

May 4, 2017

CONFIDENTIAL OFFERING MEMORANDUM

The securities referred to in this Offering Memorandum are being offered on a private placement basis. This Offering Memorandum constitutes an offering of securities only in those jurisdictions, and to those persons, where, and to whom, they may be lawfully offered for sale. The Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. The securities offered under this Offering Memorandum qualify for distribution in the jurisdictions in which they are offered pursuant to exemptions under securities laws in those jurisdictions.

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisers, this Offering Memorandum or any information contained therein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon. The Deans Knight Equity Growth Fund may be considered under applicable securities laws to be a "connected issuer" of Deans Knight Capital Management Ltd.

In this Offering Memorandum, "Fund" means the Deans Knight Equity Growth Fund; "you", "your", "unitholder" and "investor" mean you and all other investors in units of the Fund; "we", "us", "our", "Deans Knight" and the "Manager" mean Deans Knight Capital Management Ltd., the manager, promoter and portfolio advisor of the Fund.

The Issuer

Continuous Offering

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SERIES A, SERIES F, SERIES K AND SERIES O TRUST UNITS

The Deans Knight Equity Growth Fund is an open-end investment fund established under the laws of British Columbia as a trust. **Units of the Fund do not trade on any exchange or market.** The Fund is not a reporting issuer under applicable securities laws and does not file documents electronically via SEDAR (other than reports of exempt distribution in certain jurisdictions).

The Offering

Series A, Series F, Series K and Series O units of the Fund are offered for sale on a private placement basis in each of the provinces and territories of Canada. The price per unit will be based on the Series A, Series F, Series K or Series O net asset value per unit, as the case may be, on the purchase date. See the section below called *Summary of the Trust Indenture - Determination of Series Net Asset Value*. **There is no minimum number of units of any series that will be sold as part of this offering. This means that you may be the only purchaser of units. Funds available under the offering may not be sufficient to accomplish our proposed objectives.** There is also no maximum number of units of any series that may be issued as part of this offering.

Each investor must invest an amount equal to the minimum investment amount established by us from time to time for initial and subsequent investments. As at the date of this Offering Memorandum, the minimum initial investment amounts will generally be as follows:

Unit Series	Minimum Initial Investments
Series A	\$25,000
Series F	\$25,000
Series K	\$25,000
Series O	\$150,000

However, the minimum initial investment amounts may be greater than the amounts identified above, depending on the jurisdiction where you live and whether you qualify as an “accredited investor” within the meaning of applicable securities laws. See the section below called *Investing in Units* for additional detail.

For subsequent investments, in most cases the minimum investment amount is \$5,000, depending on the amount of your initial investment, the net asset value of your existing investment at the time you make the additional investment, the jurisdiction where you live and whether you qualify as an “accredited investor” within the meaning of applicable securities laws. See the section below called *Investing in Units* for additional detail.

You must pay the full subscription price for the units at the time of purchase by certified cheque or other means acceptable to us. Units of the Fund are sold on a continuous basis and may be purchased on the last business day of each month and such other dates as we may determine from time to time. However, we may close the Fund to new investors from time to time. See section below called *Investing in Units*.

There are important tax consequences associated with an investment in units of the Fund. See the section below called *Canadian Federal Income Tax Considerations*.

We have not hired any agent or underwriter to sell units on our behalf. However, units may be sold through registered dealers.

Resale Restrictions

You will be restricted from selling your units to other investors for an indefinite period. However, you will be able to require the Fund to redeem your units at certain times if you follow the procedures we have established. See the section below called *Resale Restrictions*.

Purchasers' Rights

You have two business days to cancel your agreement to purchase units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the purchase agreement. See the section below called *Purchasers' Rights*.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See the section below called *Risk Factors*.

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FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements with respect to the Fund. In particular, the information contained in the section called Investment Objective, Policies and Restrictions may constitute “forward-looking information” for the purpose of securities legislation, as it contains statements of the intended course of conduct and future operations of the Fund. These statements are based on assumptions made by us about the success of the Fund’s investment strategies in certain market conditions, relying on the experience of our officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions we make and the success of our investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of our intended strategies as well as the Fund’s actual course of conduct. Investors are urged to read the section called Risk Factors for a discussion of other factors that will impact the Fund.

SUMMARY

The following information is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum.

The Fund	The Deans Knight Equity Growth Fund is an open-end investment fund established in March 1993 under the laws of British Columbia as a trust. See the sections called <i>The Fund</i> and <i>Management of the Fund</i> .
Management of the Fund	Deans Knight Capital Management Ltd. is the manager, promoter and portfolio advisor of the Fund. See the section called <i>The Fund</i> .
Investment Objective	The investment objective of the Fund is to achieve capital appreciation by investing in the equity securities of issuers that meet stringent selection criteria. See the section called <i>Investment Objective, Policies and Restrictions</i> .
Units	Your investment in the Fund will be represented by Series A, Series F, Series K or Series O units, depending on which series of units you purchase. Each unit of a series represents an equal undivided beneficial interest in the Fund. A holder of any series of units is entitled to one vote for each unit held on matters for which separate approval of the series is sought at any meeting of the unitholders and one vote for each unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders. Units are not transferable, other than by operation of law. However, unitholders have the right to redeem their units at certain times if they follow the procedures we have established. See the section called <i>Description of Units</i> .
Investing in the Fund	You may invest in the Fund by purchasing units. Series A, Series F, Series K and Series O units of the Fund are offered for sale in reliance on exemptions from the prospectus requirements of applicable securities laws. You will only be permitted to purchase units if your purchase qualifies for one of these exemptions. Units may be purchased on the last business day of any month and such other dates as we may determine from time to time. The price of each unit you purchase will be equal to the Series A, Series F, Series K or Series O net asset value per unit, as the case may be, at 4:00 p.m. Eastern time / 1:00 p.m. Pacific time on the purchase date. The minimum investment amounts and subscription procedure are described in the section called <i>Investing in Units</i> .
Management Fee	For our services as manager, we receive a fee from the Fund in respect of Series A, Series F and Series K units of the Fund, as set forth below: Series A – 2.00% per annum of Series A net asset value Series F – 1.00% per annum of Series F net asset value Series K – 1.50% per annum of Series K net asset value

Management fees are calculated and payable monthly, and are subject to applicable taxes, including GST or HST.

No management fees are charged to the Fund in respect of Series O units. Instead, an investor who holds Series O units will be charged a negotiated management fee, plus applicable taxes including GST or HST, which is paid directly to us by the Series O investor and not by the Fund. See the section called *Management of the Fund – Fees*.

Expenses

The Fund pays its own administrative and operating expenses. See the section called *Summary of the Trust Indenture – Fees and Expenses*.

Risk Factors

There are a number of risks associated with an investment in units of the Fund. See the section called *Risk Factors*.

Income Tax Considerations

Generally, a unitholder must include in computing income for a year the portion of the net income and the taxable portion of the net realized capital gains of the Fund that is paid or payable to the unitholder in the year.

When a unitholder disposes of units, the unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, less any associated costs of disposition, are greater (or less) than the adjusted cost base of the units. Redesignating units of one series of the Fund as units of another series of the Fund will not result in a disposition.

The Fund currently qualifies as a “mutual fund trust” under the *Income Tax Act* (Canada) (the “**Tax Act**”). If the Fund continues to so qualify, units of the Fund will be qualified investments under the Tax Act for registered retirement savings plans (“**RRSPs**”), including locked-in retirement accounts (“**LIRAs**”), registered retirement income funds (“**RRIFs**”), including life income funds (“**LIFs**”), deferred profit sharing plans (“**DPSPs**”), registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”) and tax free savings accounts (“**TFSAs**”). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs, and subscribers of RESPs, should consult with their own tax advisors as to whether units would constitute a “prohibited investment” under the Tax Act in their particular circumstances. See the section called *Canadian Federal Income Tax Considerations*.

USE OF PROCEEDS

There is no maximum and no minimum number of units that will be sold as part of this offering. No selling commissions or fees will be paid by the Fund or us in connection with the sale of units under this Offering Memorandum; however, we will pay approved salespersons of authorized dealers a service fee for on-going advice and service provided to holders of Series A units (see the section below called *Compensation Paid to Sellers and Finders*).

The costs associated with the sale of units under this Offering Memorandum will be paid by us, other than: (i) the filing and other fees payable to securities regulators with respect to the issuance of units, which will, in all circumstances, be paid by the Fund; and (ii) the costs that are considered operating expenses of the Fund, which will be paid by the Fund as described below in the section called *Summary of the Trust Indenture – Fees and Expenses*. Filing fees payable to securities regulators vary depending on the jurisdiction in which the investor resides.

The net proceeds from the sale of units will be used to invest in securities in the manner described below in the section called *Investment Objective, Policies and Restrictions*, and to pay the fees described below in the section called *Management of the Fund – Fees* and the operating expenses of the Fund described below in the section called *Summary of the Trust Indenture – Fees and Expenses*.

THE FUND

The Fund is an open-ended investment fund established as a trust under the laws of British Columbia on March 30, 1993. The Fund is considered to be a “mutual fund” within the meaning of applicable securities laws and is a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada).

Deans Knight Capital Management Ltd. (defined above as “**Deans Knight**”, the “**Manager**”, “**we**”, “**us**” and “**our**”) is the manager, promoter and portfolio advisor of the Fund. We are responsible for the day-to-day management of the Fund, including management of the Fund’s portfolio on a discretionary basis and distribution of units of the Fund. See the section called *Management of the Fund*. RBC Investor Services Trust (the “**Trustee**”) is the trustee and custodian of the Fund, and provides certain recordkeeping services to the Fund. See the sections called *Summary of the Trust Indenture – Trustee* and *Custodian and Recordkeeper*.

The head office of the Fund (which is also our head office) is located at Suite 1500, 999 West Hastings Street, Vancouver, British Columbia V6C 2W2. You can contact us by telephone at 604-669-0212, by facsimile at 604-669-0238 or by e-mail at info@deansknight.com.

The beneficial interest in the Fund is divided into different series of units. Each series of units is intended for different types of investors. A unit of a series represents an equal undivided interest in the net assets of the Fund attributable to that series. However, the assets of all series of the Fund are combined in a single pool to create one portfolio for investment purposes. The Fund is currently divided into Series A units, Series F units, Series K units, Series L units and Series O units. Series L units are not currently offered for sale to investors. Series A units, Series F units, Series K units and Series O units are offered under this Offering Memorandum. The Fund may issue other series of units in the future. See the section called *Description of Units*.

INVESTMENT OBJECTIVE, POLICIES AND RESTRICTIONS

The investment objective of the Fund is to achieve capital appreciation by investing in the equity securities of issuers that meet stringent selection criteria. The Fund will invest primarily in equity securities of issuers that are listed on recognized stock exchanges in North America, at the time of purchase.

Further, the Fund will be invested in a manner so as to be eligible for RRSPs, RRIFs, DPSPs and Registered Pension Plans.

In pursuing the investment objective of the Fund, we focus on purchasing equity interests in businesses we believe to be undervalued. We look for businesses with: assets that provide a sustainable competitive advantage; reliable cash flows; what we regard as “hard” book values made up of tangible assets; strong balance sheets; sum of the parts that is worth more than the whole; and/or hidden value. Further, we invest with management teams we believe we can trust and who are financially committed to the business, via direct ownership rather than options. Moreover, while a company may have all of the above characteristics, if the price is too expensive we will not purchase it for the Fund.

Although the stated investment objectives of the Fund do not restrict us from doing so, we do not intend to employ leverage or engage in short selling of securities as part of the Fund’s investment strategy.

Amendments to the investment objective, policies and restrictions of the Fund may only be made in accordance with the terms of the Trust Indenture governing the Fund. See the section called *Summary of the Trust Indenture – Amendment of the Trust Indenture*.

PAST PERFORMANCE

The table below contains information regarding the past performance of the Fund since its units were first issued to investors on March 31, 1993. No performance information is included below for Series A and Series K units because the initial issuance of Series A and Series K units occurred less than one year prior to March 31, 2017. In addition, only one year of performance information is included below for Series F units because Series F units were first issued to investors on June 30, 2014. **It is important that you understand that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.**

Historical Compound Annual Returns as at March 31, 2017

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>	<u>Since Inception</u>
DEANS KNIGHT EQUITY GROWTH FUND – SERIES F ⁽¹⁾	14.9%	-	-	-	-	-
DEANS KNIGHT EQUITY GROWTH FUND – SERIES O ⁽²⁾	16.1%	7.9%	6.4%	3.2%	11.1%	14.6%
S&P/TSX Composite Index	18.6%	5.8%	7.8%	4.7%	7.5%	8.8%

Notes:

- (1) The rate of return is net of expenses borne by the Fund, including the management fee that is paid to us by the Fund in respect of Series F units. See the sections called *Summary of the Trust Indenture – Fees and Expenses* and *Management of the Fund – Fees*.
- (2) The rates of return are net of expenses borne by the Fund. No management fees are paid by the Fund with respect to Series O units. Instead, each Series O investor pays a negotiated management fee, plus applicable taxes including GST or HST, directly to us. See the sections called *Summary of the Trust Indenture – Fees and Expenses* and *Management of the Fund – Fees*.

SUMMARY OF THE TRUST INDENTURE

The Fund is governed by an amended and restated trust indenture made as of May 31, 2016 (as the same may be further amended and/or supplemented from time to time, the “**Trust Indenture**”), between Deans Knight Capital Management Ltd. (defined above as “**Deans Knight**”, the “**Manager**”, “**we**”, “**us**” and “**our**”), as manager, and RBC Investor Services Trust (defined above as the “**Trustee**”), as trustee.

The following is a summary only of certain provisions of the Trust Indenture not otherwise summarized in this Offering Memorandum and is not necessarily complete. The Trust Indenture also governs the Deans Knight Income Fund and the Deans Knight Equity Growth Fund II, which are other investment funds managed by us. The summary below relates only to the Fund. You should review the Trust Indenture for complete details of its terms. You may request a copy of the Trust Indenture by contacting us at the address, numbers or e-mail address set out on the front cover.

Division of the Fund into Units

Interests in the Fund are divided into units of one or more series. Each unit of a series has equal value to all other units of that series. There are currently five authorized series of units - Series A, Series F, Series K, Series L and Series O. Only Series A, Series F, Series K and Series O units are offered under this Offering Memorandum. A summary of the rights and restrictions attached to units is set out below in the section called *Description of Units*.

Determination of Series Net Asset Value

For unit sales and redemption pricing purposes, the net asset value of the Fund is calculated in accordance with the Trust Indenture, including the valuation principles set forth therein. All references in this Offering Memorandum to net asset value and series net asset value are references to net asset value and series net asset value determined in accordance with the Trust Indenture.

The net asset value of the Fund is determined by us, or our designate, at the close of business on the last business day of each month and such other dates as we may determine from time to time. The net asset value of the Fund is the fair market value of the Fund’s assets less its liabilities. The Series A, Series F, Series K and Series O net asset value, as the case may be, is the net asset value of the Fund that is attributed to such series. In determining the portion of net asset value attributable to any series, the following factors will be taken into account:

- the series net asset value last calculated for that series; plus
- any increase in the assets of the Fund attributable to that series as a result of the issue of units of that series or redesignation of units of that series since the last calculation; minus
- the decrease in the assets of the Fund attributable to that series as a result of the redemption of units of that series or the redesignation of units out of that series since the last calculation; plus or minus
- the proportionate share of the net change in non-portfolio assets (as defined in the Trust Indenture) on the valuation day attributable to that series; plus or minus
- the proportionate share of the distribution of net income and net capital gains of the Fund allocated to unitholders of that series on the valuation day; plus or minus
- the proportionate share of market appreciation or depreciation of the property of the Fund since the last calculation attributable to that series; minus

- the proportionate share of common expenses of the Fund allocated to that series since the last calculation; minus
- any series expenses attributable to that series since the last calculation.

The series net asset value per unit is (A) the series net asset value of the series divided by (B) the number of units of that series outstanding at the applicable time.

The fair market value of the Fund's assets is determined using the principles set out in the Trust Indenture, including the following:

- The value of any cash on hand or on deposit, bills, notes, accounts receivable, prepaid expenses, cash dividends declared but unpaid (where the investment on which the dividend has been declared is trading ex-dividend), and interest accrued but not yet received will be deemed to be the face amount thereof, unless we determine that any deposit, bill, demand note or account receivable is not worth the full face value, in which event the value thereof will be deemed to be such value as we deem to be the fair value thereof.
- The value of any security which is listed on a recognized public stock exchange will be the closing sale price on the last day in which such exchange was open for trading prior to the valuation day if the security traded on that day. If no sale has taken place on that date, the value of the security will be the last published sale price, the last recorded bid price, or the mean between the last recorded bid and ask prices, whichever in our opinion more accurately reflects the fair value of such security.
- We will select the recognized public stock exchange whose quotations are used in the determination of the value of any security which is listed on more than one recognized public stock exchange.
- The value of any security which is not listed on any recognized public stock exchange will be valued by us in our absolute discretion at the last recorded bid price, or the mean between the closing bid and ask prices on the date or at such price as we may from time to time determine most accurately reflects the fair value of such security.
- Options purchased by the Fund will be valued at the closing sale price of such options on a clearing corporation or other market on which they are traded, as selected by us, or, if no sale has taken place on such date, at the last recorded sale price or the mean between the last recorded bid and ask prices, whichever more accurately reflects, in our opinion, the fair value of such options.
- Fixed income securities will be priced within the limits of the latest available or current bid and ask prices deemed best to reflect the fair value, as quoted by independent pricing services or dealers who make markets in such securities, or at such price as we may from time to time determine more accurately reflects the fair value of such security.
- The value of forward contracts will be the current cost of covering or offsetting the contract, provided that any difference resulting from revaluation will be treated as an unrealized gain or loss on investments.
- The value of any short term security will be stated at the cost which, when combined with accrued interest, approximates market value or, if in our opinion a more representative value can be obtained, we may use other methods such as a bid-side valuation based on debt security yields.

- The value of all other assets and of any asset for which price quotations are not available or for which the face value or other specified valuation is not, in our opinion, appropriate, will be determined by us on such basis and in such manner as we determine most accurately reflects the fair value thereof.
- The value of all assets and liabilities of the Fund expressed or denominated in a currency other than Canadian dollars will be converted into Canadian dollars in accordance with the provisions of the Trust Indenture.
- In determining the net asset value of the Fund, we may, in our sole discretion, accrue expenses or liabilities which are chargeable to the Fund in accordance with generally accepted accounting principles.
- Restricted securities will be valued at the lesser of the value based on reported quotations in common use and a value relative to the market value of unrestricted securities of the same class, provided that such value will be reduced by the same rate of discount which applied at the time of purchase and that the rate of such discount may be reduced proportionately where such restriction is to be lifted on a known date.
- The value of a purchased clearing corporation option will be its market value on the date in question; in valuing a written covered clearing corporation option the premium received will be reflected as a deferred credit which, so long as an open position is maintained, will be valued at an amount equal to the current market value of that option which would have the effect of closing the writer's position; any difference resulting from revaluation will be treated as an unrealized gain or loss on investment; such deferred credit will be deducted in arriving at the net asset value of the Fund; securities which are the subject of a clearing corporation option will continue to be valued at current market value in the manner described above.
- The value of any security purchased or sold will be reflected in the computation of net asset value of the Fund next made after the date on which the purchase or sale of such security becomes binding upon the Fund.
- In the event that we are of the opinion that the fair value of any security is not accurately reflected as a result of the application of any of the foregoing, the fair value of such security will be determined by such other means as we deem appropriate in the circumstances.

Trustee

The trustee of the Fund is RBC Investor Services Trust (defined above as the “**Trustee**”). Under the Trust Indenture, the Trustee has full control and authority over the assets of the Fund, subject to certain restrictions and limitations set forth in the Trust Indenture, including the Manager's full power, authority and responsibility to manage the business and affairs of the Fund.

The Trust Indenture provides that the Trustee is required to exercise its powers and discharge the duties of its office honestly and in good faith and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent Canadian trust company would exercise in comparable circumstances.

For providing its services in accordance with the terms of the Trust Indenture, the Trustee is entitled to receive the fees and expenses agreed upon from time to time by us and the Trustee. These fees and expenses are charged to and payable by the Fund. In the year ended December 31, 2015, the Trustee received fees in the aggregate amount of \$5,000 as compensation for its services as trustee of the Fund.

Under the Trust Indenture, the Trustee has the power to incur and make payment out of Fund property any charges or expenses which, in the opinion of the Trustee, are necessary or incidental to or proper for carrying out any of the purposes of the Trust Indenture, and to pay compensation from the Fund property to persons with whom the Fund has contracted or transacted business or for special services provided to the Fund including, without limitation, services as a broker, transfer agent, registrar, recordkeeper, custodian or sub-custodian whether performed by the Trustee or any person associated or affiliated with it, or for legal, accounting or other professional services, as the Trustee acting in good faith deems reasonable.

The Trust Indenture provides that the Trustee will hold office until its resignation or removal in accordance with the terms of the Trust Indenture or its bankruptcy or other incapacity to exercise the duties of the office of a trustee.

The Trustee may resign as trustee by an instrument in writing signed by it and delivered or mailed to us, and such resignation will be effective 60 days following the day such notice is delivered or mailed. Upon receiving the Trustee's resignation, we are required to notify the unitholders of the Fund of the Trustee's resignation. The Trustee may be removed as a trustee at any time with or without cause by us on 60 days' notice to the Trustee. In addition, we may remove the Trustee as trustee of the Fund forthwith upon written notice being given to the Trustee in the event of the Trustee's gross negligence or fraud. Upon the resignation of the Trustee or it otherwise ceasing to be trustee of the Fund, we will appoint and designate a successor trustee and the Trustee will be required to convey to the successor trustee, the Fund property. If a successor trustee has not been appointed by us within 30 days following the giving of notice by the Trustee of its resignation (or within 30 days following the Trustee's bankruptcy or other incapacity to exercise the duties of the office of a trustee), then, subject to applicable law, the unitholders of the Fund may appoint and designate a successor trustee within a further period of 30 days, failing which the Fund will be deemed to have been terminated. Upon the incapacity of the Trustee, its legal representatives are required to execute and deliver on its behalf such documents as the foregoing conveyance may require.

Fees and Expenses

The Fund pays us, for our services as manager of the Fund, the management fees described in the section called *Management of the Fund – Fees*.

The fees of and expenses incurred by the Trustee or us and any other persons appointed, employed or contracted with by the Trustee or by us in respect of services rendered to the Fund, are paid by the Fund.

The Fund pays its own administrative and operating expenses, including but not limited to brokerage fees, fees and disbursements directly relating to the implementation of transactions for the portfolio of the Fund, income, excise or other taxes payable by the Fund or to which the Fund may be subject, interest expense incurred by the Fund, custodial, registrar or recordkeeping and trustee fees, legal, audit and accounting fees and expenses, costs of any meetings of unitholders, costs of all financial and other reports and printing, and mailing expenses relating to any of the foregoing.

Common expenses will be allocated to each series of units of the Fund based on the respective series net asset value. Expenses specific to a series of units will be allocated to and deducted from the series net asset value of that series of units only.

Meetings

A meeting of the unitholders of the Fund may be called at any time by us or the Trustee. You will receive at least 21 (and not more than 50) days' notice of any meeting of unitholders at which you are entitled to vote. The quorum for any meeting is two or more individuals present in person holding personally or

representing as proxies not less than 10% of the outstanding units entitled to vote. The number of votes you will have on any question submitted to any meeting will be equal to the number of units then held by you. We may seek your approval for matters by way of mail rather than by holding a meeting of unitholders.

Amendment of the Trust Indenture

The Trust Indenture may be amended upon the approval of a majority of the votes cast at a meeting of the affected unitholders duly called in accordance with the Trust Indenture.

In addition, the Trust Indenture may be amended by us and the Trustee provided written notice of the amendment is given by us to each affected unitholder not less than 60 days prior to the effective date of such amendment, if we and the Trustee determine that the amendment is in the best interests of the unitholders or the Fund and the amendment does not materially adversely affect the pecuniary value of the interest of any unitholder.

The Trust Indenture may be amended without the approval of or notice to the unitholders of the Fund where the amendment is: (i) to remove any conflicts or other inconsistencies which may exist between any of the terms of the Trust Indenture; or (ii) to make any change or correction in the Trust Indenture if we have been advised by legal counsel that the same is a typographical correction or change or is required for the purpose of curing any ambiguity or defective or inconsistent provision or clerical omission or mistake or manifest error contained therein.

Termination of the Fund

We may terminate the Fund with the express prior written consent of the Trustee, upon giving written notice to the unitholders of the Fund at least 90 days prior to the effective date of termination.

Upon providing such notice, we and the Trustee will proceed to wind up the affairs of the Fund and, in conjunction therewith, we will dispose of the Fund property as expeditiously as prudent practice permits. After paying or adequately providing for the payment of all liabilities and upon receipt of all necessary releases, indemnities and refunding agreements, we will direct the Trustee to distribute the remaining Fund property, in cash or in kind, or partly in each, among the unitholders of the Fund according to their proportionate share of the Fund property attributable to each applicable series of units.

MANAGEMENT OF THE FUND

We are responsible for managing the business and affairs of the Fund, including providing the Fund with all necessary administrative and portfolio advisory services. We may also be considered to be a “promoter” of the Fund within the meaning of applicable securities laws because we took the initiative in organizing the Fund.

Powers of the Manager

As the manager of the Fund, we have full authority and responsibility to manage the business and affairs of the Fund, including without limitation, the exclusive power to manage and direct the investment of the Fund property and to provide, or cause to be provided, all necessary investment advisory, investment management, management and administrative services to the Fund.

Fees

We are entitled to receive fees for our services as manager of the Fund. As at the date of this Offering Memorandum, the fees for our services as manager of the Fund in relation to Series A, Series F and Series K units are set forth below:

Series A – 2.00% per annum of Series A net asset value

Series F – 1.00% per annum of Series F net asset value

Series K – 1.50% per annum of Series K net asset value

Management fees are calculated and payable monthly, and are subject to applicable taxes, including GST or HST.

No management fees are charged to the Fund in respect of Series O units. Instead, an investor who holds Series O units will be charged a negotiated management fee, plus applicable taxes including GST or HST, which is paid directly to us by the Series O investor and not by the Fund.

Expenses

In addition to our management fees, the Fund pays its own administrative and operating expenses. See the section called *Summary of the Trust Indenture – Fees and Expenses*.

Resignation and Removal of the Manager

We may resign as manager of the Fund at any time by giving unitholders and the Trustee 60 days' written notice of our intention to resign.

The Trustee may remove us as manager of the Fund forthwith upon written notice being given to us in the event of our gross negligence or fraud, or if we have otherwise materially breached the terms of the Trust Indenture unless such breach is (i) remedied within 120 days of the notice of the breach being provided to us, or (ii) waived by the Trustee.

If we become insolvent or bankrupt or subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or go into liquidation either voluntarily or under an order of a court of competent jurisdiction or make a general assignment for the benefit of our creditors or otherwise acknowledge our insolvency, we will be deemed to have given written notice of our resignation 60 days prior to such act of insolvency or bankruptcy.

If we cease to act as manager of the Fund, the unitholders of the Fund may appoint and designate a successor manager. If the unitholders of the Fund do not appoint or fail to approve a successor manager within 60 days, the Fund will be terminated immediately in accordance with the terms of the Trust Indenture. See the section above called *Summary of the Trust Indenture - Termination of the Fund*.

Management Experience

The following table discloses the principal occupations of our directors and executive officers over the past five years and their relevant experience.

Name and Office Held	Principal Occupation and Related Experience
Dillon Cameron Co-Chief Investment Officer and Director	Dillon Cameron joined Deans Knight in September 2000 and leads the investment process for all income portfolios. Prior to joining Deans Knight, Dillon worked on the trading floor at Scotia Capital Inc. in Toronto. Dillon graduated from Bishop's University in 1999 with a Bachelor of Business Administration degree majoring in Finance and received his Chartered Financial Analyst designation in 2002.
Wayne Deans Chairman, Chief Executive Officer and Director	Wayne Deans co-founded Deans Knight in 1992 and leads the investment process for all equity portfolios. Wayne was formerly President and Equity Portfolio Manager at MK Wong & Associates of Vancouver. Prior to MK Wong & Associates, Wayne was a Vice-President and Director with Wood Gundy after spending 10 years with the Bank of Canada. Wayne earned a Bachelor of Commerce degree at Sir George Williams University in 1968 and an MBA from McMaster University in 1970. In 1996, he was named Canadian Mutual Fund Manager of the Year at the Analysts Choice Awards.
Kelsey Dunwoodie Chief Compliance Officer	Kelsey joined Deans Knight in 2010. Her responsibilities include leadership, investment research and compliance matters. Additionally, Kelsey has principal responsibility for overseeing operations for the Administration, Finance & Compliance team. Prior to joining Deans Knight, Kelsey was an Audit & Assurance Manager with PricewaterhouseCoopers LLP. Kelsey obtained her Bachelor of Commerce (Honour Roll) from the University of British Columbia in 2006, and her Chartered Accountant designation (Honour Roll) in 2008.
Benjamin Scott Director	Benjamin M. Scott re-joined Affiliated Manager's Group, Inc. ("AMG") in 2017 as a senior manager in the Affiliate Development group. AMG is an institutional partner in Deans Knight. AMG is a global asset management company with investments in leading boutique investment management firms. Previously, Ben spent 7 years with AMG Wealth Partners, LP, a subsidiary of AMG that partners with leading wealth management firms. Ben joined AMG in 2004 and became Vice President in 2006. Prior to joining AMG, Ben was an Associate with UBS Investment Bank. Ben holds a B.S. from the University of Massachusetts Amherst where he was elected to Phi Beta Kappa.
Umesh Vallipuram Director	Umesh Vallipuram is Vice President for Affiliated Development at AMG Canada Corp. AMG Canada Corp. is a wholly owned subsidiary of AMG. Prior to joining AMG Canada Corp. in April 1998, Umesh was a Senior Associate with PricewaterhouseCoopers LLP. Umesh graduated from University of Waterloo in 1995 with a Bachelor of Arts degree, and received his Chartered Accountant designation in 1997.

Unitholdings of Management and Others

The table below outlines certain information regarding the Manager, each director and officer of the Manager, and each person who as at May 1, 2017 directly or indirectly beneficially owned or controlled 10% or more of the outstanding units of a particular series.

Name and Municipality of Principal Residence	Position Held / Date of Obtaining that Position	Compensation paid by Fund in the year ended Dec. 31, 2016	Anticipated Compensation for the year ended Dec. 31, 2017	Number / % of units held as at May 1, 2017	Number / % of units expected to be held after this Offering
Deans Knight Capital Management Ltd. Vancouver, BC	N/A	\$7,427 ⁽¹⁾	Unknown ⁽²⁾	Nil / 0%	Unknown ⁽³⁾
Wayne Deans Vancouver, BC	Chairman, Chief Executive Officer and Director since 1993	Nil ⁽⁴⁾	Nil	326 Series O units / 0.48% of Series O units	Unknown ⁽⁵⁾
Dillon Cameron Vancouver, BC	Co-Chief Investment Officer and Director since 2000	Nil ⁽⁶⁾	Nil	383 Series O units / 0.56% of Series O units	Unknown ⁽⁵⁾
Kelsey Dunwoodie Coquitlam, BC	Chief Compliance Officer since 2010	Nil ⁽⁷⁾	Nil	39 Series O units / 0.06% of Series O units	Unknown ⁽⁵⁾
Benjamin Scott West Palm Beach, Florida	Director since 2006	Nil	Nil	Nil / 0%	Unknown ⁽⁵⁾
Umesh Vallipuram Toronto, Ontario	Director since 1998	Nil	Nil	Nil / 0%	Unknown ⁽⁵⁾
Investor A ⁽⁸⁾	Principal holder	Nil	Nil	10,068 Series A units / 100% of Series A units	Unknown ⁽⁹⁾
Investor B ⁽⁸⁾	Principal holder	Nil	Nil	10,042 Series F units / 13.78% of Series F units	Unknown ⁽⁹⁾
Investor C ⁽⁸⁾	Principal holder	Nil	Nil	10,042 Series F units / 13.78% of Series F units	Unknown ⁽⁹⁾
Investor D ⁽⁸⁾	Principal holder	Nil	Nil	10,042 Series F units / 13.78% of Series F units	Unknown ⁽⁹⁾
Investor E ⁽⁸⁾	Principal holder	Nil	Nil	17,735 Series F units / 24.34% of Series F units	Unknown ⁽⁹⁾
Investor F ⁽⁸⁾	Principal holder	Nil	Nil	9,392 Series F units / 12.89% of Series F units	Unknown ⁽⁹⁾
Investor G ⁽⁸⁾	Principal holder	Nil	Nil	5,497 Series K units / 11.60% of Series K units	Unknown ⁽⁹⁾
Investor H ⁽⁸⁾	Principal holder	Nil	Nil	8,644 Series K units / 18.24% of Series K units	Unknown ⁽⁹⁾
Investor I ⁽⁸⁾	Principal holder	Nil	Nil	5,059 Series K units / 10.68% of Series K units	Unknown ⁽⁹⁾
Investor J ⁽⁸⁾	Principal holder	Nil	Nil	11,867 Series K units / 25.04% of Series K units	Unknown ⁽⁹⁾
Investor K ⁽⁸⁾	Principal holder	Nil	Nil	5,424 Series K units / 11.45% of Series K units	Unknown ⁽⁹⁾

Notes:

- (1) This compensation represents the management fee paid to us by the Fund referred to in the section above called *Management of the Fund – Fees*.
- (2) The compensation paid to us for the year ended December 31, 2017 will vary based on the net assets of the Fund during that period and will be comprised of the fees described in the sections above called *Management of the Fund – Fees*.
- (3) Although we may acquire units under this Offering Memorandum, we have no current intention to do so.
- (4) Wayne Deans does not receive any compensation from the Fund. However, he beneficially owns or controls 23.0% of our shares. We receive a management fee from the Fund. See the section above called *Management of the Fund – Fees*.
- (5) The directors and officers of the Manager may acquire additional units under this Offering Memorandum; however, the number of units, if any, which may be acquired by the directors and officers of the Manager is not known.
- (6) Dillon Cameron does not receive any compensation from the Fund. However, he beneficially owns or controls 11.7% of our shares. We receive a management fee from the Fund. See the section above called *Management of the Fund – Fees*.
- (7) Kelsey Dunwoodie does not receive any compensation from the Fund. However, she beneficially owns or controls 5.0% of our shares. We receive a management fee from the Fund. See the section above called *Management of the Fund – Fees*.
- (8) To protect the privacy of individual investors, we have omitted the name of the beneficial owner(s).
- (9) The principal holders of units may acquire additional units under this Offering Memorandum; however, the number of units, if any, which may be acquired by such principal holders is not known.

Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last 10 years, or any cease trade orders that have been in effect for a period of more than 30 consecutive days during the past 10 years against: (i) a director, executive officer or control person of the Fund or the Manager; or (ii) an issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last 10 years with regard to any: (i) director, executive officer or control person of the Fund or the Manager; or (ii) issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

CUSTODIAN AND RECORDKEEPER**Custodian**

RBC Investor Services Trust (defined above as the “**Trustee**”) acts as custodian of the Fund pursuant to a custodian agreement between the Manager and the Trustee made as of April 10, 2013. As custodian, the Trustee is responsible for the safekeeping of the assets of the Fund. In consideration of the services provided by the Trustee as custodian of the Fund, the Fund pays the Trustee a fee. We negotiate the amount of this fee with the Trustee. In addition, the Trustee is reimbursed for its reasonable disbursements.

Recordkeeper

RBC Investor Services Trust (defined above as the “**Trustee**”) acts as recordkeeper of the Fund. As recordkeeper, it keeps track of who owns units of the Fund, maintains a record of all purchases and redemptions of units, and prepares and maintains certain other records required by the Fund. The Trustee receives a fee from the Fund for its services as recordkeeper and we negotiate the amount of this fee on behalf of the Fund.

CAPITAL STRUCTURE

Outstanding Securities of the Fund

The table below describes the outstanding securities of the Fund as at May 1, 2017:

Description of Security ⁽¹⁾	Number Authorized to be Issued ⁽²⁾	Number of Units Outstanding	Number of Units Outstanding after Offering ⁽²⁾
Series A units	Unlimited	10,068	Unknown
Series F units	Unlimited	72,854	Unknown
Series K units	Unlimited	37,334	Unknown
Series L units ⁽³⁾	Unlimited ⁽³⁾	Nil	Unknown ⁽³⁾
Series O units	Unlimited	68,700	Unknown

Notes:

⁽¹⁾ The Fund may offer additional series of units in the future.

⁽²⁾ There is no minimum or maximum number of units to be issued as part of this offering. The Fund will continue to issue additional Series A, Series F, Series K and Series O units on an on-going basis.

⁽³⁾ Series L units are not currently offered for sale to investors.

Prior Sales

The table below discloses information regarding the Series A, Series F, Series K and Series O units that were issued during the 12 months ended May 1, 2017.

Date of Issuance	Series A		Series F		Series K		Series O		Total Funds Received
	Number of Units Issued	Price per Unit	Number of Units Issued	Price per Unit	Number of Units Issued	Price per Unit	Number of Units Issued	Price per Unit	
May 5, 2016	NIL	-	NIL	-	NIL	-	231.598	\$2,158.91	\$500,000
May 31, 2016	NIL	-	NIL	-	NIL	-	36.889	\$2,268.49	\$83,682
June 30, 2016	NIL	-	NIL	-	NIL	-	1,736.708	\$2,261.83	\$3,928,138
July 29, 2016	NIL	-	NIL	-	NIL	-	645.156	\$2,368.14	\$1,527,818
August 31, 2016	NIL	-	9,391.876	\$10.65	NIL	-	605.073	\$2,381.45	\$1,540,948
September 30, 2016	NIL	-	NIL	-	NIL	-	1,369.812	\$2,396.05	\$3,282,136
October 31, 2016	NIL	-	NIL	-	NIL	-	1,371.702	\$2,379.73	3,264,278
November 30, 2016	10,000.000	\$10.00	NIL	-	NIL	-	1,785.362	\$2,440.43	\$4,457,053
December 31, 2016	67.543	\$9.93	2,321.759	\$10.77	NIL	-	669.893	\$2,396.27	\$1,630,901
January 31, 2017	NIL	-	468	\$10.68	NIL	-	309.859	\$2,379.58	\$742,334
February 28, 2017	NIL	-	NIL	-	4,500.000	\$10.00	745.435	\$2,352.06	\$1,798,308
March 31, 2017	NIL	-	NIL	-	42,884.516	\$10.18	4.768	\$2,398.31	\$448,000
April 28, 2017	NIL	-	NIL	-	1,816.842	\$10.29	49.239	\$2,426.48	\$138,172

The table below discloses information regarding the Series K and Series O units that were redeemed during the 12 months ended May 1, 2017. No Series A or Series F units were redeemed during that period.

Date of Redemption	Series K		Series O		Total Funds Paid
	Number of Units Redeemed	Price per Unit	Number of Units Redeemed	Price per Unit	
May 5, 2016	NIL	-	11.580	\$2,158.91	\$25,000
May 31, 2016	NIL	-	40.651	\$2,268.49	\$92,216
June 30, 2016	NIL	-	2,355.719	\$2,261.83	\$5,328,379
July 29, 2016	NIL	-	222.901	\$2,368.14	\$527,860
August 31, 2016	NIL	-	86.208	\$2,381.45	\$205,301
September 30, 2016	NIL	-	1,123.349	\$2,396.05	\$2,691,598
October 31, 2016	NIL	-	521.740	\$2,379.73	\$1,241,600
November 30, 2016	NIL	-	922.491	\$2,440.43	\$2,251,276
December 30, 2016	NIL	-	348.185	\$2,396.27	\$834,346
January 31, 2017	NIL	-	593.524	\$2,379.58	\$1,412,333
February 28, 2017	NIL	-	238.640	\$2,352.06	\$561,295
March 31, 2017	NIL	-	655.824	\$2,398.31	\$1,572,861
April 28, 2017	11,867.180	\$10.29	53.213	\$2,426.48	\$251,234

DESCRIPTION OF UNITS

The beneficial interest in the Fund is divided into different series of units. Each series of units is intended for different types of investors. A unit of a series represents an equal undivided interest in the net assets of the Fund attributable to that series. However, the assets of all series of the Fund are combined in a single pool to create one portfolio for investment purposes.

Except for the fees and expenses payable in respect of each series of units, and the applicable deadline for submitting a redemption request, the rights and attributes of each series will be identical. A holder of any series of units is entitled to one vote for each unit held on matters for which separate approval of the series is sought at any meeting of the unitholders and one vote for each unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders.

Gains and losses of the Fund will be allocated to each series of units in proportion to the net asset value of the series relative to the other series. See the section called *Summary of the Trust Indenture – Determination of Series Net Asset Value*.

Units are not transferable, other than by operation of law. However, unitholders have the right to redeem their units at certain times if they follow the procedures we have established. If the Fund is terminated, a holder of units of any series on the termination date will be entitled to a proportionate share of the net assets of the Fund attributable to that series of units.

The Fund currently issues only Series A units, Series F units, Series K units and Series O units. The Fund may issue other series of units in the future.

Series A units

Series A units are available to all investors through authorized dealers. The management fees paid to us with respect to Series A units are described in the section called *Management of the Fund – Fees*. You will not be charged a commission or fee by us or the Fund when you acquire your Series A units. However, your dealer may charge you a commission or fee in respect of your total purchase. See *Compensation Paid to Sellers and Finders* below for information on the service fee we will pay to your authorized dealer if you hold Series A units.

Series F units

Series F units are available to investors who have fee-based accounts with their dealer and whose dealer has signed an agreement with us. Investors in Series F units pay an annual fee to their dealer for investment advice and other services. We do not pay a service fee to a dealer who sells Series F units, which means that we can charge a lower management fee to holders of Series F units. Series F units are also available to other groups of investors for whom we do not incur distribution costs. The management fees paid to us with respect to Series F units are described in the section called *Management of the Fund – Fees*.

Series K units

Series K units are available to investors who have entered into an agreement with us and meet certain other conditions. The management fees paid to us with respect to Series K units are described in the section called *Management of the Fund – Fees*. You will not be charged a commission or fee by us or the Fund when you acquire your Series K units.

Series O units

Series O units are available to investors who have entered into an agreement with us and meet certain other conditions. No management fees are charged to the Fund with respect to Series O units; rather, the investors who hold Series O units will pay management fees directly to us, in an amount determined by negotiation and set out in the agreement between us and the investor.

If the market value of your investment in Series O units falls below the specified minimum investment requirement because you redeem units, we may redesignate your investment into Series A units of the same Fund after giving you 30 days' prior notice. A change of units will not take place if the value of your Series O units drops below the specified minimum investment requirement as a result of a decline in the unit price rather than a redemption of your units.

Distributions

Generally, sufficient net income and net realized capital gains of the Fund will be distributed to unitholders in each year to ensure that the Fund will not be subject to tax under Part I of the Tax Act.

We intend to cause the Fund to make annual distributions of net income and net realized capital gains to unitholders of record of the applicable series of units of the Fund at the close of business on the last business day of each fiscal year. Each unitholder's proportionate share of a distribution will be determined by us in accordance with the Trust Indenture. The distributions of net income and net realized capital gains will be paid on the last business day of each fiscal year. Such distributions may, at our discretion, be paid in cash or reinvested in additional units of the same series of the Fund at the applicable series net asset value per unit on the date of the distribution.

At any such time that the Fund has capital losses or capital loss carry forward balances, we intend to use these losses or loss carry forward balances before the distribution of capital gains to unitholders.

Redemption of Units

You may redeem units of the Fund on the last business day of each month and such other dates as we may determine from time to time by completing a request for redemption in a form acceptable to us and delivering such form to us. For Series A, Series F and Series K units, the redemption request must be received by us not less than 60 days prior to the redemption date (or such shorter period as we may in our discretion permit). For Series O units, the redemption request must be received by us not less than 10 business days prior to the redemption date (or such shorter period as we may in our discretion permit). Redemptions are irrevocable except with our consent (which we may withhold in our discretion) or following a suspension as described below.

While we intend to process all redemption requests as soon as possible, the maximum notice period noted above may be relied upon in order to execute any required trading within the Fund's portfolio in a manner that we determine in our discretion is most equitable to all unitholders of the Fund. If you submit a redemption notice to us, we will notify you or your representative of the anticipated redemption date.

The redemption price of your units will be the net asset value per unit determined as at the close of business on the redemption date. Redemption proceeds, less any applicable deductions, will be paid within 10 business days of the redemption date (and in any event, under the terms of the Trust Indenture must be paid no later than 21 days after such redemption date).

We are entitled to charge unitholders a fee of up to 5% of the net asset value of any Series A units or Series F units that are redeemed within six months of the original date of purchase. Following the six month period, no fee will be charged for the redemption of Series A or Series F units. Unitholders will not be charged a fee for redeeming Series K or Series O units.

The Fund may, at our discretion, pay all or part of the proceeds from a redemption of units in portfolio securities of the Fund.

If you deliver us a request for redemption, the effect of which, on redemption, would be to reduce the aggregate net asset value of the units you hold to less than CAD\$25,000, we may, upon giving 30 days' notice in writing, require you to redeem all the remaining units on the last business day of the month in which the 30 day notice period expires.

We may suspend the redemption of units (including units of a particular series) in the following circumstances:

- (a) during any period when normal trading is suspended on any stock exchange within or outside Canada on which securities are listed which represent more than 50% of the market value of the Fund's assets, without allowance for liabilities;
- (b) subject to the consent which may be required from any applicable regulatory authorities, for such period during which we determine that conditions exist as a result of which the disposal of the Fund's assets necessary to satisfy redemptions is not reasonably practicable or determining the series net asset value is not reasonably practicable; or
- (c) at any other time, with the consent of the British Columbia Securities Commission.

Any suspension will take effect at the time declared by us, and no redemptions of units will be permitted until the earlier of the date we have declared the suspension to be terminated, and the first business day on which the circumstances which gave rise to the suspension cease to exist. In the event of a suspension, you may withdraw the redemption request or receive payment based on the series net asset value per unit next determined after the termination of the suspension.

Consolidation, Subdivision and Redesignation

We may consolidate or subdivide any series of units of the Fund at any time. We may also redesignate units of any series as units of a different series based on the applicable series net asset value per unit of the two or more series on the date of the redesignation. However, we will not redesignate any series of units held by you without your consent if the redesignation is a material change to, or adversely affects the pecuniary value of, your interest, or if the redesignation would have an adverse tax consequence to you.

Transfer of Units

Units are not transferable. Transmissions of any units in consequence of the death, or transfers pursuant to the bankruptcy or insolvency, of any unitholder or otherwise by operation law will be effected in accordance with the provisions of the Trust Indenture. See the section below called *Resale Restrictions*.

INVESTING IN UNITS

You may invest in the Fund by purchasing units through a registered dealer or directly from us in certain circumstances. Series A, Series F, Series K and Series O units of the Fund are offered for sale in reliance on exemptions from the prospectus requirements of applicable securities laws. You will only be permitted to purchase units if your purchase qualifies for one of these exemptions. We rely on the representations you make in your subscription agreement to ensure that your purchase qualifies for these exemptions and to ensure that you are otherwise eligible to purchase units.

Subscriptions for units must be made by completing and executing the subscription agreement and supporting documentation, and sending such agreement and documentation together with payment of the aggregate subscription price to us, in accordance with the instructions contained in the subscription agreement.

You may acquire units of the Fund on the last business day of each month and such other dates as we may determine from time to time if we receive and accept your subscription agreement, supporting documentation and payment no later than 4:00 p.m. Eastern Time / 1:00 p.m. Pacific Time on such date.

We may, in our discretion, refuse to accept your subscription to purchase units even if you provide us with the documentation and information prior to the deadline noted above. For example, we may refuse your subscription if we do not believe an investment in the Fund is appropriate for you. We may also close the Fund to new investors from time to time. If we have decided not to accept your subscription we will notify you of our decision within five business days of receiving the required documentation and information from you.

The purchase price of the units will be based on the Series A, Series F, Series K or Series O net asset value, as the case may be, determined as at the close of business on the purchase date. See the section above called *Summary of the Trust Indenture - Determination of Series Net Asset Value*.

We have established minimum investment amounts for initial investments and additional investments. The terms of the prospectus exemptions which we rely upon to issue units to you may require a higher

minimum investment depending on the jurisdiction where you live. These minimum amounts may vary depending on whether you qualify as an “accredited investor” within the meaning of applicable securities laws. The definition of accredited investor is explained briefly in the table below and in the subscription agreement for the Fund. As at the date of this Offering Memorandum, the applicable minimum investment amounts are set out in the table below. We may in our discretion waive the minimum investment amounts established by us, accept investments in other minimum amounts permitted under applicable securities laws, or require higher minimum investments than those set out below.

Subscriber	Minimum Investment				
	Initial Investment				Additional Investment
	Series A	Series F	Series K	Series O	All Series
Accredited investors resident in any Canadian province or territory ⁽¹⁾	\$25,000	\$25,000	\$25,000	\$150,000	\$5,000
Other investors resident in British Columbia or Newfoundland and Labrador	\$25,000	\$25,000	\$25,000	\$150,000	\$5,000
Other non-individual investors resident in a Canadian province or territory other than British Columbia or Newfoundland and Labrador	\$150,000 ⁽²⁾	\$150,000 ⁽²⁾	\$150,000 ⁽²⁾	\$150,000 ⁽²⁾	\$5,000 ⁽³⁾

Notes:

(1) You may qualify as an “accredited investor” if you are:

- (a) an individual who, either alone or together with your spouse, beneficially owns financial assets (including cash and securities) that have an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1 million;
- (b) an individual whose net income before taxes exceeded \$200,000 in each of the past two calendar years (or whose net income before taxes combined with that of your spouse exceeded \$300,000 in each of those calendar years) and who has a reasonable expectation of exceeding that net income level in the current calendar year; or
- (c) a company, limited partnership, limited liability partnership, trust or estate (other than a mutual fund or non-redeemable investment fund) that has net assets of at least \$5 million, as shown on its most recently prepared financial statements.

There are other categories under which you may qualify as an accredited investor. Additional categories are set out in the subscription agreement for the Fund and in applicable securities laws. **If you are unsure whether you qualify as an accredited investor, you should obtain advice from your professional advisor before investing in the Fund.**

(2) This minimum initial investment amount applies to non-individuals only. Individuals may not make an initial investment in the Fund unless they are (i) accredited investors, or (ii) resident in British Columbia or Newfoundland and Labrador.

(3) You may only make additional investments in this minimum amount if: (a) you previously acquired units for an aggregate purchase price of not less than \$150,000 and are acquiring units of the same series so previously purchased; and (b) at the time you make your additional investment the units you hold either have an aggregate purchase price or a net asset value of not less than \$150,000. If you do not meet both of these conditions, your minimum additional investment will be \$150,000.

Any subscription funds received by us prior to the relevant purchase date will be held in the Fund’s general bank account. These funds will not be segregated for your account. You will not be entitled to any interest on any subscription funds delivered to us prior to the relevant purchase date. Any interest earned on such funds will belong to the Fund.

You will become a unitholder after we accept your subscription agreement and the Fund has received the purchase price for your units. We will hold your subscription monies in trust for you until the day on which you become a unitholder.

You and your professional advisors should review all subscription documents before you purchase units.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a fair summary of the principal Canadian federal income tax considerations, as of the date hereof, with respect to the acquisition, ownership and disposition of units generally applicable to an individual unitholder, other than a trust, who for purposes of the *Income Tax Act* (Canada) (defined above as the “**Tax Act**”), is resident in Canada and holds units as capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), proposals for specific amendments to the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date of this Offering Memorandum, and the current administrative practices and policies of the Canada Revenue Agency. This summary does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action, or take into account provincial or foreign income tax legislation or considerations. The Fund has qualified as a “mutual fund trust” under the Tax Act throughout its current taxation year and is expected to continue to qualify as a “mutual fund trust” under the Tax Act at all times in the future. This summary assumes that the Fund has, and will continue to, qualify, at all material times, as a “mutual fund trust” under the Tax Act. If the Fund were not to so qualify as a “mutual fund trust” under the Tax Act, the tax considerations could be materially different from those described below.

This summary is of a general nature only and is not intended to constitute advice to any particular investor. You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.

Taxation of the Fund

Generally, the Fund is subject to tax under Part I of the Tax Act on its taxable income for each year (including net taxable capital gains) less the portion thereof that is paid or payable to unitholders. Provided that, in each year, the Fund distributes to unitholders a sufficient amount of its net income and net realized capital gains, it will not be liable for tax under Part I of the Tax Act. Gains and losses of the Fund from transactions in derivatives will generally result in ordinary income and losses rather than capital gains and capital losses, though the tax treatment of such gains and losses may change depending on the specific facts and circumstances involved. In certain circumstances, losses of the Fund may be suspended or restricted and therefore would be unavailable to shelter capital gains or income.

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.

Taxation of Unitholders

Generally, a unitholder must include in computing income for tax purposes for a particular year the portion of the net income and the taxable portion of the net realized capital gains of the Fund that is paid or payable to the unitholder in the year. A unitholder must include such amounts in income even though they are reinvested in additional units. Unitholders will be taxed on distributions of income and capital gains even if the income and capital gains accrued to the Fund or were realized by the Fund before the unitholder acquired units and were reflected in the purchase price of the units.

Net taxable capital gains of the Fund and taxable dividends received by the Fund on shares of taxable Canadian corporations, if any, that are paid or payable to a unitholder may be designated by the Fund as taxable capital gains and taxable dividends earned by the unitholder and, if so designated, will be subject to the special tax treatment applicable to income of that character, including the enhanced gross-up and dividend tax credit for eligible dividends. As well, the Fund may make designations in respect of its

foreign source income so that, for the purposes of computing any foreign tax credit to a unitholder, the unitholder will generally be deemed to have paid as foreign tax the unitholder's proportionate share of the foreign taxes paid by the Fund.

To the extent that distributions by a trust to a unitholder in a year exceed the unitholder's share of the net income and net realized capital gains of the Fund for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not be taxable to the unitholder but will reduce the adjusted cost base of the unitholder's units. Alternatively, if an excess distribution is made, the Fund can make designations under the Tax Act so that the excess amount is treated as additional income of the Fund in respect of that taxation year and can be deducted from its income in the following year.

When a unitholder disposes of units, including on the redemption of units, the unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, less any associated costs of disposition, are greater (or less) than the adjusted cost base of the units. Generally, one-half of a capital gain is included in determining a unitholder's income and one-half of a capital loss may be deducted against taxable capital gains, subject to and in accordance with the rules in the Tax Act. Redesignating units of one series of the Fund as units of another series of the Fund will not result in a disposition.

Capital gains and Canadian dividends may result in a liability for alternative minimum tax under the Tax Act.

Eligibility for Registered Plans

The Fund currently qualifies as a "mutual fund trust" under the Tax Act. Provided that the Fund continues to qualify as a "mutual fund trust" under the Tax Act at all material times, units will be "qualified investments" under the Tax Act for RRSPs (including LIRAs), RRIFs (including LIFs), DPSPs, RESPs, RDSPs and TFSAs. Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs, and subscribers of RESPs, should consult with their own tax advisors as to whether units of the Fund would constitute a "prohibited investment" under the Tax Act in their particular circumstances.

Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the "IGA"), and related Canadian legislation, the Fund and/or registered dealers are required to report certain information with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans such as RRSPs), to Canada Revenue Agency ("CRA"). It is expected that the CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standards (the "CRS"), the Fund and/or registered dealers are required under Canadian legislation to identify and report to the CRA certain information relating to certain unitholders in the Fund (excluding registered plans such as RRSPs) who are residents in a country outside of Canada and the U.S. The CRA expects to provide that information to the tax authorities of the relevant jurisdiction that has adopted the CRS.

COMPENSATION PAID TO SELLERS AND FINDERS

No selling commissions or fees will be paid by the Fund or us in connection with the sale of units under this Offering Memorandum. However, if you acquire your Series A units through an approved salesperson of an authorized dealer, we will pay a service fee to that salesperson (or to the dealer for that

salesperson) for on-going advice and service provided to you. We will pay this service fee for as long as you continue to hold Series A units through the authorized dealer. Service fees will be calculated and payable by us at least semi-annually and may be up to 1.00% per annum of the net asset value of the units you hold. As at the date of this Offering Memorandum we do not pay a service fee with respect to Series F units, Series K units or Series O units.

Your dealer may charge you an up-front fee when you purchase your units. This fee is negotiated between you and your dealer.

RISK FACTORS

The purchase of units involves a number of significant risk factors. In addition to the factors set forth elsewhere in this Offering Memorandum, you should consider the following:

Risks Associated with an Investment in the Fund

Investment risk

An investment in the Fund may be deemed speculative and is not intended as a complete investment program. A subscription for units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objective and policies and restrictions to be utilized by the Fund as outlined herein.

No assurance

There is no guarantee that the Fund will be able to achieve its investment objective, or that the Fund will earn a positive return.

Reliance on the manager

As unitholders, investors will not be entitled to participate in the management or control of the Fund or its operations. The Fund will be dependent on our knowledge and expertise for fund management and portfolio management services. The loss of our services as manager of the Fund, or the loss of the services of our key personnel could adversely affect the performance of the Fund.

Lack of independent experts representing unitholders

Each of the Fund and the Manager has consulted with a single legal counsel regarding the terms of the Fund and the offering of units. The unitholders have not, however, been independently represented. Each prospective investor should consult his or her own legal, tax and financial advisers regarding the desirability of purchasing units and the suitability of investing in the Fund.

Marketability and transferability of units

Units are not transferable, other than by operation of law. Accordingly, unitholders will generally not be able to dispose of their units other than by way of a redemption of their units, which redemption will be subject to the limitations described above under *Description of Units – Redemption of Units*. Unitholders may not be able to liquidate their investments in a timely manner. As a result, an investment in units is suitable only for sophisticated investors who do not require liquidity for their investment and are able to bear the financial risk of the investment for an extended period of time.

Nature of units

The units are neither fixed income nor equity securities. The units represent a fractional interest in the net assets of the Fund. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring “oppression” or “derivative” actions.

Liability of unitholders

The Trust Indenture provides that no unitholder will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund’s assets or the obligations or affairs of the Fund and all such persons will look solely to the Fund’s assets for satisfaction of claims of any nature arising out of or in connection therewith. There is a risk, which we consider to be remote in the circumstances, that a unitholder could be held personally liable, notwithstanding the foregoing statement in the Trust Indenture, for obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. It is intended that the operations of the Fund will be conducted in such a manner so as to minimize such risk.

Tax risk

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. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the unitholders.

If the Fund experiences a “loss restriction event” (i) the Fund will be deemed to have a year-end for tax purposes (which could result in the Fund being subject to tax unless it distributes its income and capital gains prior to such year-end), and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Fund will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Generally, a person will be deemed not to become a majority-interest beneficiary of the Fund, and a group of persons will be deemed not to become a majority-interest group of beneficiaries of the Fund, if the Fund meets certain investment requirements and qualifies as an “investment fund” under the rules.

Foreign taxation

No assurances can be given that the Fund will not be subject to withholding or other taxes in foreign jurisdictions in which trades are made by or on behalf of the Fund or in which the Fund otherwise carries on business.

Changes in applicable law

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

Trading errors

In the course of carrying out trading and investing responsibilities on behalf of the Fund, our employees may make “trading errors” — i.e., errors in executing specific trading instructions. Trading errors are an intrinsic factor in any investment process, and will occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by our employees. Consequently, we will generally treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Fund, unless they are the result of conduct which is inconsistent with our standard of care.

Not a public mutual fund

The Fund is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund’s portfolio.

Valuation of the Fund’s investments

Valuation of the Fund’s securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Fund and the series net asset value of the units could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund’s securities and other investments. Valuation determinations will be made in good faith in accordance with the Trust Indenture.

The Fund may, from time to time, have some of its assets in investments, which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the net asset value of the Fund and the series net asset value of the units may be understated or overstated, as the case may be. The Fund does not intend to adjust the net asset value of the Fund or the series net asset value of the units retroactively in the absence of manifest error.

Effect of substantial redemption

Substantial redemptions by investors within a short period of time could require the Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the portfolio at any given time may be invested in securities for which the market is or becomes illiquid. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund’s ability to take advantage of particular investment opportunities or decreases in the ratio of its value to its expenses.

Fees and expenses

The Fund is obligated to pay management fees, brokerage commissions and other expenses regardless of whether the Fund realizes a profit. Under certain circumstances, the Fund may be subject to significant indemnification obligations in respect of us, the Trustee and other service providers. The Fund will not carry any insurance to cover such potential obligations. Any indemnification paid by the Fund would reduce the net asset value of the Fund and, by extension, the value of the units.

Series risk

The Fund has different series of units. If the Fund cannot pay the fees and expenses attributable to one series of units using the proportionate share of the Fund's assets attributable to that series, the Fund may be required to pay those fees and expenses out of one or more of the other series' proportionate share of the Fund's assets. This may reduce the value of your investment in the Fund.

Potential conflicts of interest

We also act as the manager and portfolio adviser for other investment funds, and as the portfolio adviser for our investment advisory clients. Situations may arise in which our activities on behalf of other clients may disadvantage the Fund, such as an inability of the market to fully absorb orders for the purchase or sale of particular investments placed for the Fund and other clients at prices and in quantities which would be obtainable if the same were being placed only for the Fund.

Cyber security risk

The Fund and its service providers' use of internet, technology, and information systems may expose the Fund to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or Fund assets, or cause the Fund and/or its service providers to suffer data corruption or lose operational functionality.

Risks Associated with the Fund's Underlying Investments

Equity risk

The Fund invests predominantly in equity securities. The value of equity securities is affected by specific company developments, by stock market conditions and by general economic and financial conditions in those countries where the investments are listed for trading. Investment funds which invest in equities generally tend to be more volatile than fixed income investment funds, and the value of their units may vary more widely than fixed income investment funds.

Lack of focus on ordinary income

Any interest and dividends earned by the Fund on its investments will be incidental to the accomplishment of its investment objectives. All income and capital gains distributions will be reinvested. An investment in the Fund is not suitable for unitholders seeking current returns for financial or tax-planning purposes, and should be considered only by persons who are financially able to maintain their investment in the Fund over an extended period.

Credit risk

The Fund may, from time to time, invest a portion of its assets in fixed income or debt securities. The value of fixed income and debt securities depends, in part, on the perceived ability of the government or company or other entity that issued the securities to pay the interest and to repay the original investments. The risk of an issuer failing to do this is greater with some issuers than with others. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may negatively affect a security's value and thus impact the Fund's performance. Credit risk is generally greater for fixed income securities with ratings below investment grade.

General economic and market conditions

The success of the Fund's activities may be affected by general economic and market conditions, such as inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments.

Performance and marketability of underlying securities

The series net asset value per unit will vary in accordance with the value of the securities (including futures contracts and other derivative instruments) acquired by the Fund and attributable to the units. There is no assurance that the securities acquired by the Fund can be sold for the values used to calculate the series net asset value per unit or at a time that the Fund requires cash for operational or trading purposes.

Foreign securities

Investments in securities of foreign entities and securities denominated in foreign currencies involve risks not normally associated with domestic investment such as currency fluctuations, investment controls and political events.

Liquidity risk

The market for some securities in which the Fund may invest may be relatively illiquid. The market for relatively illiquid securities may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes to do so.

Currency risk

The Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than Canadian dollars. It may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

Concentration

To the extent that the Fund takes concentrated positions, there is less diversification and therefore greater risk of loss to the Fund from any one position.

General derivatives risk

The Fund may use derivative financial instruments, including, without limitation, credit default swaps, options, futures, forwards, interest rate swaps, and cross-currency swaps and may use derivative techniques for hedging and for trading purposes, including for the purpose of obtaining the economic benefit of an investment in an entity without making a direct investment. The risks posed by such instruments and techniques, which can be extremely complex, include, in addition to the risks outlined above: (i) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (ii) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (iii) documentation risk (exposure to losses resulting

from inadequate documentation); (iv) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative or a cease trade order being issued in respect of the underlying security); (v) investment risk arising from the disappearance of any conversion premium due to premature redemptions, changes in conversion terms or changes in issuer's dividend policy; and (vi) lack of liquidity during market panics.

Although a derivative hedge reduces risk, it does not eliminate risk entirely.

Income trust risk

The Fund may, from time to time, invest in income trusts. Income trusts commonly hold debt or equity securities in, or are entitled to receive royalties or distributions from, an underlying active business. Income trusts generally fall into four sectors: business trusts, utility trusts, resource trusts and real estate investment trusts. Investments in income trusts will have varying degrees of risk depending on the sector and the underlying assets. They will also be subject to general risks associated with business cycles, commodity prices, interest rates and other economic factors.

Returns on income trusts are neither fixed nor guaranteed. Typically income trusts and other securities that are expected to distribute income are more volatile than fixed-income securities and preferred shares. The value of income trust units may decline significantly if they are unable to meet their distribution targets. To the extent that claims against an income trust are not satisfied by the trust, investors in the income trust (which include a fund that invests in the income trust), could be held responsible for such obligations. Some, but not all, jurisdictions have enacted legislation to protect investors from some of this liability.

REPORTING OBLIGATIONS TO UNITHOLDERS

Delivery of Financial Statements

As the Fund is not a "reporting issuer" under applicable securities laws, the continuous reporting requirements under those laws do not apply to the Fund. The Fund sends annual audited financial statements to unitholders within 140 days of the end of each fiscal year. The Fund's fiscal year end is currently December 31st. You may request a copy of the financial statements by contacting us at the address, numbers or e-mail address set out on the front cover.

Income Tax Statements

On or before March 31st each year, we will provide you with the information you require regarding distributions and allocations to your units during the previous year in order to complete your income tax return for that year.

Distributions

We will advise you, not less than once annually, of any income distributions and capital gain distributions made by the Fund.

RESALE RESTRICTIONS

In addition to the restrictions on transfer set forth in the Trust Indenture (which are described above in the section called *Description of Units – Transfer of Units*), units are also subject to resale restrictions under applicable securities laws. These resale restrictions are described below.

Units are 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 the securities unless you comply with an exemption from the prospectus requirements under securities legislation. **However, we note that securities legislation in Canada does contain exemptions that will permit you to redeem your units.** See the section above called *Description of Units – Redemption of Units*.

Unless permitted under securities legislation, you cannot trade units before the date that is four months and a day after the date that the Fund becomes a reporting issuer in any province or territory of Canada. For trades in Manitoba, unless permitted under securities legislation, you must not trade in 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. Again, we note that securities legislation will permit you to redeem your units. See the section above called *Description of Units – Redemption of Units*.

PURCHASERS' RIGHTS

If you purchase units, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer. The following summaries of investors' legal rights are subject to the express provisions of the securities laws of the applicable province or territory in which they are resident and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

Two Day Cancellation Right

You can cancel your agreement to purchase units. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy units.

Statutory Rights of Action

For purposes of the following summaries, “**misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement not misleading in light of the circumstances in which it was made.

British Columbia

If this offering memorandum, together with any amendment hereto, is delivered to a purchaser resident in British Columbia who purchases units in reliance on the offering memorandum exemption in section 2.9 of National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) and contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, for rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or

- (b) for damages more than 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 purchase;
- 2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
- 3. no person or company (but excluding the Fund) will be liable if the person or company proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice to the Fund that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- 4. no person or company (but excluding the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
- 5. in an action for damages, the person or company will not be liable for all or any portion of the damages that the person or company proves does not represent the depreciation in value of the units as a result of the misrepresentation; and
- 6. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

- 1. the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- 2. the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Alberta

Where an offering memorandum, together with any amendment to it, is delivered to a purchaser resident in Alberta, in reliance on the prospectus exemption in section 2.10 (the minimum amount investment or \$150,000 investment) of NI 45-106, and contains a misrepresentation, whether or not the investor relied upon the misrepresentation and will have a right of action for damages against the issuer, every director of

the issuer (if applicable) at the date of the memorandum and every person who signed the offering memorandum or, alternatively, for rescission against the issuer, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years from the date of purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
3. no person or company (but excluding the issuer) will be liable if the person or company proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
4. no person or company (but excluding the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct an investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
5. in an action for damages, the person or company will not be liable for all or any portion of the damages that the person or company proves does not represent the depreciation in value of the securities as a result of the misrepresentation; and
6. in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum.

In addition, a person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

1. this offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

This defence does not however relieve a person or company of liability respecting forward-looking information in a financial statement.

Saskatchewan

If this offering memorandum, together with any amendment to this offering memorandum, is sent or delivered to a purchaser resident in Saskatchewan and contains a misrepresentation at the time of purchase, the purchaser is deemed to have relied upon that misrepresentation and will have a right for damages against the Fund, the Manager, every promoter of the Fund, 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, every person who signed this offering memorandum (if applicable) and every person or company who sells units on behalf of the Fund, or alternatively, while still the owner of the purchased units, for rescission against the Fund, provided that:

1. no action will be commenced to enforce the foregoing rights:
 - (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
 - (b) in the case of any action, other than an action for rescission, more than the earlier of (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of the action;
2. no person or company will be liable if the person or company proves that the investor purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the offering memorandum or amendment was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, the person or company immediately gave reasonable general notice to the Fund that it was sent or delivered without the person's or company's knowledge, (ii) on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of or extract from the report, opinion or statement of the expert;
4. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of or an extract from a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed there had been a misrepresentation;
5. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert if (i) the person or company had, after

reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum fairly represented the person's or company's report, opinion or statement; or (ii) on becoming aware that the part of the offering memorandum did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Saskatchewan Financial Consumer Affairs Authority and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum;

6. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum (i) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document if the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe that the statement was true; or (ii) with respect to any part of the offering memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert, unless the person or company (A) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (B) believed there had been a misrepresentation; and
7. in no case shall the amount recoverable exceed the price at which the units were sold to the investor.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

1. the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If the person or company who sells the purchaser units is selling in contravention of securities laws of Saskatchewan or in contravention of an order of the Saskatchewan Financial Services Commission, the purchaser may choose to void the contract for units or to recover all of the money paid by the purchaser for units.

A purchaser resident in Saskatchewan who has entered into an agreement for the purchase of units, which has not yet been completed, and who receives an amendment to this offering memorandum that discloses (i) a material change in the affairs of the Fund, (ii) a change in the terms or conditions of the offering as described in this offering memorandum or (iii) securities to be distributed that are in addition to the units described in this offering memorandum, that occurred or arose before the purchaser entered into the agreement for the purchase of the units, may within two business days of receiving the amendment deliver a notice to the Fund or agent through whom the units are being purchased indicating the investor's intention not to be bound by the purchase agreement.

Manitoba

If this offering memorandum or any amendment hereto contains a misrepresentation, a purchaser is deemed to have relied on the misrepresentation and has a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, a right of rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages, more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the date of the purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
4. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser; and
6. in an action for damages, the person or company will not be liable for all or any portion of the damages that the person or company proves does not represent the depreciation in value of the units as a result of the misrepresentation.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

1. the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making the forecast or projection; and

2. the person or company has a reasonable basis for drawing the conclusion or making the forecasts or projections set out in the forward-looking information.

Ontario

If this offering memorandum, together with any amendment to this offering memorandum, contains a misrepresentation, a purchaser in the Province of Ontario will have, without regard to whether the misrepresentation was relied upon by the purchaser, a right of action for damages against the Fund or, at the election of the purchaser, for rescission (in which case the purchaser will cease to have a right of action for damages), provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of purchase;
2. the Fund will not be liable if it proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. in an action for damages, the Fund will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation relied upon; and
4. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser.

In addition, the Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

1. this offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

The foregoing rights do not apply if the purchaser is:

1. a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank;
2. the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
3. 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.

New Brunswick

If this offering memorandum, together with any amendment to this offering memorandum, delivered to a purchaser resident in New Brunswick contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, for rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages more than the earlier of (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of purchase;
2. the Fund will not be liable if it proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. in an action for damages, the Fund will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation relied upon; and
4. in no case will the amount recoverable exceed the price at which the units were sold to the investor.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

1. the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

This defence does not however relieve a person or company of liability respecting forward-looking information in a financial statement.

Nova Scotia

If this offering memorandum, together with any amendment to this offering memorandum or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)), contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser resident in Nova Scotia will be deemed to have relied upon the misrepresentation and will have a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, for rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action more than 120 days:
 - (a) after the date on which payment was made for the units; or
 - (b) after the date on which the initial payment was made for the units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently within, the initial payment;
2. no person or company will be liable if the person or company proves that the investor purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after delivery of the offering memorandum and before the purchase of the units by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
4. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation;
5. in an action for damages, the person or company will not be liable for all or any portion of the damages that the person or company proves does not represent the depreciation in value of the units as a result of the misrepresentation relied upon; and
6. in no case will the amount recoverable in any action exceed the price at which the units were sold to the investor.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

1. the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

This defence does not however relieve a person or company of liability respecting forward-looking information in a financial statement.

Prince Edward Island

If this offering memorandum, together with any amendment to this offering memorandum, delivered to a purchaser resident in Prince Edward Island contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, for rescission against the Fund, provided that:

1. no action will be commenced to enforce the foregoing rights:
 - (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
 - (b) in the case of any action, other than an action for rescission, more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (ii) three years after the date of the transaction that gave rise to the cause of the action;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if it proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after the delivery of the offering memorandum and before the purchase of the units by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
4. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. in an action for damages, the person or company will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation relied upon; and
6. in no case will the amount recoverable exceed the price at which the units were sold to the investor.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

1. the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

This defence does not however relieve a person or company of liability respecting forward-looking information in a financial statement required to be filed under Prince Edward Island securities laws.

Newfoundland and Labrador

If this offering memorandum, together with any amendment to this offering memorandum contains a misrepresentation and it was a misrepresentation at the time of purchase, a purchaser in the Province of Newfoundland and Labrador has, in addition to any other right that the purchaser may have under law and without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the Fund, the Manager and every person or company who signed this offering memorandum (if applicable), for damages or, alternatively, while still the owner of the purchased units, for rescission against the Fund (in which case the purchaser will cease to have a right of action for damages), provided that:

1. no action will be commenced to enforce the foregoing rights:
 - (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
 - (b) in the case of any action, other than an action for rescission, more than the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action; or (ii) three years after the date of the transaction that gave rise to the cause of the action;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if:
 - (a) the person or company proves that this offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
 - (b) the person or company proves that the person or company, on becoming aware of any misrepresentation in this offering memorandum, withdrew the person's or company's consent to this offering memorandum and gave reasonable notice of the withdrawal to the Fund and the reason for it;

- (c) with respect to any part of this offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or statement of an expert, the person or company proves that they did not have any reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
 - (d) with respect to any part of this offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation;
4. in an action for damages, the person or company will not be liable for all or any part of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation; and
 5. in no case will the amount recoverable exceed the price at which the units were offered to the investor under this offering memorandum.

In addition, a person or company is not liable for a misrepresentation in forward-looking information if the person or company proves that:

1. the offering memorandum contains reasonable cautionary language that is proximate to such information identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Yukon

If this offering memorandum, together with any amendment to this offering memorandum, contains a misrepresentation, a purchaser is deemed to have relied on the misrepresentation and has a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, a right of rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages, more than 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 purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;

3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report, opinion or statement;
4. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. in an action for damages, the person or company will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation relied upon; and
6. in no case shall the amount recoverable exceed the price at which the units were sold to the purchaser.

In addition, a person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

1. this offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

This defence does not however relieve a person or company of liability respecting forward-looking information in a financial statement required to be filed under Yukon securities laws.

Northwest Territories

If this offering memorandum, together with any amendment to this offering memorandum, contains a misrepresentation, a purchaser is deemed to have relied on the misrepresentation and has a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, a right of rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages, more than 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 purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report, opinion or statement;
4. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. in an action for damages, the person or company will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation relied upon; and
6. in no case shall the amount recoverable exceed the price at which the units were sold to the purchaser.

In addition, a person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

1. this offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

This defence does not however relieve a person or company of liability respecting forward-looking information in a financial statement required to be filed under Northwest Territories securities laws.

Nunavut

If this offering memorandum, together with any amendment to this offering memorandum, contains a misrepresentation, a purchaser is deemed to have relied on the misrepresentation and has a right of action for damages against the Fund, the Manager and every person who signed this offering memorandum (if applicable) or, alternatively, while still the owner of the purchased units, a right of rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages, more than 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 purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report, opinion or statement;
4. no person or company (other than the Fund) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. in an action for damages, the person or company will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation relied upon; and
6. in no case shall the amount recoverable exceed the price at which the units were sold to the purchaser.

In addition, a person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

1. this offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

This defence does not however relieve a person or company of liability respecting forward-looking information in a financial statement required to be filed under Nunavut securities laws.

Contractual Rights of Action

Rights for Investors in British Columbia, Alberta or Quebec purchasing as “Accredited Investors”

Investors resident in British Columbia or Quebec who purchase units as “accredited investors” will be entitled to the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase units in reliance on the offering memorandum exemption set out in NI 45-106, as described above under *Statutory Rights of Action*.

Investors resident in Alberta who purchase units as “accredited investors” will be entitled to the same rights of action for damages or rescission as those afforded to residents of Alberta who purchase units in reliance on the minimum amount investment exemption set out in NI 45-106, as described above under *Statutory Rights of Action*.

Rights for Investors in British Columbia or Quebec purchasing under the \$150,000 Exemption

Investors resident in British Columbia or Quebec who purchase units in reliance on the minimum amount investment prospectus exemption set out in section 2.10 of NI 45-106 will be entitled to the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase units in reliance on the offering memorandum exemption set out in NI 45-106, as described above under *Statutory Rights of Action*.

FINANCIAL STATEMENTS

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Deans Knight Equity Growth Fund

Financial Statements
December 31, 2016



March 31, 2017

Independent Auditor's Report

To the Unitholders of Deans Knight Equity Growth Fund

We have audited the accompanying financial statements of Deans Knight Equity Growth Fund, which comprise the statement of financial position as at December 31, 2016 and the statements of comprehensive income and loss, changes in net assets attributable to holders of redeemable units, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together the financial statements).

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with those requirements of International Financial Reporting Standards relevant to preparing financial statements, 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 the financial statements based on our audit. We conducted our audit 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, if any, made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Deans Knight Equity Growth Fund as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Deans Knight Equity Growth Fund

Statement of Financial Position

As at December 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Investments* - at fair value	159,778,596	116,847,125
Cash and cash equivalents	7,283,851	583,016
Accrued income receivable	126,521	107,121
Subscriptions receivable	211,697	6,754,427
	<u>167,400,665</u>	<u>124,291,689</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	37,117	44,718
Redemptions payable	825,957	397,683
	<u>863,074</u>	<u>442,401</u>
Net assets attributable to holders of redeemable units	<u>166,537,591</u>	<u>123,849,288</u>
Series net assets attributable to holders of redeemable units (note 1)		
Series A	99,999	-
Series F	779,429	537,966
Series O	165,658,163	123,311,322
	<u>166,537,591</u>	<u>123,849,288</u>
Units outstanding (note 3)		
Series A	10,067.54	-
Series F	72,386.32	60,672.68
Series O	69,132.01	62,616.85
	<u>141,585.87</u>	<u>123,289.53</u>
Net assets attributable to holders of redeemable units per unit		
Series A	9.93	-
Series F	10.77	8.87
Series O	2,396.26	1,969.30
	<u>12,416.96</u>	<u>12,957.17</u>
*Investments - at average cost	115,375,629	98,333,874

On behalf of the Manager,
Deans Knight Capital Management Ltd./ Gestion de Capital Deans Knight Ltée

(signed) Wayne Deans Director (signed) Dillon Cameron Director

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

Deans Knight Equity Growth Fund

Statement of Comprehensive Income and Loss

For the year ended December 31, 2016

	2016 \$	2015 \$
Investment income		
Dividend income	1,515,037	1,721,680
Net realized gain on investments sold (note 6)	1,946,538	10,568,302
Change in unrealized appreciation (depreciation) on investments	25,889,716	(14,864,842)
	<u>29,351,291</u>	<u>(2,574,860)</u>
Expenses		
Trustee fees	59,189	55,490
Audit and accounting fees	35,656	32,460
Management/trailer fees (note 4)	6,920	5,215
Other	2,804	1,294
	<u>104,569</u>	<u>94,459</u>
Increase (decrease) in net assets attributable to holders of redeemable units	<u>29,246,722</u>	<u>(2,669,319)</u>

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

Deans Knight Equity Growth Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2016

	2016 \$	2015 \$
Net assets attributable to holders of redeemable units at beginning of year		
Series A	-	-
Series F	537,966	231,869
Series O	123,311,322	125,375,566
	<u>123,849,288</u>	<u>125,607,435</u>
Increase (decrease) in net assets attributable to holders of redeemable units		
Series A	(1)	-
Series F	116,463	
Series O	29,130,260	
	<u>29,246,722</u>	
Distributions to holders of redeemable units		
From net investment income – Series A Units	(671)	-
From net investment income – Series F Units	-	(2,260)
From net investment income – Series O Units	(1,410,144)	(1,624,961)
Total distributions to holders of redeemable units	<u>(1,410,815)</u>	<u>(1,627,221)</u>
Redeemable unit transactions		
Issuance of Series A Units	100,000	-
Issuance of Series F Units	125,000	339,896
Issuance of Series O Units	21,981,296	10,593,110
Reinvestments of distributions to holders of Series A Units	671	-
Reinvestments of distributions to holders of Series F Units	-	2,260
Reinvestments of distributions to holders of Series O Units	1,410,144	1,624,961
Redemption of Series O Units	(8,764,715)	(10,021,834)
Net increase from redeemable unit transactions	<u>14,852,396</u>	<u>2,538,393</u>
Series net assets attributable to holders of redeemable units, end of year		
Series A	99,999	-
Series F	779,429	537,966
Series O	165,658,163	123,311,322
Net assets attributable to holders of redeemable units, end of year	<u>166,537,591</u>	<u>123,849,288</u>

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

Deans Knight Equity Growth Fund

Statement of Cash Flows

For the year ended December 31, 2016

	2016 \$	2015 \$
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	29,246,722	(2,669,319)
Items not affecting cash		
Net realized gain on investments sold (note 6)	(1,946,538)	(10,568,302)
Change in unrealized (appreciation) depreciation on investments	(25,889,716)	14,864,842
Dividend income	(1,515,037)	(1,721,680)
	<u>(104,569)</u>	<u>(94,459)</u>
Cost of investments purchased (note 6)	(34,857,107)	(30,553,834)
Proceeds from investments sold (note 6)	19,761,890	23,972,396
Dividends received	1,495,637	1,717,439
Change in accounts payable and accrued liabilities	(7,601)	(3,459)
	<u>(13,711,750)</u>	<u>(4,961,917)</u>
Cash flows from financing activities		
Proceeds from issuance of redeemable units	28,749,026	4,331,032
Payments on redemption of redeemable units	(8,336,441)	(10,415,588)
	<u>20,412,585</u>	<u>(6,084,556)</u>
Net increase (decrease) in cash and cash equivalents	6,700,835	(11,046,473)
Cash and cash equivalents – Beginning of year	583,016	11,629,489
Cash and cash equivalents – End of year	<u>7,283,851</u>	<u>583,016</u>

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

Deans Knight Equity Growth Fund

Schedule of Investment Portfolio

As at December 31, 2016

	Number of shares and warrants	Average cost \$	Fair value \$	Percentage of total fair value %
Public equities				
Asanko Gold Inc.	1,936,610	5,169,076	7,978,833	5.0
AutoCanada	359,000	9,648,895	8,300,080	5.2
Bird Construction Co.	328,300	3,873,762	2,974,398	1.9
Cott Corp.	685,600	4,852,684	10,421,120	6.5
DIRTT Environmental Solutions Ltd.	417,597	922,498	2,618,333	1.6
Heroux-Devtek Inc.	934,487	5,266,744	13,736,959	8.6
Linamar Corporation	176,600	6,041,482	10,188,054	6.4
Lundin Gold Inc.	518,900	2,159,098	2,729,414	1.7
Lundin Mining Corp	1,174,500	5,749,416	7,516,800	4.7
Maxim Power Corp.	977,899	5,198,185	2,884,802	1.8
Nevsun Resources Ltd.	1,158,000	4,719,469	4,805,700	3.0
New Look Vision Group Inc.	183,180	4,393,795	5,495,400	3.4
Paramount Resources Ltd.	604,200	8,597,592	10,917,894	6.8
Parex Resources Inc.	585,074	3,656,396	9,887,750	6.2
Pine Cliff Energy Ltd.	6,218,900	8,445,086	7,027,357	4.4
Sleep Country Canada	277,900	5,155,931	7,997,962	5.0
Tourmaline Oil Corp.	152,750	4,163,683	5,485,253	3.4
Transat A.T. Inc.	407,700	3,981,889	2,246,427	1.4
Uni-select Inc.	204,400	2,533,245	6,027,756	3.8
Velan Inc.	426,100	6,328,972	7,350,225	4.6
West Fraser Timber Co. Ltd.	185,814	4,840,595	8,920,930	5.6
Whitecap Resources	328,410	1,087,633	3,993,466	2.5
Winpak Ltd.	183,745	5,201,767	8,345,698	5.2
XBiotech Inc. ¹	80,400	1,837,048	1,092,485	0.7
		113,824,941	158,943,096	99.4
Private equities				
Fio Corporation	1,671	1,550,688	835,500	0.6
Portfolio total		115,375,629	159,778,596	100

¹ These investments are denominated in USD

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

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

1 Organization

Deans Knight Equity Growth Fund (“the Fund”) is a pooled fund established under the laws of the Province of British Columbia by a trust indenture originally dated March 30, 1993, and as subsequently amended, between Deans Knight Capital Management Ltd./Gestion de Capital Deans Knight Ltée, (“the Manager”), and RBC Investor Services Trust (“the Trustee”). The Fund commenced operations on April 1, 1993.

Effective December 31, 2012, the trust indenture was amended to create a separate unitholder series. As part of this change, existing units of the Fund were re-named “Series O Units” (Units). New series, “Series F Units” and “Series A Units”, became available for distribution after December 31, 2012. As the Fund’s series’ units do not have identical features, all units ceased to qualify for equity classification and have therefore been presented as liabilities.

The Fund’s principal investments are in Canadian equities.

2 Summary of significant accounting policies

The following is a summary of significant accounting policies followed by the Fund:

Basis of preparation

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

These financial statements were authorized for issue by the Manager on March 31, 2017.

Financial instruments

(a) Classification

The Fund classifies its investments in equity securities as financial assets or financial liabilities at fair value through profit or loss (“FVTPL”). All other financial assets and liabilities are measured at amortized cost.

The FVTPL category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at FVTPL at inception.

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

(ii) Financial assets and liabilities designated at FVTPL at inception

Deans Knight Equity Growth Fund

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Financial assets and financial liabilities designated at FVTPL at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated, on a fair value basis in accordance with the Fund's documented investment strategy. The Fund evaluates the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Unlisted or non-exchange traded investments, or investments where a last bid, sale or close price is unavailable, or investments for which market quotations are, in the Fund's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by the Fund using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In certain circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

The resulting values for investments not traded in an active market may differ from values that would be determined had a ready market existed, and the difference could be significant.

(b) Recognition, de-recognition and measurement

Regular way purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value. Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at FVTPL' category are included in the statement of comprehensive income in the period in which they arise.

Under the amortized cost method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

At each reporting date, the Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Dividend income is recognized at the ex-dividend date.

(c) Presentation

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund may enter into master netting arrangements or similar agreements that do not meet the criteria for offsetting in the statement of financial position, but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts. The Fund has not offset any financial assets or liabilities at December 31, 2016 or December 31, 2015.

Fair value measurement

Fair value 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. The fair values of 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 Fund uses the closing market price for both financial assets and financial liabilities. In circumstances where the closing price is not available, management determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market 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 others commonly used by market participants and which make the maximum use of observable inputs. In certain circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

The resulting values for investments not traded in an active market may differ from values that would be determined had a ready market existed, and the difference could be significant.

Specifically, financial assets and liabilities that are classified as held for trading are recorded at fair values determined as follows:

Warrants

Warrants are recorded at their estimated fair value using a recognized valuation technique.

Financial assets and liabilities that are designated at FVTPL at inception are recorded at fair values determined as follows:

Equities

Publicly traded equities are recorded at closing prices as quoted on recognized stock exchanges.

The amounts at which the Fund's publicly-traded investments could be disposed of currently may differ from the carrying value based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

Deans Knight Equity Growth Fund

Notes to Financial Statements

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Cash and cash equivalents

Cash and cash equivalents are accounted for at amortized cost. They consist of cash and deposits with maturities, at the time of purchase, of three months or less and are held with a Canadian chartered bank.

Accrued income and subscriptions receivable

Accrued dividends and interest and subscriptions receivable are loans and receivables and accounted for at amortized cost. Due to the immediate and short-term nature, carrying value approximates fair value.

Financial liabilities

Financial liabilities, consisting of accounts payable and accrued liabilities, and redemptions payable, are designated as other financial liabilities and are accounted for at amortized cost. Due to the immediate and short-term nature, the carrying value approximates fair value.

Income taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). The Fund's net investment income and realized capital gains, less any realized capital losses (net realized capital gains) are allocated and distributed annually to the unitholders of the Fund, under the terms of the trust indenture. The Fund is not subject to tax as all income and net realized capital gains are allocated to unitholders. As a result, the Fund makes no provision for current or future income taxes in the financial statements.

When calculating amounts to be distributed, expenses are allocated against income in the following order: interest income, foreign income, ineligible dividends, net realized capital gains and eligible dividends.

Net-capital losses

At December 31, 2016, the Fund has accumulated net capital losses of approximately \$7,873,899 (2015 - \$8,847,168) available for utilization against realized capital gains in future years. These losses are shown net of the current applicable inclusion rate of 50% and do not expire.

3 Issue and redemption of units

The Fund is divided into Series A, F and O Units, and the number of shares in each series that may be issued is unlimited. Series A Units are available to all investors and may be purchased, switched or redeemed through authorized dealers. Series F Units are available to investors who have fee-based accounts with their dealer for investment advice and other services. Series F Units may only be purchased, switched or redeemed through authorized dealers, and not directly through the Manager. Series O Units are available to investors who have entered into an agreement with the Manager directly. Units may be redeemed at their net asset value ("NAV") per unit on any valuation day. If the Series A or F Units are redeemed or switched within six months of purchase, the unitholder may be charged a short-term trading fee of 5% of the value of the units redeemed.

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

The numbers of Series A Units issued are as follows:

	2016	2015
Balance - Beginning of year	-	-
Units issued during the year	10,000.00	-
Units issued upon reinvestment of distributions	67.54	-
Balance - End of year	<u>10,067.54</u>	<u>-</u>

The numbers of Series F Units issued are as follows:

	2016	2015
Balance - Beginning of year	60,672.68	25,229.23
Units issued during the year	11,713.64	35,188.61
Units issued upon reinvestment of distributions	-	254.84
Balance - End of year	<u>72,386.32</u>	<u>60,672.68</u>

The numbers of Series O Units issued and redeemed are as follows:

	2016	2015
Balance - Beginning of year	62,616.85	61,466.21
Units issued during the year	10,017.35	5,281.52
Units issued upon reinvestment of distributions	588.48	825.15
Units redeemed during the year	(4,090.67)	(4,956.03)
Balance - End of year	<u>69,132.01</u>	<u>62,616.85</u>

4 Management fee paid to related party

The Manager has entered into contracts for management services directly with the Series O unitholders of the Fund; therefore, there is no management fee expense related to Series O in these financial statements. The management fee for Series F is 1.00% per annum of Series F Net Asset Value, is payable by the Fund monthly and is subject to applicable taxes. The fee is payable to the Manager (note 5). For the year ended December 31, 2016, the management fee earned by the Manager was \$6,766 (2015 – \$5,215). The management fee payable at December 31, 2016 was \$661 (2015 - \$319).

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

5 Other related party transactions and balances

Related parties collectively:

	December 31, 2016		December 31, 2015	
	Units	Fair value \$	Units	Fair value \$
Series O				
Own	1,295.26	3,103,785	1,150.69	2,266,043
Reinvested	10.99	26,328	15.99	31,484
Purchased	<u>313.24</u>	<u>750,485</u>	<u>169.69</u>	<u>350,000</u>

Related parties to the Fund include key management of the Manager and those with significant control over the financial and operating decisions, and their dependents. All related party transactions are incurred during the course of operations and are measured at the exchange amount. The re-invested units represent income distributions from the Fund, which have been used to acquire additional units in the Fund.

6 Net realized gain on investments

The following summarizes the net realized gain on investments sold:

	2016 \$	2015 \$
Proceeds from sale of investments	<u>19,761,890</u>	<u>23,972,396</u>
Investments at cost - Beginning of year	98,333,874	81,184,134
Add: Cost of investments purchased during the year	<u>34,857,107</u>	<u>30,553,834</u>
	133,190,981	111,737,968
Less: Investments at cost - End of year	<u>(115,375,629)</u>	<u>(98,333,874)</u>
Cost of investments sold during the year	<u>17,815,352</u>	<u>13,404,094</u>
Net realized gain on investments	<u>1,946,538</u>	<u>10,568,302</u>

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

7 Financial instruments

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2016:

	Amortized cost \$	Assets/liabilities at FVTPL \$	Total \$
Assets			
Designated as FVTPL:			
Investments	-	159,778,596	159,778,596
Loans and receivables:			
Subscriptions receivable	211,697	-	211,697
Cash and accrued income receivable	7,410,372	-	7,410,372
	<u>7,622,069</u>	<u>159,778,596</u>	<u>167,400,665</u>
Liabilities			
Other financial liabilities:			
Accounts payable and accrued liabilities	37,117	-	37,117
Redemptions payable	825,957	-	825,957
	<u>863,074</u>	<u>-</u>	<u>863,074</u>

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2015:

	Amortized cost \$	Assets/liabilities at FVTPL \$	Total \$
Assets			
Held for trading:			
Warrants	-	563,649	563,649
Designated as FVTPL:			
Investments	-	116,283,476	116,283,476
Loans and receivables:			
Subscriptions receivable	6,754,427	-	6,754,427
Cash and accrued income receivable	690,137	-	690,137
	<u>7,444,564</u>	<u>116,847,125</u>	<u>124,291,689</u>
Liabilities			
Other financial liabilities:			
Accounts payable and accrued liabilities	44,718	-	44,718
Redemptions payable	397,683	-	397,683
	<u>442,401</u>	<u>-</u>	<u>442,401</u>

Fair value measurement

Financial instruments are classified in a hierarchy that prioritizes the inputs to fair value measurement. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. The three levels of the fair value hierarchy are:

Level 1 – inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs that reflect other than quoted prices that are observable for the assets or liabilities either directly or indirectly;

Level 3 – inputs that are not based on observable market data.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy:

Financial assets at fair value – December 31, 2016			
	Level 1	Level 2	Level 3
	\$	\$	\$
Equities	158,943,096	-	835,500
Financial assets at fair value – December 31, 2015			
	Level 1	Level 2	Level 3
	\$	\$	\$
Equities	112,868,607	-	3,414,869
Warrants	-	-	563,649
	112,868,607	-	3,978,518

There were no transfers between levels of the fair value hierarchy in either 2016 or 2015. All fair value measurements above are recurring.

The following tables reconcile the Fund's Level 3 fair value measurements:

	Equities	Warrants	Total
	\$	\$	\$
Balance – January 1, 2015	4,631,165	1,127,299	5,758,464
Unrealized depreciation	(1,216,296)	(563,650)	(1,779,946)
Balance – December 31, 2015	<u>3,414,869</u>	<u>563,649</u>	<u>3,978,518</u>
Balance – January 1, 2016	3,414,869	563,649	3,978,518
Purchases	123,424	-	123,424
Sales	(1,987,605)	(563,649)	(2,551,254)
Unrealized depreciation	(715,188)	-	(715,188)
Balance – December 31, 2016	<u>835,500</u>	<u>-</u>	<u>835,500</u>

Level 3 fair value measurements have predominantly been valued by considering data inputs such as the last price the security was traded at, most recent bid/ask information and prices of similar securities with available prices. Any reasonably possible alternative assumptions would result in immaterial changes to total net assets.

Deans Knight Equity Growth Fund

Notes to Financial Statements

December 31, 2016

Management of financial risks

In the normal course of business, the Fund is exposed to various financial risks, including credit risk, liquidity risk and market risk (consisting of interest rate risk, currency risk and other price risk). The Fund's overall risk management program seeks to minimize potentially adverse effects of these risks on the Fund's financial performance by employing a professional, experienced portfolio adviser, monitoring daily the Fund's positions and market events, diversifying the investment portfolio within the constraints of the investment guidelines. Further, the Manager monitors the portfolio to ensure compliance with its investment strategy, investment guidelines and securities regulations.

Fair value risk

The Fund's investments are exposed to market price risk and this risk affects the fair value of the investments. All investments in equity securities have an inherent risk of loss of capital. The maximum risk resulting from investments is determined by their fair value. The Manager seeks to manage price risks by careful selection of securities prior to making an investment in an early stage company and by regular ongoing monitoring of the investment performance of the individual investee companies. A 10% change in the value of the Fund's investments would have a \$15,977,860 (2015 - \$11,684,713) impact on net assets.

Credit risk

The Fund is exposed to credit risk on cash and cash equivalents, income and subscriptions receivable. Cash and cash equivalents are held with a Canadian chartered bank.

Interest rate risk

The fund is exposed to insignificant interest rate risk arising from fluctuations in interest rates on its cash deposits. The Fund has considered, but does not use, derivative instruments to reduce its exposure to interest rate risk.

Liquidity risk

The Fund is an open end fund and therefore it has exposure to redemptions of fund units. There is no market for units of the Fund and it is unlikely that any public market will develop through which units may be sold.

The Fund may invest in early stage companies which may be publicly listed securities but thinly traded or in privately held companies. Investments in privately held companies may not be able to be liquidated quickly at an amount close to their fair value to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Securities purchased by the Fund may be subject to resale restrictions such as hold periods. The resulting values for non-publicly held securities may materially differ from values that would be realized had a ready market existed.

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Foreign currency risk

Foreign currency risk is the risk that variation in exchange rates between the Canadian dollar and foreign currencies will affect the Fund's financial results. The Fund does not have significant exposure to foreign currency.

8 Capital management

The capital of the Fund is divided into series of units, each having an unlimited authorized amount.

The Fund manages its capital in accordance with the Fund's investment objectives. The Fund's investment objective is to maximize the total return for unitholders, consisting of income distributions and capital appreciation.

9 Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Fair value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments that are not quoted in active markets. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes, as obtained from the pricing sources, may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Fund to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 2 for further information about the fair value measurement of the Fund's financial instruments and to note 7 for further information about level 3 investments.

Classification and measurement of investments and application of the fair value option

In classifying and measuring 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 International Accounting Standards ("IAS") 39, 'Financial Instruments – Recognition and Measurement'. The most significant judgments made include the determination that certain investments are held-for-trading and that the fair value option can be applied to those which are not.

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10 Current and future changes in accounting standards

Current year changes in accounting policies

No new accounting standards have been adopted by the Fund for the first time during the financial year beginning January 1, 2016.

Standards and interpretations issued but not yet effective

At December 31, 2016 and thereafter, a number of standards and interpretations, and amendments thereto, had been issued by the International Accounting Standards Board (“IASB”), which are not effective for these financial statements. Those which are expected to be relevant for the financial statements of the Fund are discussed below:

IFRS 9, ‘*Financial Instruments*’, addresses the classification and measurement of financial assets and financial liabilities. The final version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and FVTPL. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option to recognize changes in fair value with no recycling of gains or losses to the statement of comprehensive income. IFRS 9 requires credit losses to be recognized on a single, forward looking expected loss impairment model basis, rather than using an incurred loss model. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at FVTPL. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Fund is currently assessing the impact of IFRS 9.

IFRS 15, ‘*Revenue from Contracts with Customers*’, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘*Revenue*’ and IAS 11 ‘*Construction Contracts*’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Fund is currently assessing the impact of IFRS 15.

IAS 7, ‘*Statement of Cash Flows*’, requires an entity to present a statement of cash flows as an integral part of its primary financial statements. Cash flows are classified and presented into operating activities, either using the ‘direct’ or ‘indirect’ method, and investing activities or financing activities. Amendments to IAS 7 include further clarity around providing disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments to IAS 7 come into effect for annual periods beginning on or after January 1, 2017. The Company is assessing the impact of IAS 7.

CERTIFICATE

DATED May 4, 2017

This Offering Memorandum does not contain a misrepresentation.

Deans Knight Capital Management Ltd., on behalf of the Deans Knight Equity Growth Fund and in its capacity as manager of the Deans Knight Equity Growth Fund

(signed) Wayne Deans

Wayne Deans
Chief Executive Officer

(signed) Kelsey Dunwoodie

Kelsey Dunwoodie
Chief Compliance Officer,
acting in the capacity of Chief Financial Officer

On behalf of the board of directors of Deans Knight Capital Management Ltd., on behalf of the Deans Knight Equity Growth Fund and in its capacity as manager of the Deans Knight Equity Growth Fund

(signed) Dillon Cameron

Dillon Cameron
Director

(signed) Umesh Vallipuram

Umesh Vallipuram
Director