

# NEWOAK FINANCE FUND I OFFERING MEMORANDUM

## SUMMARY OF THE OFFERING

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

**DATE:** February 11, 2020

**THE ISSUER:** NewOak Finance Fund I (the “**Fund**”)

**NEWOAK**  
FINANCE

**Head office:** 7900, boulevard Taschereau, Édifice B, Office 201, Brossard (Québec) J4X 1C2 Phone Number: 514-929-4044  
E-mail Address: finance@newoak.com

**Trustees** Catherine Dalcourt, Geneviève Forget, and René Caron (collectively, the “**Trustees**”)

**Currently listed or quoted:** No. **These securities do not trade on any exchange or market.** Reporting issuer: No.  
SEDAR Filer: Yes

**THE OFFERING:** Units of the Fund (the “**Units**”). The Fund will use the proceeds from the subscription of Units to make secured loans (the “**Loans**”) to NewOak Finance, Inc. (“**NFI**”), a company incorporated under the laws of Delaware, United States on January 15, 2020, having a place of business at 575 Fifth Ave, New York, New York, and that develops, operates, manages and grows fintech and finance entities. The Loans will bear interest at a rate of 10.00% per annum, to be paid by NFI to the Fund on a monthly basis, pursuant to a revolving loan facility agreement repayable by the NFI on demand starting on or about February 10, 2023. See Section 2.7.2 - Loan Agreement for Loans to NFI by the Fund. The Fund will, in turn, pay the interest paid to it by NFI to holders of Units (“**Unitholders**”) on a monthly basis on the 20<sup>th</sup> day of the month following the month for which the interest was applicable. Units shall be redeemable by Unitholders for their Price per Unit and any unpaid interest thereon. See Section 5.1.3 - Rights of Redemption. Unitholders shall not have the right to vote.

For further information regarding the ownership structure and operations of NFI, please see Section 2.1- Structure.

The Trustees may, from time to time, create additional Series of the Fund.

Interest paid by NFI will be attributed to the Unitholders for Canadian income tax purposes and are not expected to be subject to any US withholding tax. The taxable portion of any capital gains realized upon the sale of debt or shares of NFI may be attributed to unitholders for Canadian income tax purposes. Such gains are not expected to be subject to any US income or withholding tax.

**Price per Unit:** \$10.00 per Unit.

**Minimum/Maximum offering:** There is no minimum offering.  
Maximum Offering: \$25,000,000.

**Minimum subscription amount:** \$500.

**Payment terms:** If you wish to subscribe for Units, you must complete and execute a subscription agreement and all applicable schedules and appendices thereto (“**Subscription Agreement**”) and any other required document and send the duly completed documents to the Trustees at the head office of the Fund mentioned above. You must also ensure that sufficient funds are available in the account specified in your Subscription Agreement or otherwise deliver payment to the Trustees for the total amount of your subscription by wire transfer (or such other method of payment accepted by the Fund) in accordance with the instructions set out under Section 5.2- Subscription Procedure. The full amount of your subscription will be held by the Trustees in a separate trust account until midnight on the second business day following the signature of your subscription. This amount will be returned to you in full if you exercise your right to withdraw under Item 11 - Purchasers’ Rights and Item 5 – Securities Offered.

**Proposed closing date(s):** Subscriptions will be received subject to the rights of the Trustees to reject or allot them in whole or in part and subject to the right to close the subscription books at any time without notice. Closings shall occur from time to time during the course of the Offering or on any other date the Trustees determine.

**Income tax consequences:** There are important tax consequences to these securities. See section entitled Item 6 - Certain Canadian Federal Income Tax Consequences and Eligibility.

**Selling agent(s):** It is anticipated that WhiteHaven Securities Inc. (“**WhiteHaven**”) will act as a selling agent under the Offering.

**RESALE RESTRICTIONS:** Unitholders will be restricted from selling their Units for an indefinite period. See section entitled Item 10 - Resale Restrictions. However, except in limited circumstances, a Unitholder may generally elect to redeem any or all of his, her or its Units on the last day of any month that is not a Saturday, a Sunday or a statutory holiday in Montreal, Quebec, Canada (a “**Business Day**”). See Section 5.1.3 - Rights of Redemption. It should be noted that the Trustees’ obligation to make payment of the redemption proceeds in cash is limited to the availability of Fund Property that constitutes liquid assets and that is not otherwise required to satisfy any short-term liability of the Fund. See 5.1.3.2 - Proceeds Payable.

**PURCHASERS’ RIGHTS:** The Unitholders may have two Business Days to cancel their agreement to purchase the Units. In addition, if there is a misrepresentation in this Offering Memorandum, Unitholders may have the right to sue for damages or to cancel the agreement. See Item 11 - Purchasers’ Rights. **The Units described in this Offering Memorandum (the “Offering Memorandum”) are being offered on a private placement basis in reliance on exemptions from the requirement to prepare and file a prospectus with securities regulatory authorities. This Offering Memorandum constitutes an offering of Units only in those jurisdictions and to those persons where and to whom they may lawfully be offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or an advertisement for a public offering of these Units. No securities regulatory authority or regulator has assessed the merits of the Units offered in this Offering Memorandum or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 - Risk Factors.**

Conflict of Interest: Canadian provincial and territorial securities laws provide that registered firms such as WhiteHaven and its dealing representatives, may only trade in or advise prospective subscribers with respect to the securities of issuers to which they (or certain parties related to them) are related or connected if they provide certain prescribed disclosures regarding the “connected issuer” status of the issuer of the securities. Prior to trading in such securities or advising their clients, dealers such as WhiteHaven are required to inform their clients of the relevant relationships and connections with the issuer of the securities, which in the case of the Offering detailed in this Offering Memorandum is the Fund and its promoter, NFI.

Purchasers should refer to the relevant provisions of applicable securities laws for further details regarding these requirements or consult with a legal advisor.

**Prospective Unitholders should note that if they purchase Units through WhiteHaven, they will not be purchasing securities from a dealer that is independent of NFI. Firstly, WhiteHaven is wholly-owned by WhiteHaven Holding Inc., which, as of February 11, 2020, owns 10% of the issued and outstanding shares of NFI. Secondly, the Chief Executive Officer of WhiteHaven, Athanasios Baltzis, sits on the Board of NFI and is the settlor of the Fund. For further information, see Item 7 - Compensation paid to Sellers and Finders and the disclosure in bold under “Selling Agents” on the cover page of this Offering Memorandum.**

**It should also be noted that the Fund’s Trustees may also act as Trustees for another fund, which will itself invest in equity of NFI. The Trustees may therefore become bound by fiduciary duties in favour of another fund, in addition to the Fund. This situation could result in a conflict of interest for the Trustees in the exercise of their fiduciary duties toward the Fund.**

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## FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking information or statements with respect to the Fund. Notably, the information contained under the headings 2.2 - Our Business, 2.3 - Development of Business, 2.4 - Long Term Objectives, and 2.5 - Short Term Objectives and How We Intend to Achieve Them, may constitute “forward-looking information” for the purposes of securities legislation, as it contains statements regarding the intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Trustees about the success of the Fund’s investment strategy in certain market conditions, relying on the experience of the Trustees and their knowledge of historical, economic and market trends. Investors are cautioned that the assumptions made and the success of the Fund’s investment strategy is subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Fund’s intended strategies as well as the Fund’s actual course of conduct. There are inherent risks with these investments. Investors are urged to read the section entitled Item 8 - Risk Factors for a discussion of other factors that will impact the Fund.

### ITEM 1 USE OF AVAILABLE FUNDS

#### 1.1 Funds

##### 1.1.1 The Fund

The Fund will sell Units on a continuous basis, with closings, from time to time during the course of the Offering. The minimum amount to be raised pursuant to this Offering is \$0 and the maximum amount to be raised pursuant to this Offering is \$25,000,000.

The following table provides the general allotment of funds available as a result of the Offering under this Offering Memorandum:

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised	\$0	\$25,000,000
B.	Selling commissions and fees <sup>(1)</sup>	\$0	\$0
C.	Estimated costs (lawyers, accountants, auditors)	\$0	\$0
D.	Available funds: $D = A - (B + C)$	\$0	\$25,000,000
E.	Additional sources of funding required <sup>(2)</sup>	\$0	\$0
F.	Working capital deficiency	\$0	\$0
G.	Total : $G = (D + E) - F$	\$0	\$25,000,000

**Notes:**

- (1) While the Fund will enlist the services of one or more selling agents, lawyers, accountants and auditors in connection with the Offering, all fees and commissions will be paid by NFI, using the proceeds of the present Offering.
- (2) The Fund does not anticipate requiring additional funds to pursue its business objectives. However, NFI may require additional funding to pursue its own business objectives.

As of the date of this Offering Memorandum, the Fund has no working capital deficiency.

### 1.1.2 NFI

The following table provides the general allotment of funds that will be made available to NFI as a result of the Offering under this Offering Memorandum:

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised	\$0	\$25,000,000
B.	Selling commissions and fees	\$0	\$2,500,000
C.	Estimated costs (lawyers, accountants, auditors)	\$0	\$500,000
D.	Available funds: $D = A - (B + C)$	\$0	\$22,000,000
E.	Additional sources of funding required	\$0	\$0
F.	Working capital deficiency	\$0	\$0
G.	Total : $G = (D + E) - F$	\$0	\$22,000,000

**Notes:**

- (1) The Fund shall offer as compensation to the selling agents up to 10% of the gross proceeds realized on the sale of Units. See Item 7 - Compensation paid to Sellers and Finders.

## 1.2 Use of Available Funds

### 1.2.1 Use of available funds by the Fund

The following table provides a detailed breakdown of the total use of the available funds by the Fund:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Fees	\$0	\$0
Costs	\$0	\$0
Loans to NFI	\$0	\$25,000,000
Total:	\$0	\$25,000,000

The Fund will use the available funds from the sale of Units to make the Loans to NFI.

### 1.2.2 Use of funds by NFI

NFI will in turn use the funds stemming from the Loans in order to pay all fees and costs associated with the Offering (for a breakdown of said fees and costs, see the table at 1.1.1 - *The Fund*) and to finance the business, consisting of providing loans at the mezzanine level to certain “fintech” entities (“**Portfolio Companies**”) (the “**Business**”). See Section 2.2 - Our Business.

<b>Description of intended use of available funds listed in order or priority</b>	<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
(i) Provide Loans and Preferred Equity to FuturePay Holdings Inc.	\$0	\$3,000,000
(ii) Provide Loans and Preferred Equity to a wholly-owned special purpose vehicle of FuturePay Holdings Inc.	\$0	\$11,000,000
(iii) Provide Loans and Preferred Equity to Orbis Financial Technologies, Inc.	\$0	\$1,000,000
(iv) Provide Loans and Preferred Equity to a wholly-owned special purpose vehicle of Orbis Financial Technologies, Inc.	\$0	\$3,000,000
(v) Working and reserve capital	\$0	\$4,000,000
<b>TOTAL</b>	<b>\$0</b>	<b>\$22,000,000</b>

NFI will also be raising capital in an associated equity offering of its B Share class, which would result in additional capital being made available. In such a case, the allocation of funds indicated in the above table may be modified. In addition, NFI may also make investments in additional Portfolio Companies as it identifies new targets. If NFI identifies a new target, the use of funds identified above would be modified to reflect the use of funds that NFI believes will be optimal under the given circumstances.

### **1.3 Reallocation**

The Fund intends to use the available funds as stated under Section 1.2.1 - Use of available funds by the Fund.

NFI intends to use the funds stemming from the Loans to pursue the objectives set out under Section 1.2.2 - Use of funds by NFI. NFI will reallocate funds only for sound business reasons.

## **ITEM 2 BUSINESS OF THE FUND**

### **2.1 Structure**

#### **2.1.1 The Fund**

The Fund is a mutual fund trust, created pursuant to a Trust Agreement entered into by Catherine Dalcourt, Geneviève Forget, and René Caron (as trustees) and Athanasios Baltzis (as settlor), on January 14, 2020, as amended from time to time (the “**Trust Agreement**”). The Fund is governed by the laws of the province of Quebec.

#### **2.1.2 The Purpose of the Fund**

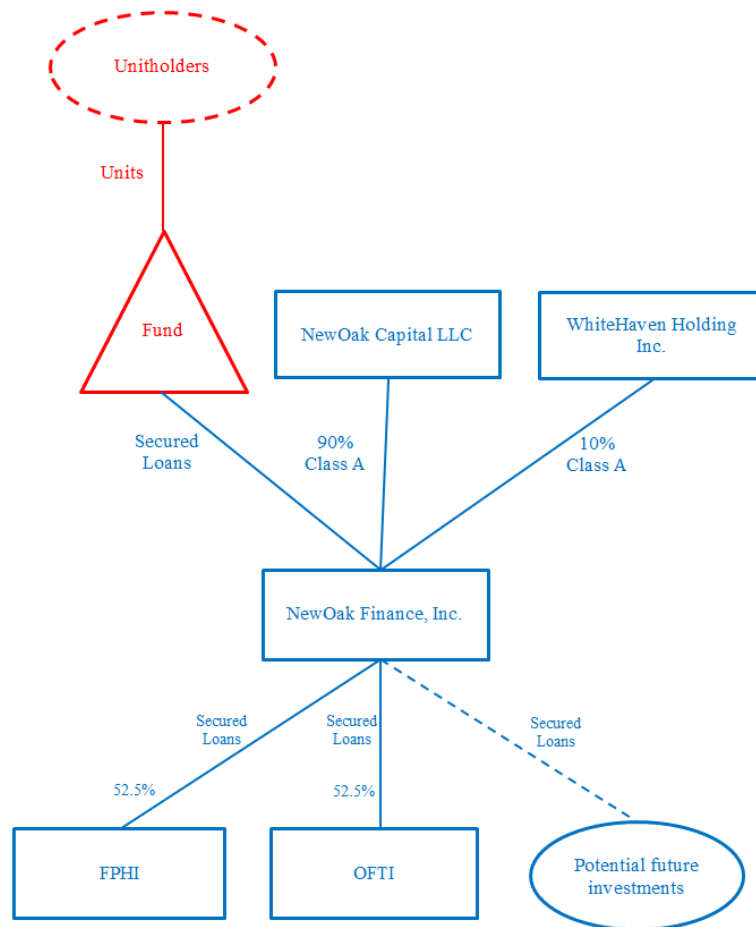
The purpose of the Fund is to provide secured loans to NFI for the benefit of the Unitholders.

The purpose of NFI is to invest in, develop, as well as provide management and other services to its fintech Portfolio Companies. NFI will make mezzanine level loans to its Portfolio Companies (FuturePay



Holdings Inc. and Orbis Financial Technologies, Inc., see sections 2.2.2 - FPHI and 2.2.3 - OFTI for further information), which will also seek such loans from other third-party investors.

### 2.1.3 Organizational Flow Chart



## 2.2 **Our Business**

### 2.2.1 NFI

The present Offering will be used to make loans to NFI, secured by all the assets of NFI, which will consist of its equity ownership of its subsidiaries and any subordinated debt of those subsidiaries' special purpose vehicles that will own the credit assets under management by NFI and/or NewOak, as applicable (for further details, see 2.2.2.3 - FuturePay Special Purpose Vehicle for Loan Purchasing). As the purpose of the Fund is to provide loans to NFI, the present section will describe the business and activities of NFI.

NFI is an operating company which will raise debt and equity capital with which it will make equity and debt investments in its subsidiaries as well as provide services to its subsidiaries.

NFI is a newly-formed entity that will benefit from the pre-existing resources and expertise of its parent company, NewOak Capital LLC ("NewOak"), which has been supporting the development of FuturePay Holdings Inc. ("FPHI" shall be used to refer to the entity, while "FuturePay" shall refer to the FuturePay system and brand) and Orbis Financial Technologies, Inc. ("OFTI" shall be used to refer to the entity, while "OrbisPay" shall refer to the OrbisPay system or brand).

NFI owns approximately 52.5% of the outstanding shares of FPHI and approximately 52.5% of the outstanding shares of OFTI. FPHI and OFTI are also further described in sections 2.2.2 - FPHI and 2.2.3 - OFTI. The shares of FPHI and OFTI owned by NFI were contributed by NewOak in exchange for 90% of the outstanding shares of NFI.

The purpose of the formation of NFI by NewOak was to consolidate its activities and efforts in managing and supporting the development of FPHI and OFTI businesses and growing them, while taking advantage of synergies in credit and asset management, capital markets and technology strategy across all subsidiaries of NFI.

As NewOak holds 90% of the Class A shares of NFI, NewOak's capabilities in the area of non-bank finance and fintech will be made available and executed through NFI. NFI will have access to the technological partners and resources that have been developed in the course of NewOak's history and it will leverage these capabilities, partnerships, resources and experience of nearly 12 years, including that of NewOak's wholly-owned and managed entities NewOak Asset Management, LLC ("NAM"), NewOak Capital Markets, LLC ("NOCM") and Oak Branch Advisors, LLC (previously NewOak Credit Services, LLC), to continue to seek added-value partners and achieve leadership in non-bank finance in the United States first, then in Canada and beyond as it grows its market.

With a core expertise in credit analysis, modeling, loss predictions, valuation, credit portfolio and risk management, structuring debt facilities, and funding, NFI will:

- (vi) seek out, evaluate and attempt to form partnerships and affiliations with companies (primarily early-stage) in the fintech and nonbank lending space, with an initial focus on consumer credit;
- (vii) develop and maintain credit modeling and risk management expertise and technology;
- (viii) provide high-level management guidance and governance support services to the companies with which it forms partnerships and affiliations; and
- (ix) actively manage the portfolios of credit assets that flow from the above activities with a view to optimizing the capital stack and reducing the ultimate funding cost through diversification, structuring, active risk management and development of capital markets relations and solutions.

With respect to the operation of subsidiaries such as FPHI and OFTI, NFI will provide board and operating level direction, spearhead the capital-raising activities and, under contract with the operating business lines (initially FPHI and OFTI), provide asset management services, analytical, financial and risk management capabilities, and technological advice and expertise.

The primary income for NFI will be payments for services rendered to its subsidiaries, dividends and preferred coupons from its subsidiaries, and fees generated by commercializing its non-bank finance, banking software and knowhow to other financial institutions.

NFI will also help cross cultivate technology, business development, and key partners across FPHI and OFTI. Specifically, it will be able to cross utilize functionalities needed across both entities.

In addition, through NAM, NFI will manage the asset-liability of each of OFTI and FPHI's respective receivables, held in each entity's wholly owned special purpose vehicle, and provide risk and financial management.

## 2.2.2 FPHI

FPHI was founded in June of 2019 as FuturePay Holdings Inc., a Delaware Corporation. FPHI is a re-launch of a previously active consumer credit business, FuturePay Inc. The assets of FuturePay Inc. are being acquired by FuturePay Holdings Inc. in a two-stage transaction that has been agreed upon. The first stage, which has been completed, was the acquisition of Future Pay Inc.'s existing portfolio of receivables by a wholly-owned special purpose vehicle subsidiary of FPHI. The second stage, which NFI aims to complete in February 2020, is the acquisition of FuturePay Inc.'s intellectual property, software, and the business assets. The cost of US\$975,000 shall be borne by FPHI, through equity contributed by NFI, which amount will be paid from the proceeds of the present Offering.

FPHI is a point-of-sale (“POS”) merchant-centric consumer finance company that provides online retailers with an instant financing payment option. FuturePay provides automated underwriting and issuance of prime and near-prime revolving consumer credit at the point-of-sale, enabling the offering of revolving-line credit to merchants’ customers for online and in-store POS purchases, including the ability to issue digital FuturePay-branded or private label credit cards.

From the consumer perspective, FuturePay is a payment option that lets customers buy now and pay later, without requiring a credit card. Customers can shop online or in a store and add items to the shopping cart, selecting the FuturePay digital option as the payment method for their purchase. The FuturePay system works like any other credit card, allowing customers to pay on their own schedule, with flexible monthly payments.

### 2.2.2.1. *FuturePay Business Model*

A key component of FuturePay’s business model is that the merchant can provide its customers with a branded credit or private-label product while not having to provide or guarantee the credit for the transaction to close. The customer can apply via mobile phone, online or in person at the merchant’s store. The issuing bank approves an “open to buy” amount if the customer is qualified for the revolving-line credit facility. The revolving credit facility provided by an issuing bank is designed to provide consumer credit lines in amounts from US\$1,000 up to US\$3,000 (see 2.2.2.2 - The Credit Issuing Process).

FuturePay also allows the merchant to retain the customer’s information generated during the transaction for the purchase of goods and/or services. This feature can add value to merchants’ marketing efforts as data collected at the POS can be shared with and used by the merchant to develop and manage its relationships with its customers.

FPHI aims to generate revenue (i) from merchants, through discount fees related to e-commerce transactions and interchange related to retail POS transactions, and (ii) from merchants’ customers, through interest charges, annual fees, late fees and other fees generated from outstanding revolving line of credit account balances.

### 2.2.2.2. *The Credit Issuing Process*

The FuturePay user interface allows both the merchants and the revolving line of credit clients to easily navigate the process of setting up and applying for credit in the FuturePay system. FuturePay’s software platform connects its credit issuing, underwriting and loan-servicing partners to provide instantaneous POS revolving-line credit for merchants’ customers. The FuturePay platform analyzes applications in real-time using an instantaneous credit review process involving a risk scorecard developed by FuturePay.

Once the application is approved, the FuturePay platform sets up a revolving line of credit account with pre-set limits to be funded by the issuing bank, a U.S. national bank that initiates the lending relationship with the customer. The FuturePay platform also services the revolving credit accounts, including charging

interest and fees on daily balances and providing customer statements, call center and recovery operations.

#### *2.2.2.3. FuturePay Special Purpose Vehicle for Loan Purchasing*

FPHI will purchase consumer loan receivables from the issuing bank through a Special Purpose Vehicle (“SPV”) three days after the loan application is approved. The SPV is a wholly owned subsidiary of FuturePay which will hold the loan receivables. FPHI is the sole manager of the SPV and NFI will provide FPHI and the SPV with certain loan analytics and other related advisory services with assistance from NewOak personnel.

Although FPHI provides the equity capital of the SPV, it leverages this layer with outside institutional debt funding to finance most of the SPV. This debt funding is at much lower interest rates than the underlying loan receivable interest and fee-earning assets in the SPV. This *net* interest spread, along with other fees, after deducting management fees and expected net charge-off costs, accrues to FPHI as the equity owner of the SPV. Consequently, FPHI may earn revenue from interchange, discount, and administration fees generated by the SPV loan receivables. These revenues significantly offset other issuing and servicing expenses.

#### *2.2.2.4. Market Size and Opportunity*

FPHI has conducted significant research leading it to conclude that the use of online POS financing platforms can lead to an increase in both sales and order values. In addition, FPHI believes that online purchasing will represent a substantially growing share of total credit transactions over the next three to five years. FPHI intends on tapping into this growing market.

#### *2.2.2.5. Marketing*

FPHI has targeted merchants in a variety of industries. As a business-to-business fintech company, its marketing activities focus heavily on digital marketing methods as well as public relations and trade shows.

Since merchants rely on major e-commerce platforms supported by FuturePay to help them select online payment methods, joint marketing with such alliance partners is a strategic component of FPHI’s marketing strategy.

#### *2.2.2.6. Target Market*

FPHI is focused on the mid-tier of the e-commerce market, composed of firms with sales of \$10 million to \$100 million and near-prime credit customers, which it believes is underserved by dominant revolving consumer credit finance companies, who target prime credit customers in the top tier of the industry.

### **2.2.3 OFTI**

OFTI is a fintech division of NFI that provides an alternative to predatory lending such as payday loans. Such loans consist of extremely high-interest, short-term credit extended by a lender based on a borrower’s income and credit profile. This type of lending targets low-income wage earners with little access to conventional credit resources. These borrowers often become trapped in an endless cycle of borrowing to repay prior loans. In providing an alternative, OFTI can help build financial security for a company’s workforce.

#### *2.2.3.1. OrbisPay Business Model*

OFTI intends to disrupt the payday loan and high fee/interest industry. By giving access to individuals’ earned wages instantly at a significantly lower cost than payday lenders, it aims to offer a simple and safe

way to break free of predatory products and rising debt. With OrbisPay, employees can use the app on their smart phone or through a web interface to get access to their earned wages instantly. OrbisPay advance payments against already-earned wages would not constitute a payday loan. It is simply accessing the earned wages without paying interest or overdraft fees. Employees who use OrbisPay can transfer the funds to a bank, pay unlimited online bills, load a prepaid card, or get cash.

The amount that employees use will be deducted from the next paycheck without having to worry about how to pay back the funds they have used. The easy access to already-earned wages solves a major problem for workers who are faced with an emergency and urgently need money.

It is OrbisPay's aim that its business model, when deployed on a wide scale, could disrupt the high cost payday lenders and significantly reduce the cost of accessing earned wages.

Customer acquisition and distribution is done through employer-sponsored financial benefits programs. OrbisPay is integrated with the employers' payroll systems, making it easier to keep employees onboard and provide financial products and services to them. As such, with OrbisPay, employers can offer key benefits to their current and future employees.

OFTI aims to help financially stressed hourly wage workers to provide on-demand access to their earned but unpaid wages instantly, using smartphone and elite debit card solutions, and in the process, becoming a leading Fintech Payment Solution company.

OFTI will have two revenue streams.

- (i) Transaction charges for accessing the advanced pay.
- (ii) Debit Card monthly fee rebates and revenue share with the bank.

OFTI's key activities consist of the following:

- (i) Developing financial products and services for hourly and 'under-banked' workers and employees;
- (ii) Customer acquisitions through employers; and
- (iii) Educating the public on the benefits of financial inclusion for all.

OFTI's key partners will consist of:

- (i) Payroll companies such as Paychex and ADP;
- (ii) Employee benefits providers; and
- (iii) Consulting firms.

#### *2.2.3.2. How OrbisPay Works*

With OrbisPay-Basic, users can unlock their unpaid wages and earnings a single time throughout a given pay period. It is completely free to use both for employers and employees.

With OrbisPay-Premium, users can unlock their unpaid wages and earnings more than once per pay period. Users are able to unlock up to 100% of their earned but unpaid wages. There is a small fee for every transaction after the first free transaction.

With OrbisPay-Elite, users can unlock their unpaid wages and earnings more than once per pay period. In addition, users can pay online bills and load a prepaid card to draw cash from across any of the partnered ATM networks, for cash advances (up to 100% of their earned wages) and online bill payments.

#### 2.2.3.3. *Competitive Advantage*

The industry that OFTI is entering into is relatively new and its competitors typically require integration with employees' time and attendance sheet systems and bank accounts, making their platforms more complicated to adopt and financially draining to both employees and employers. While the general payment system industry is moving fast, most traditional banks and their corporate clients still deal with legacy systems and are not providing payroll advances.

#### 2.2.3.4. *Marketing & Sales*

OFTI aims to generate customer leads from both inbound (website, social media, cold calling, and cold emailing) and outbound (trade association events and conferences) marketing channels. The main client touchpoints will be the human resource and payroll departments of companies employing over 100 wage earners. Such sales will require executive level decisions. OFTI will employ senior level business-to-business sales executives assisted by marketing and sales staff.

### 2.3 Development of Business

The Fund was created on January 14, 2020, such that there have been no events or conditions that could have influenced the development of the Fund during the previous two years.

NFI was incorporated under the laws of the State of Delaware on January 15, 2020, such that there have been no events or conditions that could have influenced its development during the previous two years, with the exception of the events described in section 2.2.1 - NFI and 2.2.2 - FPHI.

### 2.4 Long Term Objectives

The long-term investment objective of the Fund is to generate interest by means of lending to NFI for the benefit of Unitholders.

NFI's long term objective is to generate income and capital gain through (i) fee income for services, (ii) income and profits on its financing activities, (iii) distributions of profits from its subsidiaries, (iv) monetization of its stake, and (v) providing fintech services for other financial institutions using its proprietary systems.

### 2.5 Short Term Objectives and How We Intend to Achieve Them

#### 2.5.1 Short Term Objectives of the Fund and How it Intends to Achieve Them

The Fund's objectives for the 12 months following the date of this Offering Memorandum are as follows:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Complete additional tranches of the Offering and provide Loans for corresponding amounts.	12 months	\$1,500,000 <sup>(1)</sup>

(1) Assuming costs to complete an offering of \$12,500,000, which is equivalent to half of the Maximum Offering: selling fees of 10% (\$1,250,000) and additional estimated costs of \$250,000 for legal, accounting and auditing fees.

## 2.5.2 Short Term Objectives of NFI and How They Intend to Achieve Them

Over the next 12 months, NFI will search for new opportunities in the form of partnerships and affiliations with primarily early-stage companies in the fintech and nonbanking lending space. NFI will make debt and equity investments in its subsidiaries and entities with which it forms partnerships and affiliations, while also providing these entities with strategic support. Over time, NFI aims to earn revenues for business development and licensing of the technologies developed at FPHI, OFTI, and any other entities it succeeds in integrating or making strategic partnerships and alliances with. NFI's objectives for the 12 months following the date of this Offering Memorandum are as follows:

What NFI must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete <sup>(1)</sup>
<b>With regard to FuturePay, NFI must:</b>		
1. Complete the second and last of step of the acquisition of FuturePay Inc.'s intellectual property, software, and the business assets. The cost of US\$975,000 shall be borne by FPHI, through equity contributed by NFI, which amount will be paid from the proceeds of the present Offering.	February 14, 2020	USD 975,000 <sup>(2)</sup> (approximately 1,300,000 CAD)
2. Increase equity stake in FPHI for it to fund its ongoing operations and payment of accrued expenses since its formation on Jul 1 <sup>st</sup> , 2019.	June 30, 2020	USD 1,500,000 (approximately 2,000,000 CAD) covering Items 3, 5, 6, 7, and 8 below
3. Relaunch of FuturePay with improved fraud and credit processes (the “ <b>Relaunch</b> ”) and:	4 months	
a. Finalizing selection and contract with the issuing bank for revolving credit to be extended to customers of FuturePay's e-commerce merchants.	March 31, 2020	USD 80,000 (approximately 107,000 CAD per month prior to Relaunch)
b. Re-testing of FuturePay software's merchant ecommerce connectivity and updating any changes needed in key e-commerce software.	April 30, 2020	
c. Further develop credit and compliance functions.	May 31, 2020	
d. Further develop of sales and marketing.	March 31, 2020	

e. Re-establishment of relationship with previous FuturePay Inc. clients and vendors.	June 30, 2020	
4. Formation and funding of the FuturePay SPV in order to service FPHI-generated consumer receivables.	June 30, 2020	USD 15,000,000 (approximately CAD 20,000,000) to be raised and deployed after the formation.
5. Start issuing new credit cards and reopen existing credit cards.	May 31, 2020	USD 15,000/month) (approximately CAD 20,000) Included in the ongoing operations of FPHI under item 2, above
6. Establishment of a credit facility for the FuturePay SPV.	July 31, 2020	USD 40,000 (approximately CAD 50,000) for legal costs and commissions
a. Bank selection and negotiation.	May 31, 2020	
b. Agreement of facility terms.	July 31, 2020	
7. Continued sales and marketing to sign merchants and grow business.	Ongoing	USD 30,000 per month (approximately CAD 40,000)
a. Add additional sales team.		
b. Secure commensurate additional funding for the FuturePay SPV..		
8. Achieve over \$25,000,000 in receivables.	March 31, 2021	USD 3,000,000 (approximately CAD 4,000,000) Partially included in the ongoing operations of FPHI under item 2, above
<b>With regard to OrbisPay, NFI must:</b>		
1. Identify and contract with a key bank for the issuance of debit cards for the employees as well as to handle money transfers to wage earners on demand	March 31, 2020	



2. Secure an agreement with technology company Intelligenes Inc. regarding the ownership of intellectual property and software components of NexCash, a cash management banking solution software, as well as modifications required to sign up employers and employees. This will entail ongoing support services (see the next item).	February 29, 2020	USD 250,000 (approximately CAD 334,000) in three installments with delivery of the software over a year
3. Secure an agreement with Intelligenes Inc. for outsource software development and maintenance services	March 31, 2020	USD 25,000 (approximately CAD 33,000) per month
a. Establish specifications for key application, presentation, and database layers for the OrbisPay software for employer, employee and OFTI operations.	March 31, 2020	
b. Begin software development.	March 31, 2020	
c. Completion of the minimum viable product to launch with an employer and its employees.	August 31, 2020	
d. Complete integration and test with launch clients.	December 31, 2020	
e. Sign up of launch employers.	August 31, 2020	
4. Fund the OrbisPay SPV to service OFTI-generated receivables.	October 1, 2020	USD 5,000,000 (approximately CAD 6,700,000) to be deployed overtime
5. Establishment of a senior and junior loan facility for the OrbisPay SPV.	December 31, 2020	USD 50,000 (approximately CAD 67,000)
6. Achieve over 10,000 individual users and \$5,000,000 in receivables	March 31, 2021	(included in amounts below)]
a. Start marketing to key employers as launch clients.	March 31, 2020	USD 30,000 per month (approximately CAD 40,000)
b. Develop sales and marketing strategy	March 31, 2020	USD 30,000 per month (approximately CAD 40,000)

**Notes:**

- (1) For all items in this table, the approximate Canadian value was obtained using the exchange rate as of February 11, 2020, 1 USD = 1.33 CAD. Actual cost to complete in Canadian currency will use the exchange rate as of the date such costs are incurred.
- (2) It should be noted that a parallel offering of units of another mutual fund trust, which will purchase equity of NFI, will be in place shortly. The maximum of this parallel offering is \$10,000,000. While the cost presented in the above table for this step does not take the parallel offering into account, it should be noted that the parallel offering will provide NFI with additional equity to fund this step.

NFI may use proceeds borrowed from the Fund for uses that are not described herein or to attain an objective that is not described herein in its discretion without requesting the consent from or notifying the Unitholders.

## **2.6 Insufficient Funds**

While the Fund does not require funding to pursue its activities, it will seek to make additional loans to NFI so that NFI may pursue its objectives. Consequently, closings of the Fund shall occur from time to time during the course of the Offering. The proceeds of the Offering that will be loaned to NFI may not be sufficient to accomplish all of NFI's objectives and there is no assurance that alternative financing will be available. See Item 8 - Risk Factors.

## **2.7 Material Agreements**

The Fund and NFI have entered into, or will enter into, the material agreements set out below.

### **2.7.1 Trust Agreement**

The Fund was created pursuant to a Trust Agreement entered into by Catherine Dalcourt, Geneviève Forget, and René Caron (as trustees) and Athanasios Baltzis (as settlor), on January 14, 2020, as amended from time to time. The Fund is governed by the laws of the province of Quebec.

Catherine Dalcourt, Geneviève Forget, and René Caron act as the trustees of the Fund pursuant to the Trust Agreement. The Trustees have those powers and responsibilities in respect of the Fund as described in the Trust Agreement. The Trustees shall exercise the powers and discharge the duties of their office honestly and in good faith and, in connection therewith, shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in the circumstances.

For their services under the Trust Agreement, the Trustees shall be reimbursed all reasonable expenses incurred by the Trustees in the discharge of their duties.

Each Trustee may be removed as trustee of the Fund by an ordinary resolution of all Unitholders of the Fund voting together or by at least two other Trustees in either case upon 30 days' written notice to such Trustee.

Under the terms of the Trust Agreement, the Trustees benefit from a general disclaimer of liability and has a right of indemnification from the Fund for any claims or liabilities arising out of the execution of each of their duties as trustee, except in cases of wilful misconduct, bad faith, or material breach or default of its duties hereunder or breach of its standard of care.

### **2.7.2 Loan Agreement for Loans to NFI by the Fund**

The Fund, as lender, and NFI, as borrower, have entered into a loan agreement, dated February 10, 2020 (the "**Loan Agreement**"). Pursuant to the Loan Agreement, the Fund has agreed to lend to NFI an amount up to \$25,000,000 (the "**Facility**") on a revolving basis for a period of three (3) years (the "**Revolving Period**"), such that NFI may reborrow the whole or any part of that amount, so long as the loan outstanding at any given time does not exceed the amount of the Facility.

The amount of the loan outstanding at any time shall bear interest at the rate equal to ten percent (10%) per annum. Interest on the loan shall be calculated daily on the outstanding balance of the loan as at the

end of each day and payable in arrears on the last day of each month, with interest on all overdue interest at the rate specified above during the period in which it remains unpaid, calculated daily, compounded monthly on the last day of each calendar month, such overdue interest being payable upon demand of the Fund.

As a general and continuing collateral security for the due payment and performance by NFI of all of its obligations pursuant to the Loan Agreement, NFI has granted liens in favour of the Fund on all of its movable (personal) assets, present and future, corporeal and incorporeal.

The Revolving Period shall be automatically extended on a yearly basis, unless there is an event of default or if the Fund provides a 60-day notice of termination.

The principal amount of the loan will be repayable on demand at the expiry of the three year term.

The Fund shall have the right to require prepayments in any calendar year provided that the aggregate amount of such prepayments demanded by the Fund in any calendar year does not exceed five percent (5%) of the highest amount of the loan outstanding at any time during such calendar year.

### 2.7.3 Agreement Pertaining to the Management of the FPHI and OFTI SPVs

NFI has entered into management agreements with FPHI and OFTI for the management of their respective current and future SPVs. The management services agreement between NFI and FPHI was signed on January 23, 2020 and the Management Services agreement between NFI and OFTI was signed on January 26, 2020 (together, the “**Management Services Agreements**”).

Pursuant to the Management Services Agreements, NAM will provide and use its credit loss and cash flow projection model, which has already been connected to FuturePay databases. This functionality will be further automated over time to make it more efficient and make it usable by non-financial engineers and those not familiar with R statistical programming.

In addition, NFI shall provide (or retain a third party to provide) strategic management, asset/liability management and loan servicing, and will retain NAM to provide asset management and capital markets advisory services with respect to the SPV asset portfolios.

Each of the Management Services Agreements can be terminated on 30 days’ advance notice.

### 2.7.4 NFI Shareholders Agreement

NFI has entered into a Shareholders’ Agreement with NewOak and WhiteHaven Holding, Inc., dated January 31, 2020 (the “**Shareholders Agreement**”). In the event that the Fund becomes a shareholder of NFI, the Fund will become a party to this Shareholders’ Agreement.

The Shareholders Agreement establishes the respective rights and obligations of the shareholders of NFI, which can be summarized as follows:

- (i) **Voting:** NFI has three classes of Shares: A, B, and C. Share B classes are being offered under a parallel offering and are non-voting. Class C shares are reserved to be issued as part of an employee incentives program and are also non-voting.
- (ii) **Board Members:** NewOak will be entitled to name two out of three directors, including the executive chairman of the board of directors. This, and the fact that it holds over 2/3 of voting Class A Shares which will not be affected by the issuance of Class B and C shares, enables NewOak to exercise a supermajority, which is required to do certain fundamental acts.
- (iii) **Tag-Along Rights:** All shareholders have identical tag-along rights, applied on a class-by-class basis. The Tag-Along provisions give minority shareholders the right to ‘tag along’ with

a larger shareholder or group of shareholders if they find a buyer for their shares in the same proportion.

- (iv) **Drag-Along Rights:** All shareholders have identical drag-along rights, applied on a class-by-class basis. Drag-Along provisions require minority shareholders to be ‘dragged along’ with a larger shareholder or group of shareholders if they find a buyer for their shares in the same proportion.
- (v) **Pre-emptive right:** Upon the issuance of new shares or convertible securities of NFI (“**New Shares**”), the New Shares shall first be offered to the shareholders proportionally to the number of voting shares that they hold. As a Class B common shareholder, the Fund will not possess a pre-emptive right.

#### 2.7.5 FPHI Shareholders’ Agreement

NFI has entered into a Shareholders’ Agreement with FPHI and the other shareholders of FPHI. NFI will be entitled to select two directors out of four and will assign the executive chairman of the board of directors of FPHI (the “**FPHI Board**”). With subsequent additional share purchases, it is likely that NFI will reach supermajority control over time, allowing it to execute certain fundamental acts.

#### 2.7.6 OFTI Shareholders’ Agreement

NFI has entered into a Shareholders’ Agreement with OFTI and the other shareholders of OFTI. NFI will be entitled to select two directors out of four and will assign the executive chairman of the board of directors of OFTI (“**OFTI Board**”). With subsequent additional share purchases, it is likely that NFI will have supermajority control over time, allowing it to execute certain fundamental acts.

#### 2.7.7 NAM Asset Management & Services Agreement with FPHI

*Asset Management:* Pursuant to an agreement between NAM and FPHI (the “**FPHI Asset Management Agreement**”), subject to the overall supervisory authority of FPHI Board, NAM shall manage the day-to-day operations of the FPHI wholly-owned receivable SPVs including the following:

- (i) **Investment Identification and Analysis.** NAM shall:
  - 1. identify, investigate, evaluate and advise on the selection of receivables that are consistent with the investment objectives and strategy set forth in any guidelines provided to NAM by the FPHI Board; and
  - 2. execute and close acquisitions of receivables pursuant to accounts receivable purchase agreements.
- (ii) **Disposition.** NAM shall:
  - 1. advise FPHI on the selection of receivables for disposition; and
  - 2. assist in the negotiation of the terms of the disposition and perform all acts requested by the FPHI Board that are necessary to effect the disposition of the receivables in accordance with the relevant agreements.
- (iii) **Indebtedness.** NAM may assist FPHI and/or the SPVs in borrowing money and issuing evidence of indebtedness, including the negotiation of terms and documents evidencing loans or credit facilities.

- (iv) Short-Term Investments of Cash. NAM shall advise FPHI and the SPVs on appropriate short-term investment of cash held in reserves for operations or acquisition of receivables or pending distribution.
- (v) Engagement of Affiliates. NAM may engage or cause FPHI or the SPVs to engage any affiliate of NAM for the purpose of providing certain services under the FPHI Asset Management Agreement.
- (vi) Engagement of Third Parties. NAM may assist FPHI in engaging the services of unaffiliated custodians, transfer agents, accountants, attorneys, administrators, consultants and other service providers as requested by the FPHI Board.
- (vii) Periodic Reports. NAM shall (i) review the financial performance of the Investments at least monthly, (ii) each year furnish to the FPHI Board quarterly and annual financial reports in a form reasonably acceptable to the FPHI Board and (iii) assist, as required, the FPHI Board in determining the value and other aspects of the Investments.
- (viii) Maintenance of Records. NAM will maintain the books and records of the SPVs.
- (ix) Additional Administrative Services. NAM will provide other administrative services to FPHI as may be requested by the FPHI Board for commercially reasonable fees on a case by case basis.

*Asset Management Fee.* As compensation for the services performed pursuant to the FPHI Asset Management Agreement, FPHI has agreed to pay to NAM an annual asset management fee as follows:

- (i) From July 1, 2019 to the new issuance of revolving credit and opening of a new SPV (“**New Receivable SPV**”), a fixed amount of USD 12,500 (approximately CAD 16,700) per month. These fees amount to a lump sum payment of USD 100,000 (approximately CAD 133,334) including February 2020 fees and will be expected to be funded from the proceeds of this offering and the funds will be replaced upon occurrence of a parallel equity offering.
- (ii) From the opening of the New Receivable SPV until its first anniversary, a fixed fee amount of US\$25,000 (approximately CAD 33,335) monthly installments payable in advance; and
- (iii) From and after the first anniversary of New Receivable SPV, an annual fee equal to the sum of (a) 1.00% of the assets under management (“**AUM**”) of FPHI and all SPVs up to USD 100,000,000 (approximately CAD 133,333,334) and (b) 0.75% of the portion of AUM exceeding USD 100,000,000 (approximately CAD 133,333,334), payable in monthly installments in advance but no less than USD 25,000 (approximately CAD 33,334) per month.
- (iv) As used in this section 2.7.7 - NAM Asset Management & Services Agreement with FPHI, “AUM” shall comprise (1) total Investments held by FPHI and all SPVs, and (2) total cash and other assets held by the SPVs.
- (v) The fee payable pursuant to clause (iii), above, shall be payable monthly on the fifth business day of each month, in the amount of 1.00%/12 multiplied by the AUM on the last business day of the preceding month.

#### 2.7.8 NFI Management Services Agreement with FPHI

Pursuant to a management services agreement between NFI and FPHI (the “**NFI Management Agreement With FPHI**”), NFI shall provide executive level management, governance and technical support services to FPHI.

*Technical and Support Services:* Subject to the overall supervisory authority of the FPHI Board, NFI will provide the following services to FPHI, either directly or through oversight of other FPHI departments:

- Customer and account onboarding;
- Monthly billing;
- Customer support and dispute resolution;
- Regulatory compliance;
- Liquidity management;
- Collections and account reporting;
- Credit surveillance;
- Investor reporting;
- Credit policy monitoring and revising as necessary;
- Financial projections and reporting; and
- Interface with TSI, a third-party collections agent used by FPHI for delinquent accounts.

*Executive Services Fees.* As compensation for the services of the executive chairman of the FPHI Board provided by NFI, as well as legal and finance function support, FPHI has agreed to pay to NFI fees of USD 6,250 per month (approximately CAD 8,334 per month) until the date on which FPHI shall re-launch its business through the acquisition of additional receivables, and USD 7,500 per month (approximately CAD 10,000 per month) thereafter.

#### 2.7.9 NAM Asset Management & Services Agreement with OFTI

##### *Asset Management:*

Pursuant to an agreement entered into between NAM and OFTI (the “**OFTI Asset Management Agreement**”), subject to the overall supervisory authority of OFTI Board, NAM shall manage the day-to-day operations of the OFTI wholly-owned receivable SPVs including the following:

- (i) Asset Management Services. NAM shall manage the day-to-day operations of the SPVs including the following:
  1. Investment Identification and Analysis. NAM shall (i) identify, investigate, evaluate and advise on the selection of receivables that are consistent with the investment objectives and strategy set forth in any guidelines provided to NAM by the OFTI Board, and in any loan documents with lenders to OFTI or the applicable SPV and (ii) execute and close acquisitions of receivables pursuant to the accounts receivable purchase agreements.
  2. Disposition. NAM shall (i) advise OFTI on the selection of receivables for disposition and (ii) assist in the negotiation of the terms of the disposition and perform all acts requested by the OFTI Board that are necessary to effect the disposition of the receivables in accordance with the relevant agreements.
  3. Indebtedness. NAM may assist OFTI and/or the SPVs in borrowing money and issuing evidence of indebtedness, including the negotiation of terms and documents evidencing loans or credit facilities.
  4. Short-Term Investments of Cash. NAM shall advise OFTI and the SPVs on appropriate short-term investment of cash held in reserves for operations or acquisition of receivables or pending distribution.
  5. Engagement of Affiliates. NAM may engage or cause OFTI or the SPVs to engage any affiliate of NAM for the purpose of providing all or any portion of the services to be provided by NAM.

6. Engagement of Third Parties. NAM may assist OFTI in engaging the services of unaffiliated custodians, transfer agents, accountants, attorneys, administrators, consultants and other service providers as requested by the OFTI Board.
7. Periodic Reports. NAM shall (i) review the financial performance of the Investments at least monthly, (ii) each year furnish to the OFTI Board quarterly and annual financial reports in a form reasonably acceptable to the OFTI Board and (iii) assist, as required, the OFTI Board in determining the value and other aspects of the Investments.
8. Maintenance of Records. NAM will maintain the books and records of the SPVs.
9. Additional Administrative Services. NAM will provide other administrative services to OFTI, as may be requested by the OFTI Board for commercially reasonable fees on a case by case basis.

*Asset Management Fee.* As compensation for the services performed pursuant to the OFTI Asset Management Agreement, OFTI has agreed to pay to NAM the following asset management fees:

- (i) Beginning March 1, 2020, a fixed fee of USD 6,000 per month (approximately CAD 8,000 per month) paid in advance for modeling and assisting with implementation of future asset liability of the first SPV;
- (ii) Beginning with the first month following the date when OFTI commences to acquire new Receivables (in a new SPV or otherwise) (the “Adjustment Date”) until the first anniversary of the Adjustment Date, such fixed monthly fee shall be increased to USD 12,000 per month (approximately CAD 16,000 per month), payable in advance on the first day of each month; and
- (iii) From and after the first anniversary of the Adjustment Date an annual fee of the greater of (A) the sum of (x) 10.00% of the monthly gross revenues from receivables of OFTI and all SPVs up to \$1.00mm per month and (y) 7.5% of the portion of such gross revenues exceeding \$1.00mm, payable in monthly installments in advance, and (B) USD 12,000 per month (approximately CAD 16,000 per month).
- (iv) The fee payable pursuant to clause (iii) shall be payable monthly on the fifth business day of each month, in the amount of the applicable percentage multiplied by the gross revenues of the preceding month (but not less than USD 12,000 per month, (approximately CAD 16,000 per month)).

#### 2.7.10 NFI Management Services Agreement with OFTI

NFI shall provide executive level management, governance and technical support services to OFTI.

*Technical and Support Services:* Subject to the overall supervisory authority of the OFTI Board, NFI will provide the following services to OFTI, either directly or through oversight of other OFTI departments:

- Customer and account onboarding
- Monthly billing
- Customer support and dispute resolution
- Regulatory compliance
- Liquidity management
- Collections and account reporting
- Credit surveillance
- Investor reporting

- Credit policy monitoring and revising as necessary
- Financial projections and reporting
- Interface with TSI, a third-party collections agent used by OFTI for delinquent accounts

*Executive Services Fees.* As compensation for Executive Chairman, legal and finance function support, OFTI has agreed to pay to NFI fees of USD 6,250 per month (approximately CAD 8,334 per month) from January 26, 2020 until the date on which OFTI shall begin generating advance wage receivables (the “**Launch Date**”), and USD 7,500 per month (approximately CAD 10,000 per month) thereafter.

#### 2.7.11 Agreements With Selling Agents

The Fund will sign agreements with selling agents in connection with the issuance of the Units. The Fund intends to offer the following remuneration to the selling agents in connection with the Offering:

<b>Offered Securities</b>	<b>Selling commissions and fees</b>
Units	Up to 10% of the gross proceeds from the sale of the Units.

It is anticipated that WhiteHaven will act as a selling agent under the Offering.

Prospective Unitholders should note that if they purchase Units through WhiteHaven, they will not be purchasing securities from a dealer that is independent of NFI. Firstly, WhiteHaven is wholly-owned by WhiteHaven Holding Inc., which, as of February 11, 2020, owns 10% of the issued and outstanding shares of NFI. Secondly, the chief executive officer of WhiteHaven, Athanasios Baltzis, sits on the Board of NFI and is the settlor of the Fund. For further information, see Item 7 - Compensation Paid to Sellers and Finders, and the disclosure in bold under “Selling Agents” on the cover page of this Offering Memorandum.

As such, NFI could be considered a “connected issuer” of Whitehaven under applicable Canadian securities laws.

#### 2.7.12 Auditor

The auditor for the Fund is Mazars, LLP, or such other auditor determined by the Trustees.

#### 2.7.13 Legal Counsel

The legal counsel of the Fund is Fasken Martineau DuMoulin LLP, or such other party as the Trustees may retain.

### **ITEM 3 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS**

#### **3.1 Compensation and Securities Held**

##### **3.1.1 NFI**

The following table presents the information regarding compensation and securities held for each director, officer and promoter of NFI as well as each person who owns or exercises control or direction over shares of NFI, including holders of more than 10% of the voting securities of NFI (a “**principal holder**”).



<b>Name and municipality of principal residence</b>	<b>Position held and date position was obtained</b>	<b>Compensation paid by NFI and Portfolio Companies in the last financial year and compensation expected in the current financial year</b>	<b>Number, type and percentage of securities of NFI held prior to the Offering</b>	<b>Number, type and percentage of securities of NFI held after the Offering</b>
Ron D'Vari New York, New York	Chief executive officer and Chairman January 17, 2020	2019: \$0 2020: \$160,000	18,000 Class A Shares, through NewOak Capital LLC <sup>(1)</sup> (76%)	18,000 Class A Shares, through NewOak Capital LLC (76%)
Matt Lewis New York, New York	Chief financial officer and Director January 17, 2020	2019: \$0 2020: \$160,000	0 Class A Shares (0%)	0 Class A Shares (0%)
NewOak Capital, LLC	n/a	2019: \$0 2020: \$0 <sup>(2)</sup>	18,000 Class A Shares (90%)	18,000 Class A Shares (90%)
WhiteHaven Holding Inc.	n/a	2019: \$0 2020: \$0	2,000 Class A Shares (10%)	2,000 Class A Shares (10%)

**Notes:**

- (1) Ron D'Vari directly owns 84% of NewOak. As NewOak owns 90% of NFI, Ron D'Vari indirectly owns 76% of the shares of NFI.
- (2) It should be noted that NewOak will provide services to FPHI and OFTI, for which it will be compensated. However, this will be done through a contract for services rendered and is therefore not included in the above table. The above individual compensations are paid by NewOak and not directly by NFI or its subsidiaries.

### 3.1.2 The Fund

The following table presents the information regarding compensation and securities held for each director, officer and promoter of the Fund.

Name and municipality of principal residence	Position held and date position was obtained	Compensation paid by the Fund in the last financial year and compensation expected in the current financial year	Number, type and percentage of securities of the Fund held prior to the Offering	Number, type and percentage of securities of the Fund held after the Offering
NFI (promoter)	n/a	2019: \$0 2020: \$0	n/a	0 Units (0%)
Athanasios Baltzis (settlor)	n/a	2019: \$0 2020: \$0	n/a	0 Units (0%)
Catherine Dalcourt	Trustee since January 14, 2020	2019: \$0 2020: \$0	n/a	0 Units (0%)
Geneviève Forget	Trustee since January 14, 2020	2019: \$0 2020: \$0	n/a	0 Units (0%)
René Caron	Trustee since January 14, 2020	2019: \$0 2020: \$0	n/a	0 Units (0%)

## 3.2 Management Experience

### 3.2.1 Directors, Executive Officers and Consultants of the Fund and NFI

Following is a list of individuals who are directors and executive officers of NFI and of the Fund outlining information relating to the management experience of such directors and executive officers of as well as their principal occupation over the past five years or more.

THE FUND	
Name and position	Principal occupation and related experience
Catherine Dalcourt, Trustee of the Fund	A graduate of HEC Montréal, Catherine Dalcourt participated in the founding of Bélanger Dalcourt CPA Inc. in 2003, after working for a major accounting firm, where she took part in various audit engagements for public and private companies. Since then, she has participated in many engagements related to assurance, taxation, startups and business advice for companies in varied sectors, including health, manufacturing, real estate and services, and for non-profit organizations. Constantly alert to

	<p>accounting standards and their evolution, she also works on assurance engagements for publicly traded companies and subsidiaries of large foreign corporations presenting their financial statements according to the International Financial Reporting Standards (IFRS).</p>
Geneviève Forget, Trustee of the Fund	<p>Geneviève is an experienced paralegal specialized in various areas of business law. She is a senior transactional paralegal in corporate services. Geneviève assists lawyers with the preparation of closing documents in connection with various corporate transactions involving, among other things, mergers, acquisitions, arrangements and fiscal and commercial reorganization. Geneviève conducts minute book reviews and performs various corporate searches in the context of due diligence. She also assists lawyers with the drafting of corporate documents relating to, among other things, incorporations, organizations, amendments, continuances, dissolutions, registrations, share provisions, rollovers, estate freezes, trusts and various other share transactions. After several years as a paralegal, Geneviève launched her own paralegal firm, Corpo Juri-Forget inc.</p>
René Caron, Trustee of the Fund	<p>René Caron, CPA-CA, BAA MIS, holds a Bachelor of Applied Arts in Management Information Systems (MIS) and obtained a certificate in accounting from the Université de Sherbrooke. He is a Chartered Accountant since 1992 and a Fellow of the Ordre des Comptables Agréés du Québec. After having served as Senior Internal Auditor for Quebecor Printing Inc. (a division of Quebecor World Inc.), René was appointed Vice-President of Finance with their Specialty Printing Group, overseeing seven specialized printing locations across Canada and the US. Later, René would serve as Director - Internal Audits &amp; Corporate Governance for Zenon Environmental Inc. where, using his financial expertise, he implemented the necessary internal regulations to meet the requirements of the Sarbanes Oxley Act and its Canadian equivalent. He presently has his own practice, offering services related to mergers and acquisitions and business restructuring and financing.</p>
<b>NFI</b>	
Ron D'Vari, CFA, PhD, MBA Chief Executive Officer of NFI	<p>Dr. D'Vari is the Founder, Executive Chairman and CEO of NFI and Founder of and Executive Chairman of FPHI and OFTI. He also is Founder and Sole Managing Member of NewOak and its wholly owned subsidiaries NAM, NOCM and NewOak Advisors, LLC.</p> <p>Dr. D'Vari has over 35 years of experience in finance, academics, and engineering. He is an expert in portfolio and risk management, fundamental and quantitative credit, structured finance, portfolio alpha strategies and innovative structured solutions using a Quandamental™ approach.</p> <p>D'Vari been advising various funds, global financial institutions, pension funds, sovereign wealth funds, insurance companies,</p>

	<p>endowment and foundations on financial product strategy and execution across fixed-income assets, specialty finance, and cross section of credit products and technology throughout investment lifecycle, including sourcing, valuation, portfolio management, operation, and related technology.</p> <p>Dr. D’Vari has devised and implemented strategies dealing with some of the largest credit-crisis de-risking and restructuring advisory cases including MLEC (Master Liquidity Enhanced Conduit), a banking industry solution to the SIV crisis, advising a European central bank involved in tens of billions of structured products threatening German banking system assumed from a failed conduit, Canadian ABCP conduit workout, recapitalization of a retail broker, valuing and successfully de-risking over a dozen financial institutions’ structured products including SIV holding, a European bank de-risking prior to Lehman event and, original design and documentation of hybrid CDO and fully synthetic ABS CDOs.</p> <p>Prior to forming NewOak, D’Vari was an executive at BlackRock in charge of Structured Finance business and served on Portfolio Strategy Group, Fixed Income Business, Alternative, and New Product Committees. Mr. D’Vari was instrumental in establishing BlackRock Mortgage Investors and development of PennyMAC, a mortgage company with a 2.64 billion market cap as of January 20, 2020. D’Vari also played a key role in formation of BlackRock’s Financial Market Advisory at the beginning of credit crisis.</p> <p>Prior to acquisition by BlackRock, Dr. D’Vari worked at State Street Research (SSRM) for 10 years culminating to joining the executive team responsible for the fixed-income asset management business of SSRM. He led the day-to-day management of SSRM fundamental and quantitative bond research and heading the MBS/ABS/CMBS Portfolio Management and Trading sectors. He was a member of the firm’s Bond Policy Committee that managed over \$25 billion of fixed-income assets, and he established and led State Street’s collateralized debt obligation business and quantitative research team.</p> <p>Dr. D’Vari is advisor to Chair of PRMIA Education Committee and was previously the chairman. D’Vari serves on the Editorial Board of Journal of Structured Finance. Ron D’Vari has previously been on the Board of Boston Security Analyst Society and Advisory Board of American Securitization Forum.</p> <p>D’Vari has taught at UCLA, Brandeis University, and Boston University and has published in numerous publications. D’Vari holds B.S., M.S., Ph.D., and MBA from UCLA and is a CFA charter holder and has FINRA Series 24, 53, 7, and 63 licenses.</p>
<p>Matt Lewis</p> <p>Chief financial officer of NFI</p>	<p>Mr. Lewis is CFO and Director of NFI and serves as CFO of FPHI and OFTI.</p>

	<p>Mr. Lewis has been and continue to be Managing Director within NewOak’s Financial Markets Advisory practice and head of its Valuation and Risk Transparency service and Financial Modeling. He has nearly 30 years of experience in RMBS and ABS structuring, banking and analytics, and is responsible for the execution and delivery of multiple client engagements, including valuation and expert litigation assignments.</p> <p>Matt Lewis is responsible for the execution and delivery of a variety of client engagements including litigation support, periodic valuation, stress testing and model validation. In this role, Mr. Lewis has managed and delivered litigation support work for NewOak focused on analysis of plaintiff investment processes, market practices and collateral, security analysis and loss attribution. He has also worked on other RMBS-related matters covering CCAR stress testing, MSR valuation, securities repo and servicing practice evaluation.</p> <p>Prior to NewOak, Mr. Lewis was a director in the ABS group at Swiss Re for five years, managing risk in various exposures, including esoteric loans and collateralized debt obligations, as well as working on mortgage loan repurchases. Before joining Swiss Re, Mr. Lewis worked at Lehman Brothers for 11 years as a senior banker in subprime mortgage securitization, where he led a team that covered most major originators and lead managed in excess of \$3 billion of securitizations annually. Prior to that, he was a banker for three years in the ABS group at Goldman Sachs, executing securitizations in products including RMBS, autos, credit cards and farm equipment. He began his career in structured finance with six years in the CMO group at Deloitte &amp; Touche.</p> <p>Mr. Lewis has M.B.A., New York University and B.A., Pitzer College and has Series 7 and Series 63 FINRA licenses.</p>
Richard Kelly Consultant, Legal and Compliance Affairs	<p>Mr. Richard Kelly is a consultant for legal and compliance affairs at NFI and its Portfolio Companies.</p> <p>Mr. Kelly is a Managing Director at NewOak and supports asset management, capital markets and fintech venture practices. He is Co-Head of Compliance at NOCM and NAM.</p> <p>Mr. Kelly has over 30 years’ experience at the intersection of legal matters, compliance, capital markets and corporate finance.</p> <p>Mr. Kelly holds Series 7, 24, 63, 79, 87 and 99 securities licenses. He holds an LL.M. from New York University School of Law, J.D. from New York Law School, and B.A. from Middlebury College.</p>
Umer Nawab Consulting Chief Technology Officer	<p>Mr. Umer Nawab is a consulting CTO reporting to NFI and OFTI’s CEOs.</p> <p>Mr. Nawab is a co-founder of Intelligenes Inc. and CTO,</p>

	<p>responsible for managing a team of 25 people comprised of project managers, developers, designers, and test engineers. Over the span of thirteen years specializing in</p> <ul style="list-style-type: none"> <li>• Fintech Solutions</li> <li>• Cloud Based Applications</li> <li>• Mobile &amp; Web Development</li> <li>• Managed Services</li> <li>• Microsoft PowerApps</li> <li>• Office 365</li> </ul> <p>Mr. Nawab is an accomplished analytical thinker, with expertise in software project implementation, product development, and technological innovation. He has exceptional systems knowledge and a proven track record in several technology platforms and methodologies including Microsoft .NET, SQL server, JavaScript, REST Services, and Agile Project Management.</p> <p>With a collaborative approach in leadership along with the aptitude to foster a team-orientated environment while imparting knowledge to others, offering strong problem skills and solid communication skills.</p> <p>Mr. Nawab has successfully delivered on more than 150 projects/implementations, including a number of projects for clients located in Canada, the United States, the United Kingdom, and the United Arab Emirates..</p> <ul style="list-style-type: none"> <li>• Solution Architect for major projects and product development</li> <li>• Overseeing all system design and changes in system architecture</li> <li>• Overseeing project management activities and project teams</li> <li>• Managing an outsourced team of 15 staff for a US based client</li> <li>• Transitioning the organization from Waterfall Project Management practices to Agile Project Management.</li> <li>• Designing and implementing the organization's Release Management and Project Management Policies.</li> </ul> <p>Mr. Nawab has an MBA from The College of Business Management (CBM), and Bachelor of Computer Science from Shaheed Zulfikar Ali Bhutto Institute of Science.</p>
<p>Youfang (Lily) Li Controller &amp; Senior Fund Accountant</p>	<p>Mrs. Lily Li, CPA, will serve as controller of NFI, FPHI, and OFTI and its wholly owned receivable SPVs.</p> <p>Mrs. Li has over 10 years of accounting experience at NAM and other asset managers.</p> <p>At NewOak Mrs. Li is a director and manages all aspects of fund accounting and administration for NewOak funds. Prior to</p>

	<p>NewOak, Mrs. Li has over 10 years of accounting experience at Van Eck and other asset management firms. She has been responsible for preparing NAV, financial and investors' statements, reviewing funds documents, setting up fee structure and reconciling investors' capital call/redemption, month-end closing, intercompany reconciliations;</p> <p>Mrs. Li is a Certified Public Accountant, New York and holds MS in Taxation, Baruch College, CUNY, B.A. Concordia University</p>
<p>Koushik Boddireddy Associate Director</p>	<p>Mr. Boddireddy is an Associate Director at NFI specializing in credit risk modeling and asset liability management.</p> <p>He has over 5 years' experience in quantitative analysis, primarily focused on structured finance modeling.</p> <p>He specializes in Structured Products, Fixed Income Products, CDOs/CLOs, CMBS, ABS, Stochastic Modeling.</p> <p>Mr. Boddireddy is an associate with NewOak's capital markets transaction advisory and valuation teams. He builds financial models for asset-backed and specialty finance companies and perform valuation analysis. He has built Collateralized Loan Obligation (CLO) models to run Monte-Carlo Simulations in the effort to structure a CLO, and performed scenario analysis and stress testing under different circumstances and calculate the expected shortfall for various tranches.</p> <p>Mr. Boddireddy holds M.S., Finance, UCLA, B.S. and M.S., Indian Institute of Technology Madras.</p>
<p>Shivaji Rao Consulting Managing Director, Capital Markets and Business Development</p>	<p>Dr. Shivaji Rao will be a consulting Managing Director, Data Sciences at NFI.</p> <p>Dr. Shivaji Rao has over 26 years' experience in capital markets, financial technology, operation research, financial modeling, artificial intelligence for securities and derivatives and academic research. Dr. Shivaji Rao will assist in developing strategic fintech and academic partnerships.</p> <p>Dr. Rao is a managing director focused on NewOak's Financial Markets Advisory and Capital Markets practices. He specializes in Fintech, Financial Modeling, Algorithmic Trading, eCommerce, Valuation, Risk Transparency, Capital Markets, and Advisory services. His Wall Street experience includes Morgan Stanley, Credit Suisse, Commerzbank, Deutsche Bank, Societe Generale, and Cantor.</p> <p>Dr. Rao has a PHD in Operations Management, The City University of New York, MSc, Management Sciences, University of Durham (UK), B.S., Economics, Shri Ram College of Commerce. He is also an Adjunct Professor at Stevens Institute of Technology and Assistant Director of Data Science Institute at Saint Peter's University. He has Series 7 and 63 FINRA Licenses.</p>

### 3.3 Penalties, Sanctions and Bankruptcy

No Trustee of the Fund, nor director, executive officer or control person of NFI

- is, as at the date hereof, or has been within the ten years preceding the date hereof, a director, executive officer or control person of any company (including the Trustees) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became or was declared bankrupt, made a voluntary assignment or proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustees appointed to hold its assets; or
- has, within the ten years before the date hereof, become or been declared bankrupt, made a voluntary assignment or proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustees appointed to hold the assets of the proposed director.

No Trustee of the Fund, nor director, executive officer or control person of NFI has been subject to

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- any other penalties or sanctions.

### 3.4 Loans

No loans are due to or from the directors, management, promoters and principal holders as at a date not more than 30 days prior to the date of this Offering Memorandum.

## ITEM 4 CAPITAL STRUCTURE

### 4.1 Share Capital

The following sets out the capital structure of the Fund as of the date of this Offering Memorandum:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at the date hereof	Number outstanding upon completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Units of the Fund	Unlimited	\$10	1	1	2,500,000

### 4.2 Long Term Debt Securities

The Fund and NFI have no outstanding long-term debt.

### 4.3 Prior Sales

As of the date of the present Offering Memorandum, the Fund has issued one (1) unit of the Series being offered pursuant to the Offering.



## ITEM 5 SECURITIES OFFERED

### 5.1 Terms of Securities

#### 5.1.1 Interest in the Fund

The beneficial interests in the Fund shall be divided into an unlimited number of Units of the Fund. The Units of the Fund have the attributes that are determined by the Trustees.

Fractional Fund Units carry the same rights and are subject to the same conditions as whole Fund Units (other than with respect to voting rights) in the proportion that they bear to a whole Fund Unit.

There is currently one Series of Units of the Fund.

Based on the interest payments received from NFI, the Fund intends to pay to Unitholders an amount equal to an annual percentage rate of 10% of the value of the Units they hold. The interest amount of 1/12 (one twelfth) of 10% of the value of the Units held by a Unitholder will be paid on a monthly basis on the 20<sup>th</sup> day of the month following the month for which the interest was applicable. For the terms of the Loan Agreement between the Fund and NFI, please refer to Section 2.7.2 - Loan Agreement for Loans to NFI by the Fund.

Units are redeemable by the Unitholders in accordance with Section 5.1.3 - Rights of Redemption.

Unless specifically provided for in the Trust Agreement, the Unitholders shall not have the right to vote on matters provided therein.

#### 5.1.2 Status of Unitholders

The Unitholders do not hold any right of property or any real right with respect to the property and assets of the Fund held in trust by the Trustees pursuant to the terms of the Trust Agreement (the “**Fund Property**”), and are not entitled to claim or receive such property in whole or in part or to receive the profits and income earned by such property in ways other than as provided for in the Trust Agreement. However, each Unitholder is entitled to claim the value of the Units it holds, or of any part thereof, as determined on the first Redemption Date following receipt by the Trustees of a request to this effect, in consideration of the redemption of its Units, the whole subject to and in accordance with the provisions of Section 5.1.3.2 - Proceeds Payable.

#### 5.1.3 Rights of Redemption

Units are redeemable by the Unitholders by delivering to the Trustees a duly completed and properly executed notice requiring the Trust to redeem Units, in a form approved by the Trustees, together with written instructions as to the number of Units to be redeemed. Units are redeemable on the last Business Day of any month (the “**Redemption Date**”) and the Trust shall pay the Redemption Price (as defined in Section 5.1.3.2 - Proceeds Payable) ninety (90) Business Days after the Redemption Date. The notice and all other supporting documentation or evidence must be received by the Trustee to the satisfaction of the Trustees, not less than 30 days prior to the applicable Redemption Date. On receipt of a notice to redeem Units, the Unitholder will no longer have any rights with respect to the Units other than to receive any distribution accrued prior to receipt of the notice and the redemption amount. A redemption notice shall be irrevocable, except as provided in Section 5.1.3.4 - Suspension of Redemption Privilege.

##### 5.1.3.1. *Right of the Fund to Redeem*

Units of the Fund may be redeemed by the Fund at any time on not less than five days’ notice to the holder thereof.

The proceeds payable on a redemption of Units by the Fund will be the applicable Redemption Price (as defined in Section 5.1.3.2 - Proceeds Payable), determined on the Redemption Date following the date upon which the Trustees notified the Unitholder of the redemption.

#### 5.1.3.2. *Proceeds Payable*

The proceeds payable on a redemption of Units will be \$10.00 per Unit plus any, accrued but unpaid interest on such unit on such Redemption Date multiplied by the number of Units redeemed, applicable on the relevant Redemption Date, less any applicable fees, or commissions (the “**Redemption Price**”).

No fee or other charge shall be deducted by the Trustees, in their capacity as such, or the Fund in respect of such payment, except as set out in any Offering Memorandum of the Fund or notified to the Unitholder at the time of subscription for Units of the Fund or at any time thereafter on at least 30 days’ notice of such fee or charge. Any such redemption fee or charge may be deducted from the proceeds of redemption otherwise payable to the Unitholder. Payment for such redemption shall be made within ninety (90) Business Days following the applicable Redemption Date.

**It should be noted that the Trustees’ obligation to make payment of the redemption proceeds in cash is limited to the availability of Fund Property that constitutes liquid assets and that is not otherwise required to satisfy any short-term liability of the Fund** (collectively, the “**Available Liquid Assets**”). If the Trustees receive more than one redemption request for any given Redemption Date, the value of which exceeds the anticipated value of the Available Liquid Assets as at that Redemption Date, the Trustees will provide a notice to the Unitholders having made redemption requests advising them that they will be paid in cash only up to the amount of Available Liquid Assets, if any, and subject to a *pro rata* distribution among each Unitholder having made a redemption request. With respect to the remaining balance of their redemption requests, Unitholders will then have the option to:

- (i) carry one hundred percent (100%) of that Unitholder’s redemption request balance forward to the next Redemption Date on which there are Available Liquid Assets, with these same options becoming available to the Unitholder at such Redemption Date; or
- (ii) receive a maximum payment of ninety percent (90%) of the balance of the net redemption proceeds (the “**Discounted Amount**”) in kind, with payment of the Discounted Amount being made, at the Trustees’ discretion,
  - 1. in the form of securities or other Fund Property having a fair market value that is equal to the Discounted Amount or
  - 2. in the form of a debt instrument to be issued by the Fund, an existing affiliate of the Fund, or an affiliate of the Fund to be established, the principal amount of which will be equal to the Discounted Amount and the other terms of which will be set out in the notice sent to each relevant Unitholder (a “**Debt Instrument**”),

with payment of the Discounted Amount through either option (i) or (ii) constituting a full satisfaction of the relevant Unitholder’s entitlement to further net redemption proceeds.

Each relevant Unitholder shall direct the Trustees in writing at the latest one (1) Business Day prior to the Redemption Date as to whether such Unitholder accepts option (a) or (b), above, for payment of the Discounted Amount, failing which the balance of such Unitholder’s redemption request shall be carried forward to the next Redemption Date on which there are Available Liquid Assets.

Payment of cash redemption proceeds shall be made by mailing or delivering a cheque or by wire or electronic transfer as the Trustees may in their discretion determine, in the relevant amount to the Unitholder at its last address as shown in the Unitholders’ register maintained by the Trustees pursuant to the Trust Agreement or to such other payee or address or account as the Unitholder may in writing direct.

Any payment, unless not honoured, shall discharge the relevant Fund and the Trustees from all liability to such Unitholder in respect of the amount thereof and in respect of the Units redeemed. In no event shall the Fund or the Trustees be liable to a Unitholder for interest or income on the proceeds of any redemption pending the payment thereof.

#### *5.1.3.3. Distributions*

It is intended that sufficient net income and sufficient net taxable capital gains of the Fund will be distributed to Unitholders in each year so that the Fund will not be liable for income tax under Part I of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the equivalent sections of the *Taxation Act* (Québec). If there is any change in the treatment under the Tax Act, and the equivalent sections of the *Taxation Act* (Québec), of the net income and/or net taxable capital gains of the Fund which would frustrate the intention set out in Section 6.2 of the Trust Agreement, the Trustees may without the vote or assent of the Unitholders or any amendment to the Trust Agreement, alter the method of distribution or discontinue this distribution policy for the purpose of minimizing taxes payable by the Fund and/or the Unitholders.

#### *5.1.3.4. Suspension of Redemption Privilege*

The Trustees may, on behalf of the Fund, suspend or postpone the right or obligation of the Fund to effect redemptions of Units for the whole or any part of any period if (i) the Fund’s right to redeem its investment in NFI is suspended, or (ii) if the Trustees determine that conditions exist as a result of which allowing redemptions would not be equitable for other Unitholders of the Fund, provided in each case that the suspension is not prohibited under applicable laws.

The suspension shall apply to all requests for redemption received while the suspension is in effect, but shall not apply to requests for redemption made prior to the suspension but as to which payment has not been made. All Unitholders making such requests shall (unless the suspension lasts for less than 48 hours) be advised by the Trustees of the suspension and that the redemption will be effected on the basis of the applicable Redemption Price determined on the next Redemption Date following the suspension. All such Unitholders shall have, and shall (unless the suspension lasts for less than 48 hours) be advised that they have, the right to withdraw their requests for redemption in these circumstances.

The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent that it is not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the relevant Fund, any declaration of suspension made by the Trustees shall be conclusive.

Subscriptions for additional Units of the Fund shall not be accepted during any period when the obligation of the Fund to effect redemption of Units is suspended.

#### *5.1.4 Transfer of Units*

Units of the Fund are transferable only in accordance with Applicable Law and with the prior written consent of the Trustees, which consent may be withheld at their discretion. Any purported transfer not effected in accordance with applicable laws or without the prior written consent of the Trustees shall be void and of no effect.

## **5.2 Subscription Procedure**

### *5.2.1 Subscription for Units*

Prospective Unitholders may purchase Units by delivering to the Trustees or a dealer approved by the Trustees a completed and executed subscription form accompanied by a cheque or a wire funds transfer

for the full dollar amount of the Units subscribed for. All subscriptions will be subject to acceptance by the Trustees.

The subscription consideration will be held in trust at least for a 2 day period.

#### 5.2.2 Price per Unit

The Price per Unit for Units shall be \$10.00 (the “**Price per Unit**”).

#### 5.2.3 No Issuance of Unit Certificates

Units will be issued in registered, book-entry form only. No certificates evidencing ownership of Units will be issued to any Unitholder.

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

#### 5.3.1 Amendment Without Prior Notice or Consent

Any provision of the Trust Agreement may be amended, deleted, expanded or varied in the discretion of the Trustees, without Unitholder approval or prior notice to the Unitholders, if the amendment is:

- (i) to make any change or correction which is of a typographical nature or is required to cure or correct a clerical omission or for the purpose of curing an ambiguity;
- (ii) for the purpose of supplementing any provision of the Trust Agreement which may be defective or inconsistent with another provision;
- (iii) for the purpose of bringing the Trust Agreement into compliance with Applicable Law;
- (iv) for the purpose of conforming the Trust Agreement with current administrative or market practice;
- (v) for the purpose of facilitating the administration of the Fund or to respond to amendments to the Tax Act or other applicable income tax legislation or changes to administrative policies or assessing practices of the relevant taxing authorities which might adversely affect the interests of the Fund or its Unitholders;
- (vi) to effect the delegation by the Trustees of day-to-day management responsibilities for the business and affairs of the Fund to another entity;
- (vii) to remove and replace the Auditor of the Fund in accordance with the Trust Agreement;
- (viii) to change the name of the Fund; or
- (ix) to provide additional protection to Unitholders.

#### 5.3.2 Amendments Requiring Consent by Extraordinary Resolution

Notwithstanding any other provision in the Trust Agreement, any amendment to the Trust Agreement that would result in an increase in the liability of any Unitholder shall require the approval of a majority of holders of all Series of affected Units of the Fund then outstanding and shall require the approval of the Unitholders of the Fund given by resolution passed by Unitholders of the Fund or Series of the Fund, as applicable, holding not less than 66⅔% of such Units voting thereon at a meeting duly convened for consideration of that matter (an “**Extraordinary Resolution**”).

### 5.3.3 Amendment Without Consent

Any amendment to the Trust Agreement not described in Sections 5.3.1 - Amendment Without Prior Notice or Consent or 5.3.2 - Amendments Requiring Consent by Extraordinary Resolution, above, may be made by the Trustees in respect of the Fund upon the Trustees delivering written notice of same to Unitholders of the Fund not less than 30 days prior to the effective date of such amendment, including, without limitation:

- (i) a material change to the Trust Agreement;
- (ii) a change in the purpose of the Fund; or
- (iii) a decrease in the frequency of calculating the net asset value of the Fund

## 5.4 Termination

The Fund shall be terminated in the event that:

- (i) an Extraordinary Resolution is passed by the Unitholders of all Series of the Fund approving the termination of the Fund;
- (ii) each of the Trustees of the Fund resigns or is removed without replacement therefor as contemplated in the Trust Agreement; or
- (iii) the Trustees determine to terminate the Fund where, in the opinion of the Trustees, the net asset value of the Fund is reduced as the result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund or it would be in the best interests of the Unitholders to terminate the Fund

The Trustees will provide Unitholders of the Fund with notice in writing no less than 30 days prior to the effective date of any such termination.

## ITEM 6 CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

### 6.1 General

**You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.**

*The comments set forth below are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice or representations with respect to the income tax consequences applicable to any particular subscriber. Further, the comments below are limited to only certain income tax considerations and do not address other tax considerations which may be relevant to a subscriber. Each prospective subscriber should obtain independent tax advice regarding income tax consequences of investing in the Fund based on the prospective subscriber's own particular circumstances.*

### 6.2 Certain Canadian Federal Income Tax Considerations

In the opinion of Burstall, LLP, counsel to the Fund, the following is a fair summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires, as beneficial owner, Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who, for the purposes of the Tax Act and at all relevant times: (a) is or is deemed to be resident in Canada; (b) deals at arm's

length with the Fund; (c) is not affiliated with the Fund; and (d) acquires and holds Units as capital property.

Units will generally be considered to be capital property unless the Unitholder acquires or holds the Units in the course of carrying on a business or is engaged in an adventure in the nature of trade with respect to the Units.

Certain Unitholders (other than certain traders or dealers in securities) who are resident in Canada for the purposes of the Tax Act and whose Units might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Units (provided that the Fund is a “mutual fund trust” for the purposes of the Tax Act), and any other “Canadian security” (as defined in subsection 39(6) of the Tax Act), owned or subsequently acquired by them, deemed to be capital property for the purposes of the Tax Act. Unitholders contemplating making such an election should first consult with their own tax advisors.

This summary is not applicable to a Unitholder: (a) that is a “financial institution”, as defined in subsection 142.2(1) of the Tax Act for the purpose of the mark-to-market rules; (b) that is a “specified financial institution”, as defined in subsection 248(1) of the Tax Act; (c) an interest in which is a “tax shelter”, as defined in subsection 237.1(1) of the Tax Act, or a “tax shelter investment” as defined in subsection 143.2(1) of the Tax Act; (d) that reports its “Canadian tax results”, as defined in subsection 261(1) of the Tax Act, in a currency other than Canadian currency; (e) who has entered into or will enter into, in respect of the Units, a “derivative forward agreement” or “synthetic disposition arrangement”, as such terms are defined in subsection 248(1) of the Tax Act; (f) that is a partnership; or (g) that is exempt from tax under Part I of the Tax Act, except for the limited discussion under the heading “Eligibility for Investment”. Such Unitholders should consult their own tax advisors to determine the tax consequences to them with respect to the acquisition, holding and disposition of the Units acquired pursuant to this Offering Memorandum. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”) in force as of the date hereof, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), Counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”) made publicly available prior to the date hereof, and a certificate as to certain matters from a Trustee of the Fund. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in the CRA’s administrative policies and assessing practices, nor does it take into account or consider any other federal income tax considerations or any provincial, territorial or foreign income tax considerations, which may differ materially from those discussed herein. This summary assumes that the Proposed Amendments will be enacted as currently proposed, but no assurance can be given that this will be the case. There can also be no assurance that the CRA will not change its administrative policies or assessing practices. The Fund has not obtained, nor sought, an advance tax ruling from the CRA in respect of any of the matters discussed herein.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Unitholder. Accordingly, each Unitholder should obtain independent advice regarding the income tax consequences of investing in Units having regard to the Unitholder’s particular circumstances.**

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

This summary assumes that the Fund will, at all relevant times, qualify as a “mutual fund trust” for the purposes of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established.

Counsel has been advised that the Fund meets, and intends to continue to meet, the requirements necessary for it to qualify as a mutual fund trust for the purposes of the Tax Act. If the Fund were to not qualify as a mutual fund trust at any particular time, the tax considerations for the Fund and Unitholders could, in some respects, be materially and adversely different from those contained herein.

### **6.4 SIFT Rules**

This summary is also based on the assumption that the Fund will at no time be a “SIFT trust”, as defined in subsection 122.1(1) of the Tax Act (a “**SIFT Trust**”). Counsel has been advised that the Fund expects to not be a SIFT Trust on the basis that no Units or other investments in the Fund will be listed or traded on any stock exchange or “public market”, as defined in subsection 122.1(1) of the Tax Act. However, there can be no assurance that subsequent investments or activities undertaken by the Fund will not result in the Fund becoming a SIFT Trust.

If the Fund were a SIFT Trust, certain rules would apply that would effectively tax certain income of the Fund that is distributed to the Unitholders on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividend to its shareholders (the “**SIFT Rules**”). Pursuant to the SIFT Rules, a SIFT Trust is not permitted to deduct any amount that it pays or makes payable to its unitholders in respect of its aggregate: (a) net income from businesses it carries on in Canada; (b) net income (other than taxable dividends received by the SIFT Trust) from its non-portfolio properties; and (c) net taxable capital gains from its disposition of non-portfolio properties. Distributions which a SIFT Trust is unable to deduct will be taxed in the SIFT Trust at tax rates which approximate the applicable combined federal and provincial corporate income tax rates. Distributions of a SIFT Trust’s income that are not deductible to the SIFT Trust will be treated as taxable dividends paid by a taxable Canadian corporation. A Unitholder who is an individual (other than certain trusts) and receives such a distribution will be required to include the amount of the distribution in income as a dividend, subject to the enhanced gross-up and dividend tax credit rules normally applicable to “eligible dividends” received from a taxable Canadian corporation. In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

### **6.5 Taxation of the Fund**

The Fund is subject to tax on its income in each taxation year, including net realized taxable capital gains, dividends and interest received or receivable, less the portion thereof that is paid or payable in the year to Unitholders and which is deducted by the Fund in computing its income for the purposes of the Tax Act. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or such Unitholder is entitled in that year to enforce payment of the amount.

In computing its income, the Fund will be entitled to deduct reasonable current administrative and other expenses incurred by it to earn income. Reasonable expenses incurred in respect of the issuance of Units generally may be deducted by the Fund on a five-year, straight-line basis.

Counsel has made the assumption that the Fund’s current intention is to make payable to Unitholders each year sufficient amounts such that the Fund is not expected to be liable for any material amount of tax under Part I of the Tax Act. However, there can be no assurance that the Fund will not adopt a different approach.

## **6.6 Taxation of Unitholders**

### **6.6.1 Fund Distribution**

A Unitholder will generally be required to include in computing the Unitholder's income for a particular taxation year, as income from property, the portion of the net income of the Fund, including taxable dividends and net realized taxable capital gains, that is paid or payable to the Unitholder in that taxation year, whether that amount is paid or payable in cash, additional Units, Fund assets or otherwise. Accordingly, a Unitholder's allocation of income for the purposes of the Tax Act in a particular year may exceed the amount of cash distributions received by such Unitholder. Any loss of the Fund cannot be allocated to or treated as a loss to a Unitholder.

Provided that appropriate designations are made by the Fund, certain types of income of the Fund from certain sources are deemed to have been received by a Unitholder as income from such sources, such that such income will generally retain its character for tax purposes in the hands of the Unitholder. Sources of income that may be so designated include taxable dividends from taxable Canadian corporations, net taxable capital gains and income from foreign sources.

The non-taxable portion of net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year generally will not be included in computing the Unitholder's income for the year and will not reduce the adjusted cost base of the Unitholder's Units. Any other amount (other than as proceeds of disposition in respect of the redemption of Units) in excess of the net income of the Fund that is paid or payable by the Fund to a Unitholder in a year will generally not be included in the Unitholder's income for the year. However, where any such other amount is paid or payable to a Unitholder (other than as proceeds of disposition of Units) the adjusted cost base of the Units held by such Unitholder will be reduced by such amount. To the extent that the adjusted cost base to a Unitholder is less than zero at any time in a taxation year, such negative amount will be deemed to be a capital gain of the Unitholder from the disposition of the Unit in that year, and immediately thereafter the amount of such capital gain will be added to the adjusted cost base of such Unit.

### **6.6.2 Purchase of Units**

A Unitholder who purchases Units during a particular taxation year of the Fund may become taxable on a portion of the net income of the Fund that is accrued or realized by the Fund in a period before the time the Unit was purchased but which was not paid or payable to Unitholders until after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of net taxable capital gains accrued or realized by the Fund in a year before the time the Unit was purchased but which is paid or payable by the Fund at year-end and after the time the Unit was purchased.

### **6.6.3 Disposition of Units**

On a disposition or deemed disposition of Units, a Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Unitholder's proceeds of disposition (excluding any amount payable by the Fund which represents an amount that must otherwise be included in the Unitholder's income as described herein, including any capital gain or income realized by the Fund in connection with a redemption which the Fund has designated to the redeeming Unitholder) are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Units and any reasonable costs incurred by the Unitholder in connection with the disposition. The taxation of capital gains or capital losses is described below under "Capital Gains and Capital Losses".

Units issued to a Unitholder as a non-cash distribution of income (including net capital gains) will have a cost amount equal to the amount of such income (including the non-taxable portion of net capital gains). A Unitholder will generally be required to average the cost of all newly acquired Units with the adjusted cost base of Units of the same Series held by the Unitholder as capital property in order to determine the



adjusted cost base of the Unitholder's Units at any particular time. The adjusted cost base of Units disposed of is based on such average calculation immediately prior to the distribution.

Pursuant to the Trust Agreement, the Fund may allocate and designate all or part of any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Proposed Amendments will, however, eliminate the ability of a mutual fund trust to distribute ordinary income as part of the redemption price of units and restrict in some circumstances the ability of a mutual fund trust to distribute capital gains as part of the redemption price of units.

Where the Fund redeems Units by distributing property of the Fund to a Unitholder, the Unitholder will also be required to include in income any income, and the taxable portion of any capital gain, that the Fund realizes on or in connection with such *in specie* distribution of the property and designates to such Unitholder. The proceeds of disposition to the redeeming Unitholder will be equal to the fair market value of the property of the Fund so distributed, less any income or capital gain realized by the Fund in connection with such redemption to the extent the Fund designates such income or capital gain to the redeeming Unitholder. The cost of any property distributed *in specie* by the Fund to a Unitholder upon the redemption of Units will be equal to the fair market value of that property at the time of distribution.

The Unitholder will thereafter be required to include in income interest or other income derived from the Debt Instruments or other property in accordance with the provisions of the Tax Act.

The consolidation of Units will not result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units will not change as a result of a consolidation of Units, although the adjusted cost base per Unit will increase.

## **6.7 Capital Gains and Capital Losses**

A Unitholder must include in income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by the Unitholder on a disposition or deemed disposition of a Unit in the year, and the amount of any net taxable capital gains designated by the Fund to the Unitholder in the year. The Unitholder generally must deduct one-half of the amount of any capital loss ("**allowable capital loss**") realized by the Unitholder in a taxation year on the disposition or deemed disposition of a Unit against the Unitholder's taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains realized by the Unitholder in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted against net taxable capital gains in any subsequent year, subject to the detailed provisions of the Tax Act.

The amount of any capital loss otherwise realized by a Unitholder that is a corporation or a trust (other than a mutual fund trust) on the disposition of a Unit may be reduced by the amount of any dividend that the Fund receives and designates to the Unitholder, except to the extent that a capital loss on a previous disposition of a Unit has been reduced by such amount. Unitholders to whom these rules may be relevant should consult their own tax advisors.

## **6.8 Refundable Tax**

A Unitholder that is a Canadian-controlled private corporation ("**CCPC**"), as defined in the Tax Act, will be subject to a refundable tax in respect of its aggregate investment income for the year, which may include certain income and capital gains distributed to the Unitholder by the Fund and any capital gains realized on a disposition of Units.

## **6.9 Minimum Tax**

A Unitholder who is an individual or a trust (other than certain specified trusts) may be liable for alternative minimum tax as a result of capital gains realized on a disposition of Units and net income of

the Fund paid or payable, or deemed to be paid or payable, to the Unitholder and that is designated as taxable dividends or net taxable capital gains.

#### **6.10 Eligibility for Investment**

Provided that the Fund qualifies as a “mutual fund trust” for the purposes of the Tax Act, the Units will be a “qualified investment” under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or tax-free savings account (“TFSA”).

Notwithstanding the foregoing, if the Units are a “prohibited investment” for a particular RRSP, RRIF, RESP, RDSP or TFSA for the purposes of the Tax Act, the annuitant under the RRSP or RRIF, the subscriber of an RESP or the holder of the RDSP or TFSA, as the case may be, will be subject to a penalty tax under the Tax Act. The Units will generally not be a “prohibited investment” (as defined in subsection 207.01(1) of the Tax Act) for a trust governed by an RRSP, a RRIF, an RESP, an RDSP or a TFSA if the annuitant, beneficiary or holder thereunder: (a) deals at arm’s length with the Fund for the purposes of the Tax Act; and (b) does not hold a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Fund. In addition, Units will not be a prohibited investment if the Units are “excluded property” (as defined in subsection 207.01(1) of the Tax Act). Unitholders should consult their own tax advisors regarding whether Units would be a prohibited investment under the Tax Act having regard to their own particular circumstances.

Assets received as a result of a distribution or redemption of Units may not be a qualified investment for an RRSP, a RRIF, an RESP, an RDSP or a TFSA, which may give rise to adverse tax consequences to such plans or the annuitant, holder or beneficiary thereunder. Unitholders should consult their own tax advisors in this regard.

#### **6.11 Taxation of Unitholders Not Resident in Canada**

Unitholders who, for the purposes of the Tax Act and any relevant tax treaty, are not resident in Canada or not deemed to be resident in Canada should consult their own tax advisors regarding their particular circumstances.

### **ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS**

Where allowed by applicable securities legislation, the Fund intends to offer the Units through any one, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives on the exempt market, and parties related to NFI or consultants of such parties. The Fund will offer as remuneration to the selling agents a cash commission equal to up to ten percent (10%) of the gross proceeds from sale of the Units.

It is anticipated that Whitehaven will act as a selling agent under the Offering.

Prospective Unitholders should note that if they purchase Units through WhiteHaven, they will not be purchasing securities from a dealer that is independent of NFI. Firstly, WhiteHaven is wholly-owned by WhiteHaven Holding Inc., which, as of February 11, 2020, owns 10% of the issued and outstanding shares of NFI. Secondly, the Chief Executive Officer of WhiteHaven, Athanasios Baltzis, sits on the Board of NFI and is the settlor of the Fund. For further information, see the disclosure in bold under “Selling Agents” on the cover page of this Offering Memorandum.

As such, NFI could be considered a “connected issuer” of Whitehaven under applicable Canadian securities laws.

## ITEM 8 RISK FACTORS

The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before deciding to invest in Units.

This Offering should be considered only by sophisticated prospective Unitholders able to assume the risk of total loss and to make long term investments. An investment in the Fund is not a complete investment program, and prospective Unitholders should fully understand and be capable of assuming the risks of investing in the Fund. Prospective Unitholders should consider a number of risk factors before investing in the Fund, including the risk factors listed below.

### 8.1 Investment Risk

#### 8.1.1 General Investment Risk

Investment risk includes the possible loss of the entire amount of capital that you invest. Your investment in the Fund will be used to make direct loans to NFI, secured by NFI's shares of FPHI and OFTI as collateral. The values of these loans and the pledged collateral may increase or decrease, at times rapidly and unexpectedly. Your investment in the Fund may at any point in the future be worth less than your original investment. Accordingly, it is important you periodically evaluate your investment in the Fund. All investments in the loans made to NFI, as well as the collateral offered to secure them, involve risk of the loss of all or part of the investor's original capital.

#### 8.1.2 General Economic and Market Conditions

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

#### 8.1.3 No Insurance against Loss

The Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.

#### 8.1.4 Securities Regulatory Risks

In the ordinary course of business, the Fund may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under applicable Canadian Securities Laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for under securities laws where the regulator considers it necessary to do so to protect investors or the public interest.

While the Fund believes that its position regarding compliance with applicable Canadian Securities Laws is appropriate and supportable, it is possible that securities law matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Fund. There can be no assurance that applicable Canadian Securities Laws or the securities regulators' interpretations thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Fund.

#### 8.1.5 Return on Securities

There is no guarantee that the Units will earn any positive return in the short term or long term. A holding of Units is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable it to assume such risks and who have no need for immediate liquidity in their investment. A holding of Units is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

#### 8.1.6 Changes in the Investment Objectives and Strategies

The Trustees may propose changes to the Fund's investment objectives, strategies and restrictions. However, the Fund's investment objective may only be changed with the approval of Unitholders of the Fund or Series of the Fund, as applicable, holding not less than 66 2/3% of such Units.

#### 8.1.7 Concentration Risk

The Fund will be investing exclusively in direct loans to NFI. Due to such a concentration, the financial, economic, business, and other developments affecting the industry, market, and economic sector in which NFI operates will have a greater effect on the Fund than if it had not concentrated its assets, which may increase the volatility of the Fund. Such a concentration may also limit the liquidity of the Fund.

#### 8.1.8 Illiquidity of Investment

An investment in the Units of the Fund is an illiquid investment. There will be no market through which the Units of the Fund may be sold. The Fund is not a "reporting issuer", under the applicable securities legislation, in any jurisdiction, and a prospectus has not qualified the issuance of the Units.

In addition, Units may not be assigned, encumbered, pledged, hypothecated or otherwise transferred except with the prior written consent of the Trustees, which may be withheld in the Trustees' sole and absolute discretion. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units. These redemptions will be subject to certain limitations. Unitholders may not be able to liquidate their investments in a timely manner. As a result, an investment in the 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.

#### 8.1.9 Fees and Expenses

The Fund is obligated to pay fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether it realizes profits. These fees and expenses will be paid by NFI using the proceeds of the present Offering.

#### 8.1.10 Currency Risk

The Fund's assets are valued in Canadian dollars. NFI, however, operates in U.S. dollars. As such, the value of the secured loans made by the Fund to NFI may be affected by the changes in the value of the Canadian dollar in relation to the value of the U.S. dollar.

#### 8.1.11 Potential Indemnification Obligations

Under certain circumstances, the Fund might be subject to significant indemnification obligations in favour of the Trustees, and other service providers to the Fund or certain parties related to them. The Fund will not carry any insurance to cover such potential obligations and, to the Trustees' knowledge, none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the net asset value of such Fund and, by extension, the series net asset value per Unit.

### 8.1.12 Redemptions

There are circumstances in which the Fund may suspend redemptions or not have sufficient liquid assets to pay redemption proceeds in cash. See the heading entitled *Rights of Redemption*. Accordingly, Units may not be an appropriate investment for investors seeking liquidity. Substantial redemptions of Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

### 8.1.13 Series Risk

Since the Fund may have multiple Series of Units, each Series will be charged, as a separate Series, any Series Expenses such as management fees that are specifically attributable to that Series. However, the Trustees generally will allocate all other expenses of the Fund among the Series of Units in a fair and equitable manner and the creditor of the Fund may seek to satisfy its claims from the assets of the Fund as a whole, even though its claims relate only to a particular Series of Units.

## **8.2 Tax Risks**

### 8.2.1 Canadian Tax Treatment of Units

The tax treatment of the Units constitutes a major factor when considering an investment in the Units. There is no guarantee that the taxation laws and regulations and the current administrative positions and assessing practices of both the federal and provincial tax authorities will not be amended or adopted as proposed to be amended or construed in such a way that the tax considerations for a Unitholder will not be altered and, moreover, there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Units and the status of the Units.

### 8.2.2 Minimum Number of Unitholders

The requirements for mutual fund trust status under the Tax Act include ongoing requirements that must be met at all times. These requirements include a requirement that before the 91<sup>st</sup> day after the Fund's first taxation year, the Fund must have at least 150 Unitholders holding not less than one block of a Series of Units (as defined in the Tax Act) having an aggregate fair market value of not less than \$500. In addition, the Fund may cease to be a mutual fund trust where it is considered to be established or maintained primarily for the benefit of non-residents unless certain requirements are met. If the Fund were not to qualify as a mutual fund trust under the Tax Act, the federal income tax considerations described in this Offering Memorandum would, in some respects, be materially and adversely different. If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the Units will cease to be qualified investments for trusts governed by an RRSP, a RRIF, an RESP, an RDSP or a TFSA. There can be no assurance that the Units will continue to be qualified investments for trusts governed by an RRSP, a RRIF, an RESP, an RDSP or a TFSA. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

### 8.2.3 No Advance Tax Ruling

No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum.

## **8.3 Management Risk**

### **8.3.1 Dependence on Key Personnel**

The Trustees depend, to a great extent, on the services of a limited number of individuals in the administration of the Fund's activities. The loss of such individuals for any reason could impair their ability to perform their activities on behalf of the Fund.

### **8.3.2 Limited Operational History**

The Fund is a newly-constituted entity and is subject to all the risks inherent in the establishment of a new business. There is no certainty that the Fund's business strategy will be successful. The likelihood of success of the Fund must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Fund fails to address any of these risks or difficulties adequately, its business will likely suffer. There is no assurance that the Fund can operate profitably.

### **8.3.3 Unitholders not Entitled to Participate in Management**

Unitholders are not entitled to participate in the management or control of the Fund or its operations. Unitholders do not have any input into the Fund's trading. The success or failure of the Fund will ultimately depend on the indirect investment of the assets of the Fund by the Trustees, with which Unitholders will not have any direct dealings.

## **8.4 Status of the Fund**

As the Fund is not a mutual fund offered by prospectus as defined under applicable securities legislation, it is not subject to the Canadian regulations, rules and policies that apply to mutual funds offered by prospectus.

Subscribers are cautioned that the Fund is not generally regulated by established corporate law and Unitholders' rights are governed primarily by the specific provisions of the Trust Agreement, which addresses such items as the nature of the Units, the entitlement of Unitholders to cash distributions, restrictions respecting non-resident holdings, meetings of Unitholders, delegation of authority, administration, Trust governance and liabilities and duties of the Trustees of the Fund to Unitholders. As well, under certain existing legislation such as the Bankruptcy and Insolvency Act and the Companies Creditor's Arrangement Act, the Fund is not a legally recognized entity within the definitions of these statutes. In the event of insolvency or restructuring of the Fund, the rights of Unitholders may be different from those of shareholders of an insolvent or restructuring of a corporation as the Fund and its stakeholders would not be able to access the remedies and procedures available thereunder.

## **8.5 Conflict Risk**

The Fund's Trustees may also act as Trustees for another fund, which will itself invest in equity of NFI. The Trustees may therefore become bound by fiduciary duties in favour of another fund, in addition to the Fund. This situation could result in a conflict of interest for the Trustees in the exercise of their fiduciary duties toward the Fund.

## **8.6 Risks Related to the Business and Industry of NFI**

### **8.6.1 Dependence on Operating Subsidiaries**

NFI's revenue will consist of fees, interest and other revenue distributions from its operating subsidiaries, FPHI and OFTI (referred to, together, as the "Portfolio Companies"). It is therefore dependent upon the

ability of the Portfolio Companies to implement their respective business plans. Many of the risk factors discussed below apply equally, and separately, to each of the Portfolio Companies.

NFI currently owns approximately 52.5% of each of the Portfolio Companies.

The assumptions in NFI's estimates with respect to the Portfolio Companies are based on publicly available financial information regarding the consumer finance industry, market research by the Portfolio Companies and, in the case of FPHI, limited operations conducted by FPHI's predecessor, FuturePay, Inc. Since the Portfolio Companies are significantly smaller than other public and private companies in this industry, these assumptions may not be valid and it may take much longer, if ever, to achieve the projected results.

#### 8.6.2 Management Risk

NFI's future success depends on its ability and that of the Portfolio Companies to retain their key executives and to attract, retain and motivate qualified personnel.

NFI may acquire businesses or products, or form strategic alliances, in the future, and NFI may not realize the benefits of such acquisitions.

NFI's success depends on its ability to effectively manage its growth.

#### 8.6.3 Limited operational history in an evolving industry

NFI, FPHI and OFTI have no operating history in an evolving industry that may not develop as expected. Assessing their business, activities and future prospects is challenging in light of the risks and difficulties NFI and the Portfolio Companies may encounter. These risks and difficulties include their ability to, among other things:

- navigate complex and evolving regulatory and competitive environments;
- successfully maintain and evolve internal controls to manage compliance with an evolving and complex regulatory environment;
- increase the effectiveness of their marketing programs and ability to identify the trends relevant to targeted demographics;
- favourably compete with other entities that are currently in, or may in the future enter, the business of financial services to their target market;
- successfully navigate economic conditions and fluctuations in the financial services market;
- effectively manage the growth of their business and activities;
- successfully expand their business and activities;
- effectively use limited personnel and technology resources;
- effectively maintain and scale their financial and risk management controls and procedures;
- maintain the confidentiality of the information provided and utilized across its activities; and
- attract, integrate and retain an appropriate number of qualified employees.

#### 8.6.4 Implementation of Business Plan

NFI's business plan was developed in consultation with the founders of each of FPHI and OFTI, and the business plans of the three entities are intended to maximize the synergies between and among them. However, NFI's estimates of capital, personnel, equipment and facilities required for its proposed operations and those of the Portfolio Companies are based on assumptions derived from certain other businesses operating under similar conditions and plans and, in the case of the Portfolio Companies, upon information, projections and estimates provided to NFI by the founding shareholders or management of the Portfolio Companies. NFI believes that all such estimates are reasonable, but it is not possible to determine the accuracy of such estimates at this point. Neither NFI nor the Portfolio Companies have had any operating experience, and therefore have no basis for their projections other than research regarding similar businesses. There can be no assurance that they will be able to obtain sufficient financing or implement the business plan. Further, even with sufficient financing, there can be no assurance that they will be able to expand on a national or international basis or operate the business on a profitable basis. The business plans are based upon the assumptions that present market conditions in the businesses that NFI plans to operate will continue and that the risks described in this Memorandum will be dealt with successfully. There can be no assurance that such plans will be realized or that any of the assumptions will prove to be correct.

#### 8.6.5 The Financial Services Industry Is Highly Regulated

NFI's business and activities and those of its Portfolio Companies are subject to numerous federal, state, provincial and other local laws, ordinances and regulations in each of the jurisdictions in which it operates, which are subject to change and which may impose significant costs or limitations on the way NFI and the Portfolio Companies conduct or expands their business and activities. These regulations govern, or affect, among other things:

- lending and collection practices, such as truth in lending and short-term and instalment lending and continuous payment authority;
- interest rates and usury;
- loan amount and fee limitations;
- licensing and posting of fees; and
- privacy of personal consumer information.

As NFI and the Portfolio Companies develop their business and activities, they may become subject to additional laws and regulations. Future legislation or regulations may restrict NFI's ability to continue its current methods of operation or expand its activities and may have a negative effect on its business, results of operations and financial condition. In addition, future legislation or regulations, or amendments to the existing regulatory regime, could require NFI or the Portfolio Companies to modify their business and activities, which may cause them to incur additional costs.

#### 8.6.6 Legislation Regarding Personal data

NFI and the Portfolio Companies may from time to time receive, transmit and store a large volume of personally identifiable information and other sensitive data from its borrowers and potential borrowers. There are federal, provincial and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. Specifically, personally identifiable information is increasingly subject to legislation and regulations to protect the privacy of personal information that is collected, processed and transmitted. Any violations of these laws and regulations may require NFI and the Portfolio Companies to change their business practices or operational structure, address legal claims and sustain monetary penalties and/or other harms to their businesses.



The regulatory framework for privacy issues is constantly evolving and is likely to remain uncertain for the foreseeable future. The interpretation and application of such laws is often uncertain, and such laws may be interpreted and applied in a manner inconsistent with NFI's current policies and practices or require changes to the features of its platform. If either NFI, the Portfolio Companies or any of their third-party service providers are unable to address any privacy concerns, even if unfounded, or to comply with applicable laws and regulations, it could result in additional costs and liability, damage their reputation and harm their businesses.

#### 8.6.7 Security breaches

The Portfolio Companies may store borrowers' personal and banking information and other sensitive data. Any accidental or willful security breaches or other unauthorized access could cause the theft and criminal use of this data. Security breaches or unauthorized access to confidential information could also expose NFI and its Portfolio Companies to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in the Fund's software are exposed and exploited, and, as a result, a third party obtains unauthorized access to any of its customers' data, NFI's relationships with the borrowers will be severely damaged, and NFI could incur significant liability.

A significant barrier to online commerce and communications is the secure transmission of confidential information over public networks. NFI and the Portfolio Companies rely on encryption and authentication technology licensed from third parties to provide the security and authentication technology to effect secure transmission of confidential information, including customer credit card numbers. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, NFI, the Portfolio Companies and any of their third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, certain jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause the Portfolio Companies' customers to lose confidence in the effectiveness of their data security measures. Any security breach, whether actual or perceived, would harm their reputation and the Portfolio Companies may lose business.

#### 8.6.8 Risks Associated with the SPV Structure

NFI's proposed business strategy relies heavily upon revenue and net income from wholly-owned special purpose vehicles ("SPV") subsidiaries of the Portfolio Companies that will own pools of loan receivables or accounts. NFI anticipates that it will be required to contribute cash equity to the SPVs in order to permit the purchase of receivables. The SPVs will be thinly capitalized and highly leveraged. Use of leverage increases the risk of loss. NFI's equity investment in the SPVs will be subordinated to any debt financing and will accordingly be in a first loss position in the event that the pools of receivables do not generate sufficient cash to service the debt of the SPVs.

NFI has projected debt financing for the SPVs from multiple sources. NFI does not currently have any commitments for such financing. There can be no assurance that such financing will be available on attractive terms or at all. Any inability to raise adequate funds for the SPVs on acceptable terms would have a material adverse impact on NFI's business, results of operation and financial condition.

Loan receivables held by the SPVs will bear interest at fixed rates. NFI anticipates that a major part of the debt of the SPVs will bear interest at floating or adjustable rates linked to benchmark rates such as LIBOR (or its successor rate), Prime Rate or US Treasury securities. Increases in such benchmark rates will increase, possibly substantially, the financing costs of the SPVs and reduce the positive spread, if any, between the interest received on the loan receivables and the interest paid by the SPVs on their debt.

Cash available to the SPVs to service their debt will be reduced by defaults in the pools of loan receivables. NFI's projections contain assumptions regarding default rates that NFI believes are reasonable relative to historical default rates on consumer debt generally. However, a number of factors could cause the SPVs to experience loan losses above historical averages and above our projected loss rates. Such factors include, without limitation,

- a general economic downturn with associated increased rates of unemployment;
- unduly liberal credit underwriting standards;
- poor implementation of sound underwriting standards;
- deficiencies in loan servicing and collection procedures; and
- issues involving merchants' failure to deliver goods or perform services resulting in consumers' refusal to make payment.

Loss experience by the SPVs at substantially greater than projected rates will result in reduced profitability or possibly losses to the SPVs. This, in turn, would have a material adverse impact on NFI's business, results of operation and financial condition.

#### 8.6.9 Protection of Intellectual Property

NFI's ability to service the Portfolio Companies depends, in part, upon its intellectual property. The business of the Portfolio Companies is likewise dependent on the intellectual property of the Portfolio Companies. With regard to the protection of URLs, copyrights, service marks, trademarks, trade dress and trade secrets critical to the success of NFI and the Portfolio Companies, they rely on a combination of patent, copyright, trademark, service mark and trade secret laws and contractual restrictions to protect their proprietary rights in products and services. NFI and the Portfolio Companies expect to enter into confidentiality and invention assignment agreements with their contractors, and nondisclosure agreements with parties with whom they conduct or wish to conduct business in order to limit access to and disclosure of their proprietary information. These contractual arrangements and the other steps taken to protect such intellectual property may not prevent misappropriation of their technology or deter independent third-party development of similar technologies. NFI and the Portfolio Companies intend to pursue the registration of their URLs, trademarks and service marks in the U.S. Effective copyright, service mark, trademark, trade dress and trade secret protection is very expensive to maintain, and protection may not be available in every state in which our services are made available online. Furthermore, NFI and the Portfolio Companies must also protect their URLs in an increasing number of jurisdictions, a process that is expensive and may not be successful in every location.

In order to protect their intellectual property rights, NFI or the Portfolio Companies may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce its intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of its intellectual property. Furthermore, efforts to enforce its intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. Failure to secure, protect and enforce its intellectual property rights could seriously harm its brand and adversely affect business of NFI and the Portfolio Companies.

To date, neither NFI nor the Portfolio Companies has been a party to any litigation alleging the possible infringement of patents, copyrights, trademarks, trade secrets or other intellectual property rights claimed by third parties. There can be no assurance, however, that such litigation would not ensue in the future against one or more of them. Because of the competitive nature of the technology and the industry, litigation alleging infringement of intellectual property rights of others is not uncommon. The defense of suits or bringing suits against others alleging infringement of intellectual property rights would incur significant costs, irrespective of the validity or the successful assertion of such claims. Claims of this nature could have a material adverse impact on NFI's business, results of operation and financial condition.

## ITEM 9 REPORTING OBLIGATIONS

The Fund is not subject to continuous reporting and disclosure obligations which the securities legislation of any province or territory of Canada would require of a “reporting issuer” as defined in such legislation and, as such, except as noted below, there is no requirement that the Fund make disclosure of its affairs, including, without limitation, through the prompt notification of material changes by way of news releases.

The Fund is required, however, to file its audited annual financial statements within 120 days after the end of each of its financial years with the applicable securities commissions and provide a copy thereof to each subscriber in Quebec, Ontario, Saskatchewan, New Brunswick (subsection 2.9 (17.5) National Instrument 45-106 Prospectus Exemptions (“**NI 45-106**”)), Alberta (Section 2.9 (17.4) NI 45-106), and Nova Scotia (Section 2.9 (17.6) NI 45-106) that subscribes for Units pursuant to the “offering memorandum” exemption under subsection 2.9(2.1) of NI 45-106 (the “**OM Exemption**”). Additionally, the Fund is required to provide:

- (i) to the abovementioned subscribers, a notice detailing the use of the aggregate gross proceeds raised by the Fund under the OM Exemption; and
- (ii) to subscribers in Ontario, New Brunswick, and Nova Scotia who subscribe for Units pursuant to the OM Exemption, a notice within 10 days of the occurrence of any of the following events: (a) a discontinuation of the Fund’s business; (b) a change in the Fund’s industry; or (c) a change of control of the Fund.

## ITEM 10 RESALE RESTRICTIONS

### 10.1 General Statement

No transfers of Units may be made other than by operation of law and with the consent of the Trustees.

### 10.2 Restricted Period

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Investors are advised to seek legal advice prior to any resale of the Units. In addition, no Unit may be transferred without the approval of the Trustees. However, Unitholders may redeem their Units in accordance with the Trust Agreement. See the heading entitled *Rights of Redemption*.

Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada. However, the Trustees do not intend to cause the Fund to become a reporting issuer.

### 10.3 Manitoba Resale Restrictions

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

- (i) 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
- (ii) 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.

## ITEM 11 PURCHASERS' RIGHTS

Securities legislation in certain jurisdictions where the Offering is being made provide purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

However, these remedies must be exercised within the prescribed time limits and are described below. **Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.**

### *Rights for Purchasers in Alberta*

Securities legislation in Alberta provides that every purchaser of Units pursuant to this Offering Memorandum or any amendment thereto shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, against the purchased Fund and certain other persons if this Offering Memorandum or any amendment thereto contains a "misrepresentation" (as defined in the *Securities Act* (Alberta) (the "**Alberta Act**")). However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. In particular, Section 204 of the Alberta Act provides that if this Offering Memorandum or any amendment thereto contains a misrepresentation, a purchaser who purchases Units offered under this Offering Memorandum or any amendment will be deemed to have relied upon the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund and every person or company who signed this Offering Memorandum or, alternatively, for rescission against the Fund, provided that if the purchaser exercises its right of rescission against the Fund, the purchaser will not have a right of action for damages against the Fund or against any aforementioned person or company.

No action can be commenced to enforce the rights of action described above more than:

- (a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or
- (b) in the case of any action, other than an action for rescission, the earlier of:
  - (i) 180 days from the date that the purchaser first had knowledge of the facts giving rise to the cause of action, or
  - (ii) three years from the date of the transaction that gave rise to the cause of action.

No person or company referred to above is liable if the person or company proves that the purchaser had knowledge of the misrepresentation. In addition, no person or company will be liable in an action pursuant to section 204 of the Alberta Act if the person or company proves that:

- (a) this Offering Memorandum or any amendment thereto was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of it 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) on becoming aware of the misrepresentation in this Offering Memorandum, the person or company withdrew its consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) if, with respect to any part of this Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company proves had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the relevant part of this Offering Memorandum or any amendment thereto 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.

In addition, no person or company is liable with respect to any part of this Offering Memorandum or any amendment thereto 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 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.

In an action for damages, the defendant 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 relied upon. The amount recoverable under this right of action will not exceed the price at which the Units were offered under this Offering Memorandum or any amendment thereto. The rights of action for rescission or damages are in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Alberta Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

#### *Rights for Purchasers in Ontario*

A purchaser of Units who is resident in Ontario and to whom this Offering Memorandum was delivered may, if the amount of the purchase does not exceed the sum of \$50,000, rescind the contract to purchase such Units by sending written notice to the Fund within 48 hours from the time the purchaser received the confirmation for the purchase of the Units. The amount the purchaser is entitled to recover on exercise of the right to rescind may not exceed the net asset value of the Units purchased at the time the right to rescind is exercised, but will be entitled to reimbursement from every registered dealer through whom such Units were purchased (if any) for the amount of sales charges and fees relevant to the investment of the purchaser in the Fund in respect of the Units for which the notice of rescission was given.

In the event that this Offering Memorandum or any amendment thereto contains a misrepresentation, a purchaser resident in Ontario who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages against the Fund or, alternatively, while still the owner of the Units, for rescission against the Fund provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Fund;
- (b) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the Units were offered.

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date the purchaser purchased the Units;  
or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date the purchaser purchased the Units.

The rights of action for rescission or damages conferred by section 130.1 of the *Securities Act* (Ontario) is in addition to and without derogation from any other right the purchaser may have at law.

Not all defences upon which the Fund or others may rely are described herein. Please refer to the full text of the *Securities Act* (Ontario) for a complete listing.

This Offering Memorandum is being delivered in connection with a distribution made in Ontario in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to above do not apply if this Offering Memorandum is delivered to a prospective purchaser in Ontario in connection with a distribution made in Ontario in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in OSC Rule 45-501 Ontario Prospectus and Registration Exemptions);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

#### *Rights for Purchasers in Québec*

Legislation has been adopted in Québec, but is not yet in force, that will provide the purchasers of Units with a statutory right to sue (if proclaimed in force). Until such time as this legislation is in force, in addition to any other right or remedy available to the purchasers of Units under ordinary civil liability rules, purchasers are granted the same rights of action for damages or rescission as purchasers in Ontario. If and when this legislation is in force, then purchasers of Units residing in the Province of Québec will no longer have the rights granted to purchasers in Ontario and the following will apply, in addition to any other right or remedy available to purchasers of Units residing in the Province of Québec under ordinary civil liability rules:

If there is a misrepresentation in this Offering Memorandum, purchasers will have a statutory right to sue:

- (a) to cancel subscription agreement to buy the Units or to revise the price at which the Units were sold to the purchaser; and
- (b) for damages against the Fund, the persons in charge of the Fund’s patrimony, the dealer(s) under contract to the Fund in connection with the sale of these Units and any expert whose opinion appears in this Offering Memorandum if such opinion contains a misrepresentation.

This statutory right to sue will be available to purchasers whether or not purchasers have relied on the Offering Memorandum. Purchasers will be able to elect to cancel their agreement to buy these Units or to bring an action to revise the price without prejudice to their claim for damages.

However, there will be various defences available to the persons that purchasers will have a right to sue. For example, they will have a defence if purchasers knew of the misrepresentation when they purchased the Units. In an action for damages, a person listed above, other than the Fund or the persons in charge of the Fund's patrimony, will not be liable if that person acted with prudence and diligence.

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

- (a) 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; and
- (b) there was a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If purchasers of Units intend to rely on the rights described in (a) or (b) above, they will have to do so within strict time limitations. Purchasers will have to commence an action to cancel the agreement or revise the price within three years after the date of the purchase. Purchasers will have to commence an action for damages within the earlier of (i) three years after they first had knowledge of the facts giving rise to the cause of action (except on proof of tardy knowledge imputable to purchasers negligence) or (ii) five years after the filing of this Offering Memorandum with the *Autorité des marchés financiers*.

*Rights for Purchasers in British Columbia (when not relying on the Offering Memorandum Exemption) and Newfoundland and Labrador*

Investors in British Columbia (when not relying on the Offering Memorandum Exemption) and Newfoundland and Labrador are granted the same rights of action for damages or rescission as residents of Ontario who purchase Units.

*Rights for Purchasers in British Columbia (when relying on the Offering Memorandum Exemption)*

According to NI 45-106, you can cancel your agreement to purchase the securities (the “**Cancellation Right**”). To do so, you must send a notice to us by midnight on the second Business Day after you sign the agreement to buy the securities.

In addition to the Cancellation Right and to any other rights or remedies available at law, the *Securities Act* (British Columbia) (the “**BC Securities Act**”) provides Unitholders with the rights, in certain circumstances, to seek damages or to cancel their agreement to purchase Units. These rights are available if this Offering Memorandum contains a misrepresentation or if the Trustees fail to deliver the Offering Memorandum within the prescribed time. Pursuant to the BC Securities Act, a “misrepresentation” means an untrue statement about a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

Certain of the rights granted to Unitholders under the BC Securities Act are summarized below. For more complete information about such rights, Unitholders should seek legal advice.

More specifically, the BC Securities Act provides that if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Fund to cancel your agreement to buy the securities; or
- (b) for damages against the Fund and for damages against the Trustees, every person who was a trustee at the date of this Offering Memorandum and any other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not they relied on the misrepresentation. If you choose to rescind their purchase, they cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Units were offered. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

Moreover, under the BC Securities Act, the defendant will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

- (a) this Offering Memorandum contains 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
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Finally, if you intend to rely on the rights described above in paragraphs (a) or (b), you do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after you signed the agreement to purchase the securities.

The rights summarized above are in addition to and without derogation from any other rights or remedy which investors may have at law.



## **ITEM 12 FINANCIAL STATEMENTS**

The audited opening balance sheet for the Fund, dated January 14, 2020, is attached.

The consolidated unaudited financial statement for NFI, dated January 15, 2020, is attached.

**SCHEDULE A**  
**FINANCIAL STATEMENTS**  
(See attached)



**NEWOAK FINANCE FUND I**

**FINANCIAL STATEMENT**

**JANUARY 14, 2020**

MAZARS, LLP

215, SAINT-JACQUES STREET - SUITE 1200  
MONTRÉAL - QUÉBEC - CANADA - H2Y 1M6  
TEL.: 514 845-9253 | FAX: 514 845-3859

[www.mazars.ca](http://www.mazars.ca)

6455, JEAN-TALON EAST - SUITE 601  
SAINT-LÉONARD - QUÉBEC - CANADA - H1S 3E8  
TEL.: 514 845-9253 | FAX: 514 355-1630





## **NEWOAK FINANCE FUND I**

### **FINANCIAL STATEMENT JANUARY 14, 2020**

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Mazars, LLP

215, SAINT-JACQUES STREET - SUITE 1200  
MONTRÉAL - QUÉBEC - CANADA - H2Y 1M6  
TEL.: 514 845-9253 | FAX: 514 845-3859  
[www.mazars.ca](http://www.mazars.ca)

6455, JEAN-TALON EAST - SUITE 601  
SAINT-LÉONARD - QUÉBEC - CANADA - H1S 3E8  
TEL.: 514 845-9253 | FAX: 514 355-1630



## **INDEPENDENT AUDITOR'S REPORT**

To the Unitholder and Trustees of  
**NEWOAK FINANCE FUND I**

### ***Opinion***

We have audited the financial statement of **NEWOAK FINANCE FUND I** (the "Fund") as at January 14, 2020, which comprises the statement of financial position as at January 14, 2020 and the notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Fund as at January 14, 2020, in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter***

We draw to users' attention the fact that the financial statement does not comprise a full set of financial statements prepared in accordance with IFRS. Our opinion is not modified in respect of this matter.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statement***

Management is responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatements, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Mazars, LLP<sup>1</sup>*

Montréal, February 11, 2020

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1. By CPA auditor, CA, public accountancy permit No. A119507

STATEMENT OF FINANCIAL POSITION  
JANUARY 14, 2020

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**ASSETS****Current assets**

Cash and cash equivalents	\$	10
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<b>Total assets</b>	<b>\$</b>	<b>10</b>
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**Unitholder's Equity**

Issued and outstanding units (Note 4)	\$	10
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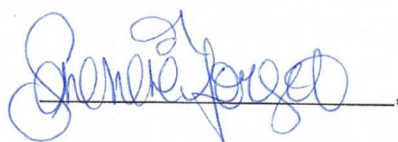
<b>Total Unitholder's equity</b>	<b>\$</b>	<b>10</b>
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Commitments (Note 5)

Events after the reporting period (Note 10)

See accompanying notes to the financial statement.

Approved by the Trustees of NEWOAK FINANCE FUND I

  
\_\_\_\_\_, Trustee  
\_\_\_\_\_, Trustee



**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**1. DESCRIPTION OF THE FUND AND NATURE OF ACTIVITIES**

NewOak Finance Fund I (the "Fund") is a trust for private utility, perpetual or otherwise created by a Trust Agreement on January 14, 2020 as amended and restated from time to time. Its head office is located at 7900, Taschereau Blvd, Édifice B, Office 201, Brossard (Québec) J4X 1C2.

The Fund qualifies as a "mutual fund trust" under the Tax Act and was formed for the purpose of making investments in NewOak Finance, Inc. ("NFI"), which will consist of secured loans. NFI will in turn use the funds stemming from the loans in order to finance the business, consisting of developing, operating, managing and growing fintech and finance entities.

The accompanying financial statement has been prepared in accordance with International Financial Reporting Standards ("IFRS") assuming the Fund will continue on a going-concern basis. The Fund is in a start-up phase and in the process of raising financing in order to support NFI to continue business operations.

The financial statement was approved by the Trustees for issue on February 11, 2020.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial statement are set out below.

**Basis of Presentation**

The preparation of the financial statement is in accordance with IFRS. The following is a summary of significant accounting policies that will be followed by the Fund in the preparation of this financial statement.

This financial statement has been prepared on the historical-cost basis, with the exception of certain financial instruments, which are measured at fair value. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

**Functional and Presentation Currency**

This financial statement is presented in Canadian dollars, which is the functional and the presentation currency of the Fund.

**Estimates**

The preparation of the financial statement in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amount of assets and liabilities, and disclosures of contingent assets and liabilities as at the date of the financial statement. These estimates are changed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Offering Costs**

All costs incurred in connection with the issuance of units and the Offering Memorandum ("OM") are assumed by NFI.

**Income Taxes**

The Fund is considered a mutual fund trust for income tax purposes. If the Fund distributes all taxable income directly earned by the Fund to Unitholders, no provision for income taxes is required. However, if all taxable income is not distributed, then a provision for income tax must be accounted for accordingly.

**Cash and Cash Equivalents**

Cash and cash equivalents presented in the statement of financial position include components of cash that are readily available or convertible to known amounts of cash and which are subject to no significant risk of changes in value.

**Financial Instruments**

All financial assets are initially recognized at fair value in the statement of financial position and are subsequently classified as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on the Fund's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis.

Cash and cash equivalents are classified as financial assets at amortized cost.

Under IFRS 9, at each reporting date, the Fund recognizes a loss allowance for expected credit losses for debt instruments classified as at amortized cost or as at fair value through other comprehensive income. This allowance is estimated based on an impairment model that comprises three stages:

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial Instruments (Continued)**

- Stage 1: For financial instruments that have not had a significant increase in credit risk since initial recognition and are not considered as credit-impaired financial assets, a loss allowance amounting to 12-month expected credit losses is recognized.
- Stage 2: For financial instruments that have had a significant increase in credit risk since initial recognition but are not considered as credit-impaired financial assets, a loss allowance amounting to the lifetime expected credit losses is recognized.
- Stage 3: For financial instruments considered as credit-impaired, a loss allowance amounting to the lifetime expected credit losses continues to be recognized.

Financial instruments may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and the level of expected credit losses. Instruments are always classified in the various stages of the impairment model based on the change in credit risk between the reporting date and the initial recognition date of the financial instrument and an analysis of evidence of impairment.

To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, the Fund bases its assessment on the change in default risk over the expected life of the financial instrument, which requires significant judgment.

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

**3. ISSUANCE OF UNITS**

The Fund intends to issue units, in certain provinces and territories of Canada. Each unit will be offered at \$10 per unit and the minimum subscription is of \$500 (50 units) per subscriber. There is no minimum offering and the maximum offering is fixed at \$25,000,000 (2,500,000 units).

**4. ISSUED AND OUTSTANDING UNITS**

The Fund is authorized to issue an unlimited number of units in each series that would be created. One unit was issued for \$10 upon creation of the Fund on January 14, 2020.

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**4. ISSUED AND OUTSTANDING UNITS (CONTINUED)****Distribution**

Based on the interest payments received from NFI, the Fund intends to pay to Unitholders an amount equal to an annual percentage rate of 10% of the value of the Units they hold. The interest amount of 1/12 (one twelfth) of 10% of the value of the units held by a Unitholder will be paid on a monthly basis on the 20<sup>th</sup> day of the month following the month for which the interest was applicable.

**Redemption**

The units are redeemable at the option of the Unitholders, at the price per unit that is applicable at the Redemption Date multiplied by the number of Units redeemed, applicable on the Redemption Date, less any applicable fees, or commissions.

The price per unit is calculated based on the Fund's net asset value which shall equal the aggregate value of the Fund property, less an amount equal to all liabilities of the Fund divided by the total amount of units issued and outstanding.

Units of the Fund may be redeemed by the Fund at any time and are redeemable on the last Business Day of any month (the "Redemption Date") and require notice of not less than five days to the holder thereof.

The Trustees' obligation to make payment of the redemption proceeds in cash is limited to the availability of Fund property that constitutes liquid assets and that is not otherwise required to satisfy any short-term liability of the Fund (collectively, the "Available Liquid Assets"). If the Trustees receive more than one redemption request for any given Redemption Date, the value of which exceeds the anticipated value of the Available Liquid Assets as at that Redemption Date, the Trustees will provide a notice to the Unitholders having made redemption requests advising them that they will be paid in cash only up to the amount of Available Liquid Assets, if any, and subject to a pro rata distribution among each Unitholder having made a redemption request. With respect to the remaining balance of their redemption requests, Unitholders will then have the option to:

- (a) carry one hundred percent (100%) of that Unitholder's redemption request balance forward to the next Redemption Date on which there are Available Liquid Assets, with these same options becoming available to the Unitholder at such Redemption Date; or
- (b) receive a maximum payment of ninety percent (90%) of the balance of the net redemption proceeds (the "Discounted Amount") in kind, with payment of the Discounted Amount being made, at the Trustees' discretion;
  - (i) in the form of securities or other Fund property having a fair market value that is equal to the Discounted Amount or

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**4. ISSUED AND OUTSTANDING UNITS (CONTINUED)****Redemption (Continued)**

- (ii) in the form of a debt instrument to be issued by the Fund, an existing Affiliate of the Fund, or an Affiliate of the Fund to be established, the principal amount of which will be equal to the Discounted Amount and the other terms of which will be set out in the notice sent to each relevant Unitholder (a "Debt Instrument"),

with payment of the Discounted Amount through either option (i) or (ii) constituting a full satisfaction of the relevant Unitholder's entitlement to further net redemption proceeds.

Each relevant Unitholder shall direct the Trustees in writing at the latest one business day prior to the Redemption Date as to whether such Unitholder accepts option (a) or (b), above, for payment of the Discounted Amount, failing which the balance of such Unitholder's redemption request shall be carried forward to the next Redemption Date on which there are Available Liquid Assets.

Although redeemable at the option of the Unitholders, the units have been classified as equity because they entitle the holders to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. In addition, there is no other outstanding financial instrument that has total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized net assets of the Fund and whose units have a redemption clause (see Note 10).

**Suspension**

The Trustees may, on behalf of the Fund, suspend or postpone the right or obligation of the Fund to effect redemptions of Units for the whole or any part of any period if (i) the Fund's right to redeem its investment in NFI is suspended, or (ii) if the Trustees determine that conditions exist as a result of which allowing redemptions would not be equitable for other Unitholders of the Fund, provided in each case that the suspension is not prohibited under Applicable Laws.

The suspension shall apply to all requests for redemption received while the suspension is in effect but shall not apply to requests for redemption made prior to the suspension but as to which payment has not been made. All Unitholders making such requests shall (unless the suspension lasts for less than 48 hours) be advised by the Trustees of the suspension and that the redemption will be effected on the basis of the applicable Redemption Price determined on the next Redemption Date following the suspension. All such Unitholders shall have and shall (unless the suspension lasts for less than 48 hours) be advised that they have, the right to withdraw their requests for redemption in these circumstances.

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**4. ISSUED AND OUTSTANDING UNITS (CONTINUED)****Termination**

The Fund shall be terminated in the event that:

- (a) an Extraordinary Resolution is passed by the Unitholders of all Series of the Fund approving the termination of the Fund;
- (b) all the Trustees of the Fund resign or are removed without replacement therefor as contemplated in the Trust Agreement; or
- (c) the Trustees determine to terminate the Fund where, in the opinion of the Trustees, the net asset value of the Fund is reduced as the result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund or it would be in the best interests of the Unitholders to terminate the Fund.

The Trustees will provide Unitholders of the Fund with notice in writing no less than 30 days prior to the effective date of any such termination.

**5. COMMITMENTS**

The Fund will sign agreements with selling agents in connection with the issuance of the units. The Fund intends to offer remuneration up to 10% of the gross proceeds from the sale of the units to the selling agents in connection with the OM.

It is anticipated that WhiteHaven Securities Inc. ("WhiteHaven") will act as a selling agent under the OM and is a related party (see Note 9).

**6. FINANCIAL RISKS**

The Fund's risk management policies are established to identify, analyze and manage the risks faced by the Fund and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are periodically reviewed in response to the Fund's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Fund's use of financial instruments include credit risk, liquidity risk and interest rate risk. These risks, and the actions taken to manage them, include:

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**6. FINANCIAL RISKS (CONTINUED)****Credit Risk**

This refers to the risk that the Fund will incur a financial loss if the other party to a financial instrument fails to discharge an obligation. The maximum exposure to credit risk for the Fund at the end of a given period usually corresponds to the carrying amount of its financial assets exposed to such risk. The Fund intends to mitigate this risk (if applicable) by securing collateral when possible.

**Liquidity Risk**

This refers to the possibility that the Fund will encounter difficulties in meeting the obligations associated with its financial liabilities, such as repayment upon the redemption of units. It might prove difficult for the Fund to access short-term liquidities should it need them. The Fund will constantly scrutinize its financial assets regarding its financial liabilities to make sure that it has sufficient funds available to meet all its obligations as they come due. No such risk exists as at January 14, 2020.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is a risk that the rates will fluctuate depending on market conditions and, therefore, impact the future financial assets and liabilities of the Fund.

**7. CAPITAL MANAGEMENT DISCLOSURES**

The Fund's capital structure has been defined by management as being comprised of Unitholder's equity. The Fund's objectives when managing its capital structure is to generate interest revenue by means of lending to NFI for the benefit of its Unitholders.

The Fund is not subject to any externally imposed capital requirements or covenants.

**8. FAIR VALUE**

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. Fair value reflects market conditions at a given date and, for this reason, may not be representative of future fair values or of the amount that will be realized upon settling the instrument.

The Fund's financial instruments include cash and cash equivalents. The carrying amounts of these financial instruments represent a reasonable estimate of their fair value.

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**8. FAIR VALUE (CONTINUED)**

The fair value of the Fund's financial instruments as at January 14, 2020, are as follows:

- Financial assets at amortized cost \$10

The Fund has implemented a system to test fair value measurements. Management is responsible for overseeing any significant fair value measurements, specifically those categorized within Level 3.

Management regularly reviews key unobservable inputs and measurement adjustments. If fair value is measured using third-party information (broker ratings or external valuation services), management analyzes the information obtained to ensure that it complies with IFRS requirements and that the estimated fair value is categorized appropriately.

To the extent possible, the Fund uses data from observable markets to measure the fair value of an asset or liability. Fair value measurements are established based on a three-level hierarchy that categorizes the inputs to valuation techniques.

**Level 1**

Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities.

**Level 2**

Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3**

Fair value measurement using inputs that are not based on observable market data (unobservable inputs).

Management considers that cash is of Level 1 in the hierarchy of fair value measurements. The carrying amount of cash is \$ 10 and it is considered to be its fair value. Other financial assets and financial liabilities are classified as Level 2. Where there are no quoted prices in active markets, Level 2 fair values are determined using internal or external valuation models including discounted cash-flow models. The fair value determined by these valuation models requires the use of assumptions about the amount and timing of estimated future cash flows, as well as many other variables. To determine these assumptions, observable external market data is used if available. Otherwise, the Fund uses its best estimate.



**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

Related parties of the Fund include the Unitholders, the Trustees comprising of Catherine Dalcourt, Geneviève Forget and René Caron, the Settlor, Athanasios Baltzis and all parties of the shareholders agreement of NFI, comprising of NewOak Capital LLC and WhiteHaven Holding Inc.

As it is anticipated that WhiteHaven will act as a selling agent under the Offering, it should be noted that Athanasios Baltzis, director, officer and control person of WhiteHaven, is the Settlor of the Fund and a director of NFI and, as such, NFI and the Fund could be considered “connected issuers” of WhiteHaven under applicable Canadian securities laws.

In addition, Athanasios Baltzis is also the settlor of the Fund and WhiteHaven Holding Inc., sole shareholder of WhiteHaven, is also a shareholder of 10% of the Class A voting shares of NFI.

Consequently, NFI could be considered a “connected issuer” of WhiteHaven under applicable Canadian securities laws upon completion of the Offering.

**10. EVENTS AFTER THE REPORTING PERIOD****Material Agreements**

On February 10, 2020, the Fund and NFI entered into three agreements: 1) the Loan Agreement 2) the Moveable Hypothec on Securities as well as 3) the Security and Pledge Agreement.

The Fund agrees, upon the terms and subject to the conditions of the Loan Agreement, to lend to NFI, an amount of up to but not exceeding, in the aggregate CDN\$25,000,000 (the “Facility”) on a revolving basis for a period of three (3) years (the “Revolving Period”), such that NFI may reborrow the whole or any part of that amount, so long as the loan outstanding at any given time does not exceed the amount of the Facility.

The Revolving Period shall be automatically extended on a yearly basis, unless there is an event of default or if the Fund provides a 60-day notice of termination.

The principal amount of the loan will be repayable on demand at the expiry of the three year term.

The Facility shall be used exclusively by NFI for general corporate purposes.

**NOTES TO THE FINANCIAL STATEMENT  
JANUARY 14, 2020**

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**10. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)****Material Agreements (Continued)**

The revolving loan outstanding shall bear interest at the rate equal to ten percent (10%) per annum. Interest on the revolving loan shall be calculated daily on the outstanding balance of the revolving loan as at the end of each day and payable in arrears on the last day of each month, with interest on all overdue interest at the rate specified above during the period in which it remains unpaid, calculated daily, compounded monthly on the last day of each calendar month, such overdue interest being payable upon demand of the Fund.

As a general and continuing collateral security for the due payment and performance by NFI of all of its obligations hereunder, including the repayment of the revolving loan, NFI shall grant in favour of the Fund liens on all of its movable (personal) assets, present and future, corporeal and incorporeal, pursuant to documents and agreements in form and substance satisfactory to the Fund, as described in the Moveable Hypothec on Securities as well as the Security and Pledge Agreement.

**Changes to the Terms of the Units**

On February 7, 2020, the terms of the Units were modified in the Trust Agreement.

The proceeds payable on a redemption of Units will be \$10 per Unit plus any, accrued but unpaid interest on such Unit on such Redemption Date multiplied by the number of Units redeemed, applicable on the relevant Redemption Date, less any applicable fees, or commissions.

As the Units no longer meet the criteria for equity treatment under IAS 32, Financial Instruments: Presentation, they will be classified as liabilities in future financial statements.

**NewOak Finance Inc.**

**Statement of Financial Position**  
**January 15, 2020**  
(in US dollars)

**\*\*\*UNAUDITED\*\*\***

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## Statement of Financial Position

As at January 15, 2020

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**Assets****In \$USD****Current Assets**

Cash

20

Equity

Common Shares

20

**1 . Incorporation and nature of business**

NewOak Finance (“**NFI**”) is a newly-formed corporation that was incorporated on January 15, 2020 in Delaware, USA. NFI is an operating company which will raise debt and equity capital with which it will make equity and debt investments in its subsidiaries as well as provide services to its subsidiaries.

NFI will benefit from the pre-existing resources and expertise of its parent company, NewOak Capital LLC (“**NewOak**”), which has been supporting the development of FuturePay Holdings Inc. (“**FPHI**” shall be used to refer to the entity, while “**FuturePay**” shall refer to the FuturePay system and brand) and Orbis Financial Technologies, Inc. (“**OFTI**” shall be used to refer to the entity, while “**OrbisPay**” shall refer to the OrbisPay system or brand).

NFI owns 52.5% of the outstanding shares of FPHI and 52.5% of the outstanding shares of OFTI. The shares of FPHI and OFTI owned by NFI were contributed by NewOak in exchange for 90% of the outstanding shares of NFI (see subsequent events).

The purpose of the formation of NFI by NewOak was to consolidate its activities and efforts in managing and supporting the development of FPHI and OFTI businesses and growing them, while taking advantage of synergies in credit and asset management, capital markets and technology strategy across all subsidiaries of NFI.

As NewOak holds 90% of the Class A shares of NFI, NewOak’s capabilities in the area of non-bank finance and fintech will be made available and executed through NFI. NFI will have access to the technological partners and resources that have been developed in the course of NewOak’s history and it will leverage these capabilities, partnerships, resources and experience of nearly 12 years, including that of NewOak’s wholly-owned and managed entities NewOak Asset Management, LLC (“**NAM**”), NewOak Capital Markets, LLC (“**NOCM**”) and Oak Branch Advisors, LLC (previously NewOak Credit Services, LLC), to continue to seek added-value partners and achieve leadership in non-bank finance in the United States first, then in Canada and beyond as it grows its market.

NFI intends to fund its operations through NewOak Finance Fund I (the “Fund”). The Fund is a trust for private utility, perpetual or otherwise created by a Declaration of Trust on January 14, 2020 as amended from time to time. Its head office is located at 7900, Taschereau Blvd, Édifice B, Office 201, Brossard (Québec) J4X 1C2.

The Fund qualifies as a "mutual fund trust" under the Tax Act and was formed for the purpose of making investments in NFI, which will consist of secured loans. NFI will in turn use the funds stemming from the loans in order to finance the business, consisting of developing, operating, managing and growing fintech and finance entities.

**2. Significant accounting policies****Basis of presentation**

The preparation of the financial statement is in accordance with IFRS. The following is a summary of significant accounting policies that will be followed by the Fund in the preparation of this financial statement.

This financial statement has been prepared on the historical-cost basis, with the exception of certain financial instruments, which are measured at fair value. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

**Functional and presentation currency**

The financial statements are presented in USD dollars which is also the Company's functional currency.

**Cash and cash equivalents**

Cash and cash equivalents include available liquidities, accounts held with banks, and highly liquid investments with original maturities of three months or less from the date of purchase that are readily convertible to known amounts of cash.

**Estimates**

The preparation of the financial statement in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amount of assets and liabilities, and disclosures of contingent assets and liabilities as at the date of the financial statement. These estimates are changed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

**Offering costs of the Fund**

All costs incurred in connection with the issuance of units of the Fund and the Offering Memorandum ("OM") are assumed by NFI.

**Income Taxes**

*Current taxes:* Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net earnings except for items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

*Deferred taxes:* Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and provided that the Company can control the reversal of those differences. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the expected tax rates applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any tax loss or credit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in net earnings, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.



**Financial Instruments**

All financial assets are initially recognized at fair value in the statement of financial position and are subsequently classified as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on the Fund's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis. Cash and cash equivalents are classified as financial assets at amortized cost.

Under IFRS 9, at each reporting date, the company recognizes a loss allowance for expected credit losses for debt instruments classified as at amortized cost or as at fair value through other comprehensive income. This allowance is estimated based on an impairment model that comprises three stages:

*Stage 1:* For financial instruments that have not had a significant increase in credit risk since initial recognition and are not considered as credit-impaired financial assets, a loss allowance amounting to 12-month expected credit losses is recognized.

*Stage 2:* For financial instruments that have had a significant increase in credit risk since initial recognition but are not considered as credit-impaired financial assets, a loss allowance amounting to the lifetime expected credit losses is recognized.

*Stage 3:* For financial instruments considered as credit-impaired, a loss allowance amounting to the lifetime expected credit losses continues to be recognized.

Financial instruments may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and the level of expected credit losses. Instruments are always classified in the various stages of the impairment model based on the change in credit risk between the reporting date and the initial recognition date of the financial instrument and an analysis of evidence of impairment. To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, the company bases its assessment on the change in default risk over the expected life of the financial instrument, which requires significant judgment. Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

**3. Financial Risks**

The company's risk management policies are established to identify, analyze and manage the risks faced by the company and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are periodically reviewed in response to the company's activities and to ensure applicability.

In the normal course of business, the main risks arising from the company's use of financial instruments include credit risk, liquidity risk and interest rate risk. These risks, and the actions taken to manage them, include:

*Credit Risk*

This refers to the risk that the company will incur a financial loss if the other party to a financial instrument fails to discharge an obligation. The maximum exposure to credit risk for the company at the end of a given period usually corresponds to the carrying amount of its financial assets exposed to such risk. The company intends to mitigate this risk (if applicable) by securing collateral when possible.

*Liquidity Risk*

This refers to the possibility that the company will encounter difficulties in meeting the obligations associated with its financial liabilities, such as repayment upon the redemption of debt. It might prove difficult for the company to access short-term liquidities should it need them. The company will constantly scrutinize its financial assets regarding its financial liabilities to make sure that it has sufficient funds available to meet all its obligations as they come due. No such risk exists as at January 15, 2020.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is a risk that the rates will fluctuate depending on market conditions and, therefore, impact the future financial assets and liabilities of the company.

**4. Capital management disclosure**

The company's capital structure has been defined by management as being comprised of debt and equity. The company's objectives when managing its capital structure is to ensure that capital resources are sufficient for its operations and development, while maximizing returns for shareholders.

**5. Fair Value**

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. Fair value reflects market conditions at a given date and, for this reason, may not be representative of future fair values or of the amount that will be realized upon settling the instrument.

The company's financial instruments include cash and cash equivalents. The carrying amounts of these financial instruments represent a reasonable estimate of their fair value.

The fair value of the company's financial instruments as at January 15, 2020, are as follows:

- Financial assets at amortized cost      **\$20**

The company has implemented a system to test fair value measurements. Management is responsible for overseeing any significant fair value measurements, specifically those categorized within Level 3.

Management regularly reviews key unobservable inputs and measurement adjustments. If fair value is measured using third-party information (broker ratings or external valuation services), management analyzes the information obtained to ensure that it complies with IFRS requirements and that the estimated fair value is categorized appropriately.

To the extent possible, the Fund uses data from observable markets to measure the fair value of an asset or liability. Fair value measurements are established based on a three-level hierarchy that categorizes the inputs to valuation techniques.

#### Level 1

Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities.

#### Level 2

Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

#### Level 3

Fair value measurement using inputs that are not based on observable market data (unobservable inputs).

Management considers that cash is of Level 1 in the hierarchy of fair value measurements. The carrying amount of cash is \$ 20 and it is considered to be its fair value. Other financial assets and financial liabilities are classified as Level 2. Where there are no quoted prices in active markets, Level 2 fair values are determined using internal or external valuation models including discounted cash-flow models. The fair value determined by these valuation models requires the use of assumptions about the amount and timing of estimated future cash flows, as well as many other variables. To determine these assumptions, observable external market data is used if available. Otherwise, the company uses its best estimate.

**6. Share Capital**

Authorized 40,000 shares, at par value \$0.001 per share:

Class A common shares, voting and participating;

Class B common shares, non-voting and participating;

Class C common shares, non-voting and participating;

Issued:	In \$USD
20,000 Class A Common Shares	20

**7. Related Parties**

Related parties of the company include the Unitholders for the Fund, the Trustees of the Fund comprising of Catherine Dalcourt, Geneviève Forget and René Caron, the Settlor, Athanasios Baltzis and all parties of the shareholders agreement of NFI, comprising of NewOak Capital LLC and WhiteHaven Holding Inc.

As it is anticipated that WhiteHaven will act as a selling agent under the Fund Offering, it should be noted that Athanasios Baltzis, director, officer and control person of WhiteHaven, is the Settlor of the Fund and a director of NFI and, as such, NFI and the Fund could be considered “connected issuers” of WhiteHaven under applicable Canadian securities laws.

In addition, Athanasios Baltzis is also the settlor of the Fund and WhiteHaven Holding Inc., sole shareholder of WhiteHaven, is also a shareholder of 10% of the Class A voting shares of NFI.

Consequently, NFI could be considered a “connected issuer” of WhiteHaven under applicable Canadian securities laws upon completion of the Offering.

**8. Subsequent Events****(a) Purchase of additional shares in FuturePay**

On January 31, 2020, NFI purchased an additional 26 shares of FuturePay at par \$0.001. The transaction resulted in NFI owning 52.47% and therefore a majority control in FuturePay.

**(b) Purchase of additional shares in OrbisPay**

On January 31, 2020, NFI purchased an additional 53 shares of OrbisPay at par \$0.01. The transaction resulted in NFI owning 52.52% and therefore a majority control in OrbisPay.

- (c) On February 10, 2020, the Fund and NFI entered into three agreements: 1) the Loan Agreement 2) the Moveable Hypothec on Securities as well as 3) the Security and Pledge Agreement.

The Fund agrees, upon the terms and subject to the conditions of the Loan Agreement, to lend to NFI, an amount of up to but not exceeding, in the aggregate CDN\$25,000,000 (the "Facility") on a revolving basis for a period of three (3) years (the "Revolving Period"), such that NFI may reborrow the whole or any part of that amount, so long as the loan outstanding at any given time does not exceed the amount of the Facility.

The Facility shall be used exclusively by NFI for general corporate purposes.

The revolving loan outstanding shall bear interest at the rate equal to ten percent (10%) per annum. Interest on the revolving loan shall be calculated daily on the outstanding balance of the revolving loan as at the end of each day and payable in arrears on the last day of each month, with interest on all overdue interest at the rate specified above during the period in which it remains unpaid, calculated daily, compounded monthly on the last day of each calendar month, such overdue interest being payable upon demand of the Fund.

As a general and continuing collateral security for the due payment and performance by NFI of all of its obligations hereunder, including the repayment of the revolving loan, NFI shall grant in favour of the Fund liens on all of its movable (personal) assets, present and future, corporeal and incorporeal, pursuant to documents and agreements in form and substance satisfactory to the Fund, as described in the Moveable Hypothec on Securities as well as the Security and Pledge Agreement.

**9. Supplemental information - Consolidation assumed on December 31, 2019**

The following financial information assumes NFI was created on December 31, 2019 and consolidated financial statements were prepared on that date.

<b>Assets</b>	<b>In \$USD</b>
<b>Current Assets</b>	
Cash	128,023
Loan Receivables, net	808,236
Prepaid expenses	28,797
<b>Total Assets</b>	<b>965,056</b>
<b>Current Liabilities</b>	
Interest payable	8,292
Accounts payable	60,000
Other payables	9,161
	77,453
<b>Long-Term Liabilities</b>	
Senior loan	603,036
Due to NewOak	112,961
<b>Total Liabilities</b>	<b>793,450</b>
<b>Non-Controlling Interest</b>	<b>81,556</b>
<b>Equity</b>	
Common Shares	20
Contributed Surplus	199,050
Retained Earnings	-109,020
<b>Total Equity</b>	<b>90,050</b>
<b>Total Liabilities &amp; Equity</b>	<b>965,056</b>
<hr/>	
Revenues	326,189
Expenses	-533,951
<b>Net loss</b>	<b>-207,762</b>
Attributable:	
	Common shareholders -109,020
	Non-Controlling Interest -98,742
<b>Net loss</b>	<b>-207,762</b>

### ITEM 13 DATE AND CERTIFICATE

Dated: February 11, 2020

This offering memorandum does not contain a misrepresentation.

**Each signatory below signing in its capacity as trustee or promoter of the NEWOAK FINANCE FUND I.**

*(s) Catherine Dalcourt*

**CATHERINE DALCOURT**

*(s) Geneviève Forget*

**GENEVIÈVE FORGET**

*(s) René Caron*

**RENÉ CARON**

**NEWOAK FINANCE, INC.,** as  
promoter

*(s) Ron D'Vari*

By: Ron D'Vari

*(s) Ron D'Vari*

**RON D'VARI**, Chief Executive Officer  
of **NEWOAK FINANCE, INC.**

*(s) Matt Lewis*

**MATT LEWIS**, Chief Financial  
Officer of **NEWOAK FINANCE,**  
**INC.**