall be granted a contractual right of action for damages or rescission if this Confidential Offering Memorandum, together with any amendments to it, contains a misrepresentation. The contractual right of action shall be granted on the same terms and conditions as the statutory rights of action for purchasers of securities who are resident in Ontario as described above.