

June 23, 2017

CONFIDENTIAL OFFERING MEMORANDUM

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

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

In this Offering Memorandum, "Trust" means The McElvaine Investment Trust; "you", "your", "unitholder" and "investor" mean you and all other investors in units of the Trust; "we", "us", "our" and the "Manager and Trustee" mean McElvaine Investment Management Ltd., the manager, promoter, portfolio advisor and trustee of the Trust.

The Issuer

Continuous Offering

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SERIES B, C, Cd, F, Fd AND I TRUST UNITS

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

The Offering

Series B, C, Cd, F, Fd and I units of the Trust are offered for sale on a private placement basis in each of the provinces and territories of Canada. The price per unit will be based on the net asset value per unit of the series of units being purchased, determined as at the close of business on the last business day of the month in which we accept your order. See the section below called *Summary of the Trust Agreement - Determination of Series Net Asset Value*.

There is no minimum number of units of any series that will be sold as part of this offering. This means that you may be the only purchaser of units. Funds available under the offering may not be sufficient to accomplish our proposed objectives. There is also no maximum number of units of any series that may be issued as part of this offering.

Each investor must invest an amount equal to the minimum investment amount established by us from time to time for initial and subsequent investments. The minimum investment amount will vary depending on the jurisdiction where you live and, for certain jurisdictions, whether you qualify as an "accredited investor" within the meaning of applicable securities laws, and will be set out in the instructions that accompany your subscription agreement. As at the date of this Offering Memorandum, the applicable minimum investment amounts are set out in the tables below. We may in our discretion waive the minimum investment amounts established by us, accept investments in other minimum amounts permitted under applicable securities laws, or require higher minimum investments than those set out below.

Investors resident in **British Columbia or Newfoundland and Labrador:**

	Initial Investment (All Investors)	Additional Investment (All Investors)
Minimum Investment	\$10,000	\$1,000

Investors resident in **Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon Territory, Northwest Territories or Nunavut:**

	Accredited Investors and Certain Other Individual Investors		Other Non-Individual Investors	
	Initial Investment	Additional Investment	Initial Investment	Additional Investment
Minimum Investment	\$10,000	\$1,000	\$150,000	\$1,000

You must pay the full subscription price for the units at the time of purchase by cheque or other means acceptable to us. Units of the Trust are sold on a continuous basis at the applicable series net asset value per unit determined as at the close of business on the last business day of the month in which we accept your order. If we accept your order, your purchase will be processed on the first day of the following month. However, we may close the Trust to new investors from time to time. See section below called *Investing in Units*.

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

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

Resale Restrictions

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

Purchasers' Rights

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

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

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USE OF PROCEEDS

There is no maximum and no minimum number of units that will be sold as part of this offering.

No selling commissions or fees will be paid by the Trust or us in connection with the sale of units under this Offering Memorandum; however we may pay salespersons of approved dealers a service fee for on-going advice and service provided to holders of Series B, C and Cd units (see the section below called *Compensation Paid to Sellers and Finders*).

The costs associated with the sale of units under this Offering Memorandum will be paid by us, other than those expenses identified as expenses of the Trust in the section below called *Summary of the Trust Agreement - Expenses*.

The money the Trust receives from the sale of units will be used to invest in securities in the manner described below in the section called *Investment Objective, Philosophy, Policies and Restrictions*, and to pay the fees described below in the section called *Management of the Trust - Fees* and the expenses of the Trust described below in the section called *Summary of the Trust Agreement - Expenses*.

SUMMARY

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

The Trust	The McElvaine Investment Trust is an open-end investment fund established under the laws of British Columbia as a trust. See the section called <i>The Trust</i> .
Management of the Trust	McElvaine Investment Management Ltd. is the manager, promoter, portfolio advisor and trustee of the Trust. Tim McElvaine provides investment advice to the Trust on behalf of McElvaine Investment Management Ltd. See the section called <i>The Trust</i> .
Investment Objective	The fundamental investment objective of the Trust is to achieve long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value, as determined by Tim McElvaine. See the section called <i>Investment Objective, Philosophy, Policies and Restrictions - Investment Objective</i> .
Investment Philosophy	Our intention is to invest only where the difference between the value of the investment and the price we pay gives us a margin of safety. See the section called <i>Investment Objective, Philosophy, Policies and Restrictions - Investment Philosophy</i> .
Investment Policies	We intend to invest the Trust's assets primarily in common shares of publicly-traded companies. However, we may make any type of investment that we believe is consistent with the Trust's investment objective. There will be periods of time where a substantial portion of the Trust's assets will be held in the form of cash, short-term money market instruments or other fixed income instruments. See the section called <i>Investment Objective, Philosophy, Policies and Restrictions - Investment Policies</i> .
Investment Restrictions	There are very few restrictions on the investments we may make on behalf of the Trust. See the section called <i>Investment Objective, Philosophy, Policies and Restrictions - Investment Restrictions</i> .
Units	Your investment in the Trust will be represented by Series B, C, Cd, F, Fd or I units, depending on which series of units you purchase. Each unit of a series represents an equal undivided beneficial interest in the Trust. A holder of any series of units is entitled to one vote for each whole unit on matters for which separate approval of the series is sought at any meeting of the unitholders and one vote for each whole unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders. Units are not transferable, except in very limited circumstances. However, unitholders have the right to redeem their units at certain times if they follow the procedures we have established.

Each series of units can be further sub-divided into sub-series. We anticipate that a new sub-series of a particular series will be established on each date that units of the series are issued. The use of sub-series enables us to more equitably charge performance fees based on the actual performance attained since the date on which the units were purchased.

See the section called *Description of Units*.

Investing in the Trust

You may invest in the Trust by purchasing units. Series B, C, Cd, F, Fd and I units of the Trust are offered for sale in reliance on exemptions from the prospectus requirements of applicable securities laws. You will only be permitted to purchase units if your purchase qualifies for one of these exemptions.

Units of the Trust are sold on a continuous basis at the applicable series net asset value per unit determined as at the close of business on the last business day of the month in which we accept your order. If we accept your order, your purchase will be processed on the first day of the following month.

The minimum investment amounts are described below in the section called *Investing in Units*.

Management Fee

We receive a management fee from the Trust in respect of Series B, Series C and Series Cd units, as set forth below:

Series B - 1.0% per annum of the Series B net asset value

Series C - 0.5% per annum of the Series C net asset value

Series Cd - 0.5% per annum of the Series Cd net asset value

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

No management fees are paid by the Trust in respect of Series F and Fd units. However, investors who hold their Series F or Fd units in fee-based accounts with their dealers will pay an annual fee to their dealer for investment advice and other services.

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

See the sections called *Management of the Trust - Fees* and *Summary of the Trust Agreement - Expenses*.

Performance Fee

We are entitled to receive the following performance incentive fees (plus applicable taxes, including GST or HST) from the Trust in respect of Series B, C, Cd, F and Fd units:

Series B - 20% per annum of the amount (if any) by which any increase in the Series B net asset value during the fiscal year (after certain adjustments, including any prior period “shortfalls” in net asset value) exceeds 6%.

Series C and Cd - 20% of the amount (if any) by which the net asset value of each unit on the last business day of June each year (after certain adjustments) exceeds the applicable 6% High Water Mark (as defined below) for such unit.

Series F and Fd - 20% of the amount (if any) by which the net asset value of each unit on the last business day of December each year (after certain adjustments) exceeds the applicable 6% High Water Mark (as defined below) for such unit.

For the purpose of determining the performance incentive fee in respect of a Series C, Cd, F and Fd unit, the “**6% High Water Mark**” means the greater of (i) the subscription price for such unit multiplied by 1.06, and (ii) if a performance fee has been paid in respect of such unit, the applicable series net asset value per unit on the last date on which the performance fee was paid in respect of such unit multiplied by 1.06.

In determining the performance fee payable in respect of Series C, Cd, F and Fd units, appropriate adjustments will be made to address any subdivisions or consolidations of units.

No performance fee is paid by the Trust in respect of Series I units. Instead an investor who holds Series I units may be charged a negotiated performance fee, plus applicable taxes, including GST or HST, which is paid directly to us by the Series I investor and not by the Trust.

See the section called *Management of the Trust - Fees*.

Early Redemption Fee

If you redeem Series C or Cd units within one year of the original date of purchase, you may be charged an early redemption fee on behalf of the Trust of up to 2% of the net asset value of the Series C or Cd units redeemed. This fee is retained by the Trust.

Expenses

All of the expenses related to the administration and operation of the Trust are paid by the Trust, except for certain specific expenses which are paid by us. See the sections called *Management of the Trust - Expenses* and *Summary of the Trust Agreement - Expenses*.

Distributions

Sufficient net income and net realized capital gains of the Trust will be distributed to unitholders in each year to ensure that the Trust will not be subject to tax under Part I of the *Income Tax Act* (Canada).

If you hold Series B, C, F or I units of the Trust, your proportionate share of any net income and net realized capital gains of the Trust will be distributed to you at least annually, typically in December. Such distributions will be automatically reinvested in additional units of the same series at the applicable series net asset value per unit on the date of the distribution.

If you hold Series Cd or Fd units of the Trust, you will be entitled to receive a quarterly cash distribution on the last business day of March, June, September and December. The amount of the quarterly distributions will be determined by us each year in January. The aggregate quarterly distributions that are made on Series Cd and Fd units each year are currently targeted to be approximately 5% of applicable series net asset value as at the end of the immediately preceding year. This target is based on our view of market conditions and the types of securities available in the marketplace (taking into account historical capital market returns for the mix of securities to be held by the Trust). We may, however, change this target distribution rate from time to time in our discretion. The fixed quarterly distributions paid in respect of Series Cd and Fd units will be comprised of net income, net realized capital gains and/or a return of capital. A return of capital distribution is not taxable but reduces the adjusted cost base of your units. You should not confuse the cash flow you receive through quarterly distribution with the Trust's rate of return or yield.

In addition to the quarterly distributions paid to holders of Series Cd and Fd units of the Trust, each year any net income and net realized capital gains attributable to Series Cd and Fd units not distributed previously in the year will be distributed by the Trust in December. Any such distributions will be automatically reinvested in additional units of the Trust.

See the section called *Description of Units - Distributions*.

Risk Factors

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

Income Tax Considerations

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

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

The Trust is expected to qualify as a “mutual fund trust” under the *Income Tax Act* (Canada) (the “**Tax Act**”) effective at all material times and is a “registered investment” under the Tax Act. If the Trust continues to so qualify, units of the Trust will be qualified investments under the Tax Act for RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs. Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs, and subscribers of RESPs, should consult with their own tax advisors as to whether units would constitute a “prohibited investment” under the Tax Act in their particular circumstances.

See the section called *Canadian Federal Income Tax Considerations*.

FORWARD-LOOKING STATEMENTS

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

THE TRUST

The Trust is an open-end investment fund established under the laws of the Province of British Columbia as a trust. The Trust was established on September 27, 1996. The Trust is considered to be a “mutual fund” within the meaning of applicable securities laws and is expected to qualify as a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada) effective at all material times.

McElvaine Investment Management Ltd. (defined above as the “**Manager and Trustee**”, “**we**”, “**us**” and “**our**”) is the manager, promoter, portfolio advisor and trustee of the Trust. Tim McElvaine provides investment advice to the Trust on behalf of McElvaine Investment Management Ltd. RBC Investor Services Trust (“**RBC IS**”) is the custodian of the Trust. Commonwealth Fund Services Ltd. (“**CommonWealth**”) is the recordkeeper and administrator of the Trust.

The head office of the Trust (which is also our head office) is located Suite 219, 2187 Oak Bay Avenue, Victoria, British Columbia V8R 1G1. You can contact us by telephone at (250) 708-8345, by facsimile at (250) 708-8346 or by e-mail at info@mcelvaine.com.

The Trust is currently divided into Series B, C, Cd, F, Fd, I and X units. Series X units are no longer offered for sale to new investors. Series B, C, Cd, F, Fd and I units are offered pursuant to this Offering Memorandum.

INVESTMENT OBJECTIVE, PHILOSOPHY, POLICIES AND RESTRICTIONS

Investment Objective

The fundamental investment objective of the Trust is to achieve long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value, as determined by Tim McElvaine.

Investment Philosophy

“The margin of safety is always dependent on the price paid. It will be large at one price, small at some higher price, non-existent at some still higher price.”

Benjamin Graham, *Intelligent Investor*

In a nutshell, our investment philosophy is “to make all the money on the purchase”. As an investor, we believe one of the few things we can control is the price we are willing to pay. Therefore, when we are selecting investments, we focus on what we are getting and at what price we are prepared to act. Our

intention is to invest only where the difference between the value of the investment and the price we pay gives us a margin of safety.

The factors we consider in assessing investments include:

- (a) the difference between the “intrinsic value” and the market price of the investment;
- (b) the business risks associated with the investment; and
- (c) incentives that align management’s and shareholders’ interests.

Discount to intrinsic value

Our goal is to invest in securities that we believe are priced at a discount to their intrinsic value. In contrast to the market price of an investment, we see the intrinsic value of an investment as the price that we would expect a rational buyer to pay or the economic value of the tangible and intangible assets, or the amount an investor would receive if the assets were liquidated in an orderly fashion. In our view, a rational buyer is one who focuses on factors such as the time value of money and underlying values, and disregards promises of synergy and relative value.

Business risks

We focus more on the potential for volatility in the intrinsic value of an investment than volatility in the market price. In assessing the potential for volatility in net asset value, we focus on business risks associated with an investment, including the structure of the industry, the company’s position within its industry, the company’s capital structure and the company’s operating cash flows.

Management incentives

We believe that if the discount to intrinsic value is sufficient, we need to be less concerned over management issues. However, we do look for incentives that align management’s interests with those of shareholders. In particular, we focus on share ownership, the activities of insiders, the board’s objectives and compensation programs.

Investment Policies

We intend to invest the Trust’s assets primarily in common shares of publicly-traded companies. However, we may make any type of investment that we believe is consistent with the Trust’s investment objective, including investments in debt securities, preferred shares, convertible securities, securities of private companies, options, futures, currency instruments, precious metal certificates or bullion. These other investments may include the short sale of various financial instruments either separately in an attempt to derive gain, or as part of a hedging program or strategy. There will be periods of time where a substantial portion of the Trust’s assets will be held in the form of cash, short-term money market instruments or other fixed income instruments. This may occur due to a lack of investment opportunities because of equity security price levels, or adverse business conditions and prospects.

Over time, the assets of the Trust will primarily be invested as follows:

Marketable securities

The largest category of investments by the Trust will be marketable securities, primarily in the form of common shares in businesses that are consistent with our investment philosophy. See the section above called *Investment Philosophy*. We expect that the majority of the Trust’s investments will be in companies whose securities are trading below their intrinsic value.

The number of actual investment positions at any one time will vary. However, we may invest up to 33% of the Trust's assets in a single investment or issuer.

Risk arbitrage

We may engage in some risk arbitrage investing (sometimes referred to as “workouts”). Risk arbitrage investing involves the pursuit of profits from an announced corporate event, such as the sale of a company, a merger, a recapitalization, a reorganization, a liquidation or a self-tender. The financial results from this type of investment approach depend more on corporate action than on overall stock market behaviour.

For this type of investing, the factors we consider include:

- how likely is it that the promised event will indeed occur;
- how long the Trust's funds will be locked-up;
- what chance is there that something still better will transpire (for example, the emergence of a competing take-over bid); and
- what will happen if the event does not take place (for example, regulatory action or difficulties in obtaining financing).

Risks associated with arbitrage investments may be reduced through hedging.

The gross profits to the Trust from most arbitrage investments will appear quite small. However, the predictability of the return coupled with a short holding period tends to produce acceptable annual rates of return.

Unlisted investments

Periodically, circumstances may arise when we believe it would be beneficial for the Trust to purchase an interest in an unlisted investment.

Derivatives

Subject to the restriction described below in the section called *Investment Restrictions*, we may, in our discretion, invest the Trust's assets in or use derivative instruments from time to time in a manner consistent with our investment philosophy. Investing in and using derivative instruments are subject to certain risks. Further details on these risks are described below in the section called *Risk Factors*.

In particular, we may invest the Trust assets in or use derivative instruments, among other things:

- to offset or reduce a risk associated with investments including currency value fluctuations, stock market risks and interest rate changes;
- to position the portfolio so that it may profit from movements in financial markets;
- to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes; and
- to seek to enhance the returns to the portfolio, including seeking to reduce the potential for loss or accepting a more certain lower return rather than seeking a less certain higher potential return.

We may make use of clearing corporation options, futures contracts, listed warrants, options on futures, over-the-counter (“OTC”) options, forward contracts, debt-like securities and listed warrants for hedging, and non-hedging purposes. The Trust may also write exchange-traded or OTC-traded put or call options.

Foreign investments

We may invest a portion of the Trust’s assets in securities of foreign issuers where such an investment is consistent with the investment objectives of the Trust.

Investment Restrictions

Maximum investment concentration

Without the prior consent of unitholders, we will not:

- (a) invest more than 33% of the total assets of the Trust (based on cost at the time of the investment) in any single investment or issuer (other than treasury bills and other debt instruments guaranteed by a sovereign nation, state or province);
- (b) have debt, net of cash and equivalents, greater than 33% of the total assets of the Trust; or
- (c) for non-hedging purposes, invest more than 20% of the value of the assets of the Trust in derivative instruments.

PAST PERFORMANCE

The table below contains information regarding the past performance of Series B units of the Trust for each full calendar year since the Trust was formed in September 1996. No performance information is included below for Series C or F units of the Trust because the fee structures in respect of those series were recently amended and the past performance of such units would have been materially different had the amended fee structures been in place during the prior periods. No performance information is included below for Series Cd, Fd or I units because as of the date of this Offering Memorandum, no units of those series have been issued. **It is important that you understand that how the Trust has performed in the past does not necessarily indicate how it will perform in the future.**

Year	Net Return of Series B Units⁽¹⁾	Index⁽²⁾	Average Cash Balance⁽³⁾
2016	4.1%	21.1%	19%
2015	-9.8%	-8.3%	19%
2014	6.0%	10.1%	26%
2013	19.1%	13.0%	31%
2012	18.3%	7.2%	18%
2011	-13.4%	-8.7%	10%
2010	1.8%	17.6%	6%
2009	18.1%	35.1%	17%
2008	-48.8%	-33.0%	6%
2007 ⁽⁴⁾	0.6%	9.8%	9%
2006 ⁽⁴⁾	11.9%	17.3%	11%
2005 ⁽⁴⁾	17.2%	24.1%	13%
2004 ⁽⁴⁾	8.6%	14.5%	23%

Year	Net Return of Series B Units⁽¹⁾	Index⁽²⁾	Average Cash Balance⁽³⁾
2003 ⁽⁴⁾	28.2%	26.7%	14%
2002 ⁽⁴⁾	5.0%	-12.4%	5%
2001 ⁽⁴⁾	28.0%	-12.6%	2%
2000 ⁽⁴⁾	19.2%	7.4%	9%
1999 ⁽⁴⁾	29.5%	31.6%	26%
1998 ⁽⁴⁾	16.6%	-1.6%	27%
1997 ⁽⁴⁾	12.8%	15.0%	59%

(1) “Net Return” is our estimate of the increase in the net asset value of the units during the period. It includes distributions reinvested in additional units. The Net Return for each series of units will differ depending on the applicable fee and expense structure. See *Management of the Trust - Fees* and *Summary of the Trust Agreement*.

(2) As the Trust invests primarily in Canadian securities, we have compared its performance to that of the S&P/TSX Composite Total Return Index (formerly the TSX 300 Total Return Index). This index tracks changes in the share price of 300 of the largest companies (by market capitalization) listed on the Toronto Stock Exchange (and includes the return from reinvested dividends). These companies represent a broad range of industries. The Trust may often invest in small-cap and mid-cap companies that are not included in the S&P/TSX Composite Total Return Index, and therefore, other indices may also be appropriate comparisons for the Trust.

(3) “Average Cash Balance” is our estimate of the average of the month-end cash and short-term bond balances held by the Trust. We have included this to allow you to assess how the Trust was invested in order to generate the returns shown. For example, the 1997 Net Return of 12.8% was earned while the portfolio was on average only 41% invested.

(4) The Net Return for Series B units for periods prior to 2008 is based upon the fees in effect prior to January 1, 2008. If you would like to receive information about the fee structure in effect for the periods prior to 2008, please contact us at the address, numbers or e-mail address set out on the front cover.

SUMMARY OF THE TRUST AGREEMENT

The Trust is governed by the terms of an amended and restated trust agreement made as of April 23, 2012 between McElvaine Investment Management Ltd., in its capacity as manager of the Trust, and McElvaine Investment Management Ltd., in its capacity as trustee of the Trust, as such agreement may be amended from time to time. The trust agreement sets out our rights, duties and obligations as the manager and trustee of the Trust and the rights and restrictions that are attached to each unit of the Trust.

The following is a summary only of certain provisions of the trust agreement not otherwise summarized in this Offering Memorandum and is not necessarily complete. You should review the trust agreement for complete details of its terms. You may request a copy of the trust agreement by contacting us at the address, numbers or e-mail address set out on the front cover.

Division of the Trust into Units

Interests in the Trust are divided into units of one or more series. Each unit of a series has equal value to all other units of that series. There are currently nine authorized series of units - Series B, C, Cd, F, Fd, I and X. Series B, C, Cd, F, Fd and I units are available for investment under this Offering Memorandum. A summary of the rights and restrictions attached to units is set out below in the section called *Description of Units*.

Determination of Series Net Asset Value

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

The net asset value of the Trust is determined by us, or our designate, at the close of business on the last business day of each month, or such other date as may be determined by us from time to time. The net asset value of the Trust is the fair market value of the Trust's assets less its liabilities. The net asset value of a particular series of units is the net asset value of the Trust that is attributed to such series. In determining the portion of net asset value attributable to any series, the following factors will be taken into account:

- the series net asset value last calculated for that series; plus
- any increase in the property of the Trust attributable to that series as a result of the issue of units of that series or redesignation of units of that series since the last calculation; minus
- the decrease in the property of the Trust attributable to that series as a result of the redemption of units of that series or the redesignation of units out of that series since the last calculation; plus or minus
- the proportionate share of the Net Change in Non Portfolio Assets (as defined in the trust agreement) on the valuation day attributable to that series; plus or minus
- the proportionate share of the impact of net portfolio transactions and adjustments related to corporate actions affecting the property of the Trust attributable to that series since the last calculation; minus
- the proportionate share of the distribution of net income and net capital gains of the Trust allocated to unitholders of that series on the valuation day; plus or minus
- the proportionate share of market appreciation or depreciation of the property of the Trust since the last calculation attributable to that series; minus
- the share of common expenses of the Trust allocated to that series since the last calculation; minus
- any series expenses attributable to that series since the last calculation.

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

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

- The value of any security, index future or index option which is listed on any recognized exchange will be determined by the closing sale price or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the net asset value of the Trust is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading.
- The value of any security or other asset for which a market quotation is not readily available will be its fair market value as determined by us.
- The value of any security, the resale of which is restricted or limited, will be based on either: (i) the value of those restricted securities as reported in quotations in common use, or (ii) the market value of unrestricted securities of the same class (i.e., we multiply this market value by a percentage equal to the percentage that the price the Trust paid for the restricted securities was of the market value of unrestricted securities of the same class at that time). We will take into account the actual value of the securities where the date on which the restriction or limitation will be lifted is known.

- All property of the Trust valued in a foreign currency, and all liabilities and obligations of the Trust payable by the Trust in foreign currency, will be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to us, including the Manager and Trustee or any of its affiliates.
- The value of any security or other asset to which, in our opinion, the above valuation principles cannot be applied will be the fair value thereof determined in such manner as we, from time to time, provide.

Trustee

We act as the trustee of the Trust. Under the trust agreement, we, in our capacity as trustee, have full, absolute and exclusive power, control and authority over the assets of the Trust to the same extent as if we were the sole owner of those assets, subject only to the specific limitations contained in the trust agreement. We receive a fee from the Trust for our services as trustee. We determine the amount of this fee on behalf of the Trust. During the year ended December 31, 2016, we were paid \$3,780 by the Trust for our services as trustee.

Custodian

RBC Investor Services Trust (defined above as “**RBC IS**”) acts as custodian of the Trust. As custodian, it is responsible for the safekeeping of the assets of the Trust. RBC IS receives a fee from the Trust for its services as custodian.

Recordkeeper

CommonWealth Fund Services Ltd. (defined above as “**CommonWealth**”) acts as recordkeeper and administrator of the Trust. As recordkeeper, it keeps track of who owns units of the Trust, maintains a record of all purchases and redemptions of units, and prepares and maintains certain other records required by the Trust. CommonWealth receives a fee for its services as recordkeeper and administrator and we negotiate the amount of this fee on behalf of the Trust. The portion of the fee attributable to each series of units (other than Series B) is paid by the Trust, and the portion of the fee attributable to Series B units is paid by us.

Expenses

With the exception of specific expenses which are to be paid by us, as manager of the Trust (see the section called *Management of the Trust - Expenses*), the Trust is responsible for all of its expenses, including but not limited to:

- (a) brokerage fees and other fees and disbursements directly relating to the implementation of transactions for the portfolio of the Trust;
- (b) any taxes (and interest and penalties with respect thereto) payable by the Trust or to which the Trust may be subject;
- (c) interest expenses, if any;
- (d) custody and safekeeping charges relating to the Trust’s activities;
- (e) tax-related services, and any expenses and legal fees of the Trust and the trustee of the Trust;
- (f) expenses of conducting unitholder meetings;

- (g) expenses incurred upon termination of the Trust;
- (h) legal, accounting and audit fees, and fees and expenses of the trustee of the Trust which are incurred in respect of matters not in the normal course of the Trust's activities;
- (i) filing and other fees payable to securities regulators with respect to the issuance of units; and
- (j) in the case of each series of units (other than Series B):
 - (i) any performance measurement fees payable by the Trust,
 - (ii) costs relating to providing annual and interim financial reports to unitholders,
 - (iii) costs of preparing and delivering to unitholders disclosure documents, such as this Offering Memorandum, in compliance with applicable laws, and
 - (iv) costs of bookkeeping, fund accounting, registry and transfer agent services.

Certain expenses incurred by us are shared expenses, which are partially attributable to our operations and partially attributable to the operations of the Trust. Shared expenses may include rent, office supplies, telephone/internet charges and reasonable compensation for employees whose jobs are directly related to the daily operations of the Trust. To the extent a portion of such an expense is directly attributable to the operations of the Trust, that portion of the expense will be treated as an operating expense of the Trust and will be paid by the Trust.

Common expenses of the Trust (i.e. expenses of the Trust that are not attributable to any particular series) will be allocated by us among the series of units of the Trust. Typically we allocate common expenses among series based on the series net asset value at the end of the month in which the expenses were incurred. However, we may allocate common expenses among series on another basis if we determine another basis of allocation would be appropriate. Expenses specific to a particular series of units will be allocated to and deducted from the series net asset value of that series of units only.

We may in our discretion, from time to time, absorb certain expenses of the Trust.

Fees

In addition to the expenses described above, the Trust pays us, for our services as manager and portfolio advisor of the Trust, the management fees and performance incentive fees described in the section called *Management of the Trust - Fees*.

Meetings

A meeting of the unitholders must be held upon our written request or upon the written request of unitholders holding not less than 50% of the units outstanding. You will receive at least 21 days' notice of any meeting of unitholders at which you are entitled to vote. The quorum for any meeting is two unitholders present in person and owning or representing, in person or by proxy, at least 10% of all units outstanding. The number of votes you will have on any question submitted to any meeting will be equal to the number of units then held by you. We may seek your approval for matters by way of mail rather than by holding a meeting of unitholders.

Amendment of the Trust Agreement

Upon 60 days' notice to you, we may amend the trust agreement without your consent provided that the amendment does not adversely affect the value of your units, does not, in the opinion of our legal counsel, constitute a material change, and does not relate to any matters described below.

If an amendment relates to any of the matters described below, your consent to the amendment is required:

- (a) the basis of the calculation of a fee or expense that is charged to the Trust is changed in a way that could result in an increase in charges to the Trust;
- (b) the manager is changed, unless the new manager is our affiliate;
- (c) the fundamental investment objective of the Trust is changed;
- (d) the auditor of the Trust is changed;
- (e) the Trust decreases the frequency of the calculation of its net asset value; or
- (f) the Trust undertakes a reorganization involving the transfer of its assets to or acquisition of assets from another fund, if as a result of the reorganization you become a unitholder of the other fund or the unitholders of the other fund become unitholders of the Trust.

Termination of the Trust

With your approval, we may terminate and dissolve the Trust by giving you written notice of our intention to terminate at least 60 days before the date on which the Trust is to be terminated. During the period after the giving of such notice, your right to require payment for all or any of your units, if any, will be suspended and we will make appropriate arrangements for converting the assets of the Trust into cash. After payment of the liabilities of the Trust, you will be entitled to receive from us your proportionate share of the remaining assets of the Trust.

Change in Investment Philosophy, Policies and Restrictions

We may from time to time amend the investment philosophy, investment policies or investment restrictions of the Trust without your approval, provided that the investment philosophy, investment policies or investment restrictions remain consistent with the fundamental investment objective of the Trust. A change in the fundamental investment objective of the Trust requires the approval of the unitholders. See the section above called *Amendment of the Trust Agreement*.

MANAGEMENT OF THE TRUST

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

Powers of the Manager

As the manager of the Trust, we have full authority and responsibility to manage the business and affairs of the Trust, including providing the Trust with all necessary administrative and portfolio advisory services.

Fees

We are entitled to receive fees for our services as manager and portfolio advisor of the Trust. The fees for our services as manager and portfolio advisor of the Trust as at the date of this Offering Memorandum are described below.

We may in our discretion, from time to time, waive certain fees payable to us by the Trust.

Management fees

We receive a monthly management fee from the Trust in respect of Series B, Series C and Series Cd units, as set forth below:

Series B - 1/12 of 1.0% (1.0% per annum) of the net asset value of Series B units on the last business day of the preceding month

Series C - 1/12 of 0.5% (0.5% per annum) of the net asset value of Series C units on the last business day of the preceding month

Series Cd - 1/12 of 0.5% (0.5% per annum) of the net asset value of Series Cd units on the last business day of the preceding month

The management fee is calculated prior to, and without taking into account, the performance incentive fee paid to us. See the section below called *Management of the Trust - Fees - Performance incentive fee*. The management fee is subject to applicable taxes, including GST or HST.

No management fees are paid by the Trust in respect of Series F and Fd units. However, investors who hold their Series F or Fd units in fee-based accounts with their dealers will pay an annual fee to their dealer for investment advice and other services.

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

Performance incentive fee

We are entitled to receive a performance fee from the Trust in respect of Series B, C, Cd, F and Fd units. The performance fee in respect of Series B, C, Cd, F and Fd units is calculated and paid as follows:

- Series B - A fee equal to 20% per annum of the amount (if any) by which:
- (a) any increase in the Series B net asset value during the fiscal year (adjusted for contributions and redemptions of Series B units and for any shortfall (as described below) from the previous fiscal year),
- exceeds**
- (b) a 6% return (the “**Series B Hurdle Rate**”).

If in any fiscal year the increase (or decrease) in the Series B net asset value of the Trust is less than the Series B Hurdle Rate, we will not receive a performance incentive fee for that fiscal year. Furthermore, if the difference between the increase (or decrease) in the net asset value of the Trust and the Series B Hurdle Rate is a “**shortfall**”, it will be carried forward to the next fiscal year and, after adjustment for redemptions, deducted in the fee calculation from any increase in the net asset value of the Trust for that year.

The performance incentive fee for Series B units, if any, will be determined monthly during a fiscal year for the purposes of calculating the Series B net asset value per unit at the end of each month, but will be paid to us annually within one month of the fiscal year-end of the Trust.

- Series C and Cd - A fee in respect of each unit equal to 20% of the amount (if any) by which the applicable Adjusted NAV per Unit (as defined below) of the unit on the last business day of June each year exceeds the 6% High Water Mark (as defined below) for such unit.

The performance incentive fee for Series C and Cd units, if any, will accrue monthly and will be payable annually within 10 business days from the end of the relevant 12-month period. Upon the redemption of units, the accrued portion of the performance incentive fee allocated to the redeemed units will be payable by the Trust within 10 business days of the end of the month in which the units were redeemed.

The “**Adjusted NAV per Unit**” for a Series C or Cd unit, as the case may be, on a particular date means the applicable series net asset value per unit on that date plus the aggregate amount of all distributions declared on such unit since the date the High Water Mark was last determined.

The “**6% High Water Mark**” for a Series C or Cd unit means the greater of (i) the subscription price for such unit multiplied by 1.06, and (ii) if a performance incentive fee has been paid in respect of such unit, the applicable series net asset value per unit on the last date on which the performance incentive fee was paid in respect of such unit multiplied by 1.06.

In determining the performance fee payable in respect of Series C and Cd units, appropriate adjustments will be made to address any subdivisions or consolidations of units.

- Series F and Fd - A fee in respect of each unit equal to 20% of the amount (if any) by which the applicable Adjusted NAV per Unit (as defined below) of the unit on the last business day of December each year exceeds the 6% High Water Mark (as defined below) for such unit.

The performance incentive fee for Series F and Fd units, if any, will accrue monthly and will be payable annually within 10 business days from the end of the relevant 12-month period. Upon the redemption of units, the accrued portion of the performance incentive fee allocated to the redeemed units will be payable by the Trust within 10 business days of the end of the month in which the units were redeemed.

The “**Adjusted NAV per Unit**” for a Series F or Fd unit, as the case may be, on a particular date means the applicable series net asset value per unit on that date plus the aggregate amount of all distributions declared on such unit since the date the High Water Mark was last determined.

The “**6% High Water Mark**” for a Series F or Fd unit means the greater of (i) the subscription price for such unit multiplied by 1.06, and (ii) if a performance incentive fee has been paid in respect of such unit, the applicable series net asset value per unit on the last date on which the performance incentive fee was paid in respect of such unit multiplied by 1.06.

In determining the performance fee payable in respect of Series F and Fd units, appropriate adjustments will be made to address any subdivisions or consolidations of units.

The performance incentive fee is payable in cash or in units at our discretion and is subject to applicable taxes, including GST or HST.

No performance fee is paid by the Trust in respect of Series I units. Instead an investor who holds Series I units may be charged a negotiated performance fee, plus applicable taxes, including GST or HST, which is paid directly to us by the Series I investor and not by the Trust.

Expenses

As manager of the Trust, we are responsible for the payment of all advertising and promotional expenses incurred in respect of Series B, F and Fd units. We are also responsible for the payment of the following expenses incurred in respect of Series B units:

- (a) any performance measurement fees payable by the Trust (other than the performance incentive fee described above under the heading *Fees - Performance incentive fee*);
- (b) all costs relating to the preparation and delivery to unitholders of annual and interim financial statements and reports;
- (c) all costs relating to the preparation and delivery to unitholders of disclosure documents, such as this Offering Memorandum, in compliance with applicable laws; and
- (d) all costs of bookkeeping, fund accounting, registry and transfer agent services.

The Series B portion of these expenses will be determined based on the Series B net asset value at the end of each month that the expenses were incurred.

The Trust is responsible for all other expenses relating to the administration and operation of the Trust. See the section above called *Summary of the Trust Agreement - Expenses*.

Resignation and Removal of the Manager

We may resign as manager of the Trust by giving at least 90 days' notice in writing to you and the trustee of the Trust. If we resign, we will appoint a new manager and obtain the approval of a majority of unitholders with respect to that appointment if the new manager is not one of our affiliates. If you do not consent to the new manager that we choose, or for whatever reason we resign without appointing a new manager, the trust agreement will be terminated on the date we resign and the Trust will be terminated and dissolved. See the section above called *Summary of the Trust Agreement - Termination of the Trust*.

We may be removed as the manager of the Trust, if: (a) in the opinion of the trustee of the Trust, we are in material default of our obligations under the trust agreement and such default continues for 120 days from the date we receive notice of such material default from the trustee of the Trust, (b) we are declared bankrupt or insolvent or have entered into liquidation or winding up, or (c) our assets have become subject to seizure or confiscation by any public or governmental authority. If we are removed as manager for any of the reasons described above, the trust agreement will terminate and the Trust will be terminated and dissolved. See the section above called *Summary of the Trust Agreement - Termination of the Trust*.

Management Experience

Tim McElvaine, President and Director

Tim McElvaine is the President and director of the Manager and Trustee, and is solely responsible for providing investment advice to the Trust on its behalf. See the section below called *Risk Factors - Dependence on the Manager and Trustee and Tim McElvaine*. From August 13, 2013 to December 31, 2015 he also acted as portfolio manager and provided investment advice on behalf of the Manager and Trustee to Canoe Global Value Class, a mutual fund managed by Canoe Financial LP. From February 2009 to July 2012 Tim also acted as portfolio manager and provided investment advice on behalf of the Manager and Trustee to Mackenzie Universal Canadian Value Class. Previously, he was an officer (from June 1998 to March 31, 2004), a director (from June 1998 to December 2003) and the Chief Investment Officer (from September 2000 to May 2003) of Cundill Investment Research Ltd., an investment counselling and portfolio management firm, and was responsible for advising various funds and portfolios. These funds included the Cundill Value Fund, Cundill RSP Value Fund, Cundill Value Capital Class and Cundill Value Segregated Fund. From September 30, 1997 to September 9, 1998, Tim was Executive Vice President Investments of Cundill Funds Inc. (which amalgamated with Mackenzie Financial Corporation on April 1, 2000, and which was formerly named Peter Cundill & Associates Ltd.). Between March 31, 1993 and September 30, 1997, he was Vice President Investments, and between April 1991 and March 1993, he was Vice President Research, of Peter Cundill & Associates Ltd.

Unitholdings of Management and Others

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

Name and Municipality of Principal Residence	Position Held / Date of Obtaining that Position	Compensation paid by Trust in the year ended Dec. 31, 2016	Anticipated Compensation for the year ended Dec. 31, 2017	Number / % of units held as at June 1, 2017	Number / % of units expected to be held after this Offering
McELVAINE INVESTMENT MANAGEMENT LTD. Victoria, BC	Promoter and Manager / January 31, 1999 Trustee / April 23, 2012	\$311,784 ⁽¹⁾	Unknown ⁽²⁾	146.3 Series C units/ 3.3% of Series C units	Unknown ⁽³⁾
TIM McELVAINE Victoria, BC	Director, President and Secretary of the Manager and Trustee / July 17, 1998	Nil ⁽⁴⁾	Nil	22,574.1 Series B units/ 1.6% of Series B units 1,109.8 Series C units/ 24.7% of Series C units	Unknown ⁽⁵⁾
INVESTOR A	N/A	Nil	Nil	312,078.7 Series B units/ 22.5% of Series B units	Unknown
INVESTOR B	N/A	Nil	Nil	267,702.5 Series B units/ 19.3% of Series B units	Unknown

⁽¹⁾ This compensation was comprised of the management fee and performance incentive fee referred to in the section above called *Management of the Trust - Fees* in the amount of \$308,004 (including GST) as well as the trustee fee referred to in the section above called *Summary of the Trust Agreement - Trustee* in the amount of \$3,780 (including GST).

⁽²⁾ The compensation paid to us for the year ended December 31, 2017 will vary based on the net assets of the Trust during that period and the investment return of the Trust's assets during that period, and will be comprised of the fees described in the sections above called *Management of the Trust - Fees* and *Summary of the Trust Agreement - Trustee*.

⁽³⁾ Although we may acquire additional units under this Offering Memorandum, we have no current intention to do so.

⁽⁴⁾ Tim McElvaine does not receive any compensation from the Trust. However, he indirectly beneficially owns or controls 100% of our Class A common shares. We receive a management fee and a performance incentive fee from the Trust. See the section above called *Management of the Trust - Fees*.

⁽⁵⁾ Tim McElvaine may acquire additional units under this Offering Memorandum; however, the number of units, if any, which may be acquired by him is not known.

Penalties, Sanctions and Bankruptcy

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

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

CAPITAL STRUCTURE

Outstanding Securities of the Trust

The table below describes the outstanding securities of the Trust as at June 1, 2017.

Description of Security ⁽¹⁾	Number Authorized to be Issued	Number of Units Outstanding as at June 1, 2017	Number of Units Outstanding after Offering ⁽²⁾
Series B units	Unlimited	1,385,034.2386	Unknown
Series C units	Unlimited	4,492.5239	Unknown
Series Cd units	Unlimited	Nil	Unknown
Series F units	Unlimited	70,171.7589	Unknown
Series Fd units	Unlimited	Nil	Unknown
Series I units	Unlimited	Nil	Unknown
Series X units ⁽³⁾	Unlimited ⁽³⁾	4,255.8840	Not applicable ⁽³⁾

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

⁽²⁾ The total number of Series B, C, Cd, F, Fd and I units to be issued as part of this offering is unknown. The Trust will continue to issue additional Series B, C, Cd, F, Fd and I units on an on-going basis.

⁽³⁾ Series X units are no longer offered for purchase and are not offered pursuant to this Offering Memorandum.

Prior Sales

The table below discloses information regarding the Series B and C units of the Trust that were issued during the 12 months ended June 1, 2017. During that period, no Series Cd, F, Fd or I units of the Trust were issued.

Date of Issuance	Series B		Series C		Total Funds Received
	Number of Units Issued	Price per Unit	Number of Units Issued	Price per Unit	
July 1, 2016	Nil	-	Nil	-	-
August 1, 2016	264.7955	\$18.8825	Nil	-	\$5,000.00
September 1, 2016	Nil	-	550.7578	\$9.0784	\$5,000.00
October 1, 2016	Nil	-	613.4800	\$10.0000	\$6,134.80
November 1, 2016	Nil	-	100.7902	\$9.9216	\$1,000.00
December 1, 2016	Nil	-	983.9420	\$10.1632	\$10,000.00
January 1, 2017	Nil	-	1,201.2827	\$10.3223	\$12,400.00
February 1, 2017	2,418.6135	\$20.6730	Nil	-	\$50,000.00
March 1, 2017	Nil	-	Nil	-	-
April 1, 2017	Nil	-	Nil	-	-
May 1, 2017	Nil	-	Nil	-	-
June 1, 2017	Nil	-	Nil	-	-

The table below discloses information regarding the Series B units of the Trust that were redeemed during the 12 months ended June 1, 2017. During that period, no Series C, Cd, F, Fd or I units of the Trust were redeemed.

Date of Redemption	Series B		Total Funds Paid
	Number of Units Redeemed	Price per Unit	
July 1, 2016	11,368.3087	\$18.5861	\$211,292.52
August 1, 2016	2,039.6811	\$18.8825	\$38,514.28
September 1, 2016	27,616.0608	\$19.0510	\$526,113.57
October 1, 2016	17,502.6007	\$19.3915	\$339,401.68
November 1, 2016	7,794.7644	\$19.2222	\$149,832.52
December 1, 2016	8,110.1645	\$19.6727	\$159,548.83
January 1, 2017	2,647.3500	\$19.9770	\$52,886.11
February 1, 2017	19,647.3500	\$20.6730	\$406,733.05
March 1, 2017	3,900.0000	\$20.8779	\$81,423.81
April 1, 2017	19,602.4098	\$20.4359	\$400,592.89
May 1, 2017	11,830.2435	\$20.5642	\$243,279.49
June 1, 2017	11,767.1796	\$20.1571	\$237,192.22

DESCRIPTION OF UNITS

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

Except for the fees and expenses payable in respect of each series of units and the distributions made in respect of each series of units, the rights and attributes of each series are identical. A holder of any series of units is entitled to one vote for each whole unit on matters for which separate approval of the series is sought at any meeting of the unitholders and one vote for each whole unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders. Gains and losses of the Trust will be allocated to each series of units in proportion to the net asset value of the series relative to the other series. See the section called *Summary of the Trust Agreement - Determination of Series Net Asset Value*.

Each series of units can be further sub-divided into sub-series. We anticipate that a new sub-series of a particular series will be established on each date that units of the series are issued. The use of sub-series enables us to more equitably charge performance fees based on the actual performance attained since the date on which the units were purchased. See the section called *Management of the Trust - Fees - Performance incentive fee*.

Units are not transferable, except in very limited circumstances. If the Trust is terminated, a holder of units of any series on the termination date will be entitled to a proportionate share of the net assets of the Trust attributable to that series of units.

Series B, C, Cd, F, Fd and I units are available for investment under this Offering Memorandum. Series B, C, F and I units are appropriate for investors that wish to have the distributions they are entitled to receive from the Trust automatically re-invested in additional units of the Trust. Series Cd and Fd units are appropriate for investors that wish to receive regular cash distributions. See the section below called *Distributions*.

Series B units

Series B units are available to all investors through us and through authorized dealers. Series B units are appropriate for investors who prefer the fee and expense structure applicable to Series B units. The management and performance incentive fees paid to us with respect to Series B units are described in the section called *Management of the Trust - Fees*, and the expenses paid by the Trust in respect of Series B units are described in the section called *Summary of the Trust Agreement - Expenses*.

You will not be charged a commission or fee by us when you acquire your Series B units, but your dealer may charge you a commission or fee in connection with your purchase of Series B units.

Series C and Cd units

Series C and Cd units are available to all investors through us and through authorized dealers. Series C and Cd units are appropriate for investors who prefer the fee and expense structure applicable to Series C and Cd units. The management and performance incentive fees paid to us with respect to Series C and Cd units are described in the section called *Management of the Trust - Fees*, the early redemption fee applicable to Series C and Cd units is described in the section called *Description of Units - Redemption of Units*, and the expenses paid by the Trust in respect of Series C and Cd units are described in the section called *Summary of the Trust Agreement - Expenses*.

You will not be charged a commission or fee by us when you acquire your Series C or Cd units, but your dealer may charge you a commission or fee in connection with your purchase of Series C or Cd units.

Series F and Fd units

Series F and Fd units are available to investors who have fee-based accounts with their dealer and whose dealer has signed a Series F agreement with us. Instead of paying sales charges, investors in Series F and Fd units pay an annual fee to their dealer for investment advice and other services.

No management fee is paid to us in respect of Series F and Fd units. The performance incentive fee paid to us with respect to Series F and Fd units is described in the section called *Management of the Trust - Fees*.

Series I units

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

Distributions

Sufficient net income and net realized capital gains of the Trust will be distributed to unitholders in each year to ensure that the Trust will not be subject to tax under Part I of the *Income Tax Act* (Canada).

If you hold Series B, C, F or I units of the Trust, your proportionate share of any net income and net realized capital gains of the Trust will be distributed to you at least annually, typically in December. Such distributions will be automatically reinvested in additional units of the same series at the applicable series net asset value per unit on the date of the distribution.

If you hold Series Cd or Fd units of the Trust, you will receive a quarterly cash distribution on the last business day of March, June, September and December. The amount of the quarterly distributions will be determined by us each year in January. The aggregate quarterly distributions that are made on Series Cd

and Fd units each year are currently targeted to be approximately 5% of applicable series net asset value as at the end of the immediately preceding year. This target is based on our view of market conditions and the types of securities available in the marketplace (taking into account historical capital market returns for the mix of securities to be held by the Trust). We may, however, change this target distribution rate from time to time in our discretion. The fixed quarterly distributions paid in respect of Series Cd and Fd units will be comprised of net income, net realized capital gains and/or a return of capital. A return of capital distribution is not taxable but reduces the adjusted cost base of your units. You should not confuse the cash flow you receive through quarterly distribution with the Trust's rate of return or yield.

In addition to the quarterly distributions paid to holders of Series Cd and Fd units of the Trust, each year any net income and net realized capital gains attributable to Series Cd and Fd units not distributed previously in the year will be distributed by the Trust in December. Any such distributions will be automatically reinvested in additional units of the Trust.

From time to time, we accept reduced management fees for the services we provide to certain unitholders who make substantial investments in the Trust. If we accept reduced fees in respect of your investment, you will receive a "management fee" distribution equal to the amount of such fee reduction. This management fee distribution will be paid first out of the net income and net realized capital gains of the Trust, and thereafter out of capital, and will be automatically reinvested in additional units.

Redemption of Units

Units are redeemable on the first day of each month. To redeem Series B units, you must provide us with at least five days' prior written notice of your redemption. To redeem units of any other series, you must provide us with at least 30 days' prior written notice of your redemption. The redemption price of your units will be the applicable net asset value per unit, determined as at the close of business on the last business day of the immediately preceding month. You will be paid the redemption price within 20 days of the redemption date. Other than the early redemption fee you may be required to pay if you redeem Series C and Cd units within one year of the original date of purchase (described below), you will not be charged a fee by the Trust or us for redeeming your units.

We may suspend your right to redeem units or your right to payment for units previously tendered for redemption if we determine that conditions exist that render impractical the sale of any of the Trust's assets, or impair the ability to determine the value of any of the assets of the Trust. If you have requested redemption and a suspension occurs, you will be notified of the suspension and will have the right to withdraw your request, unless the suspension lasts for less than 48 hours.

We also have the right, exercisable at any time at our discretion, to require you to redeem your units. We will provide you with written notice of our decision to require you to redeem your units at least five days prior to the date on when the redemption will occur. The redemption price of your units will be the applicable net asset value per unit determined as at the close of business on the last business day of the month in which we notify you of our decision.

If you redeem Series C or Cd units within one year of the original date of purchase, we may charge you an early redemption fee on behalf of the Trust of up to 2% of the net asset value of the Series C or Cd units redeemed. This fee is retained by the Trust. No early redemption fee is payable in respect of Series B, F, Fd and I units.

Consolidation, Subdivision and Redesignation

Units may automatically be consolidated in certain circumstances described in the trust agreement. In addition, we may consolidate or subdivide units of any series if we give holders of units of that series at

least 21 days' notice of our intention to subdivide or consolidate. We may also redesignate units of any series as units of a different series based on the applicable series net asset value per unit of the two series on the date of the redesignation. However, we will not redesignate any series of units held by you without your consent if the redesignation is a material change to, or adversely affects the pecuniary value of, your interest, or if the redesignation would have an adverse tax consequence to you.

You may at any time redesignate units of one series as units of another series that you are eligible to purchase, provided that you make appropriate arrangements with your dealer and deliver any additional documentation or information required by us.

Transfer of Units

Units are transferable only in very limited circumstances. You may only transfer your units with our prior written consent, or as required by law in connection with a bankruptcy or insolvency or upon death, and then only to your legal representatives. See the section below called *Resale Restrictions*.

INVESTING IN UNITS

You may invest in the Trust by purchasing units through a registered dealer or directly from us in certain circumstances. Series B, C, Cd, F, Fd and I units of the Trust are offered for sale in reliance on exemptions from the prospectus requirements of applicable securities laws. You will only be permitted to purchase units if your purchase qualifies for one of these exemptions. We rely on the representations you make in your subscription agreement to ensure that your purchase qualifies for these exemptions and to ensure that you are otherwise eligible to purchase units. See the section above called *Description of Units* for a description of each series of units to help you determine which series of units to invest in.

To invest in units of the Trust, follow the instructions included with the subscription agreement you are provided. **If you are a portfolio manager purchasing units of the Trust on behalf of a fully managed account, please note that there is an abridged subscription agreement that you can complete to subscribe for units on behalf of your clients.**

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

The purchase price of the units will be based on the Series B, C, Cd, F, Fd or I net asset value per unit, as the case may be, determined as at the close of business on the last business day of the month in which we accept your order. See the section above called *Summary of the Trust Agreement - Determination of Series Net Asset Value*. If we accept your order, your purchase will be processed on the first day of the following month.

We have established minimum investment amounts for initial investments and additional investments. The terms of the prospectus exemptions which we rely upon to issue units to you may require a higher minimum investment depending on the jurisdiction where you live. If you are resident in Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon Territory, Northwest Territories or Nunavut, these minimum amounts will vary depending on whether you qualify as an "accredited investor" within the meaning of applicable laws. The definition of accredited investor is explained briefly below and in the subscription agreement you will be provided with if you are resident in one of the foregoing jurisdictions. As at the date of this Offering Memorandum, the applicable minimum investment amounts are set out in the tables below. We may in our discretion waive the minimum investment amounts established by us, accept investments in other

minimum amounts permitted under applicable securities laws, or require higher minimum investments than those set out below.

For investors resident in **British Columbia or Newfoundland and Labrador**, the following minimum investment amounts currently apply:

	Initial Investment (All Investors)	Additional Investment (All Investors)
Minimum Investment	\$10,000	\$1,000

For investors resident in **Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon Territory, Northwest Territories or Nunavut**, the following minimum investment amounts currently apply:

	Accredited Investors⁽¹⁾ and Certain Other Individual Investors⁽²⁾		Other Non-Individual Investors	
	Initial Investment	Additional Investment	Initial Investment	Additional Investment
Minimum Investment	\$10,000	\$1,000	\$150,000	\$1,000

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

- (a) an individual who, either alone or together with your spouse, beneficially owns financial assets (including cash and securities) having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1 million. Real estate is not a “financial asset” and must be excluded from this calculation;
- (b) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of your spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- (c) a company, partnership, limited partnership, limited liability partnership or trust (other than a mutual fund or non-redeemable investment fund) that has net assets of at least \$5 million, as shown on its most recently prepared financial statements; or
- (d) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction.

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

⁽²⁾ Individuals resident in the above-noted provinces and territories who are not “accredited investors” within the meaning of applicable securities laws will only be permitted to purchase units of the Trust if they qualify for another prospectus exemption, such as the “family, friends and business associates” prospectus exemption or the “additional investment in investment funds” prospectus exemption. Investors should contact the Manager or their dealer to confirm their eligibility to purchase units of the Trust.

Any subscription funds received by us prior to the relevant purchase date will be held in the Trust’s general bank account until purchase is completed, at which time the units subscribed for will be issued (if we have accepted your subscription). These funds will not be segregated for your account. You will not be entitled to any interest on any subscription funds delivered to us prior to the relevant purchase date. Any interest earned on such funds will belong to the Trust.

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

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

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

Taxation of the Trust

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

All of the Trust’s deductible expenses, including expenses common to all series of the Trust and management fees and other expenses specific to a particular series of the Trust, will be taken into account in determining the income or loss of the Trust as a whole.

Taxation of Unitholders

Generally, a unitholder must include in computing income for tax purposes for a particular year the portion of the net income and the taxable portion of the net realized capital gains of the Trust that is paid or payable to the unitholder in the year. A unitholder must include such amounts in income even though they are reinvested in additional units. Unitholders will be taxed on distributions of income and capital gains even if the income and capital gains accrued to the Trust or were realized by the Trust before the unitholder acquired units and were reflected in the purchase price of the units. Net taxable capital gains of the Trust and taxable dividends received by the Trust on shares of taxable Canadian corporations, if any, that are paid or payable to a unitholder may be designated by the Trust as taxable capital gains and taxable dividends earned by the unitholder and, if so designated, will be subject to the special tax treatment applicable to income of that character, including the enhanced gross-up and dividend tax credit for eligible dividends. As well, the Trust may make designations in respect of its foreign source income

so that, for the purposes of computing any foreign tax credit to a unitholder, the unitholder will generally be deemed to have paid as foreign tax the unitholder's proportionate share of the foreign taxes paid by the Trust. To the extent that distributions by the Trust to a unitholder in a year exceed the unitholder's share of the net income and net realized capital gains of the Trust for the year (which is more likely to occur on Series Cd and Fd units), those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not be taxable to the unitholder but will reduce the adjusted cost base of the unitholder's units. To the extent that the adjusted cost base of a unitholder's units would be reduced to less than zero, the negative amount will be treated as a capital gain and the adjusted cost base of the units will be nil. Alternatively, if an excess distribution is made, the Trust can make designations under the Tax Act so that the excess amount is treated as additional income of the Trust in respect of that taxation year and can be deducted from its income in the following year.

Management and performance fees paid in respect of Series I units will not be deductible for tax purposes.

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

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

Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the U.S. (the "**IGA**") and related Canadian legislation found in Part XVIII of the Tax Act (collectively "**FATCA**"), certain unitholders may be requested to provide information to the Trust or their registered dealer relating to their citizenship, residency and, if applicable, a U.S. federal tax identification number ("**TIN**"). If a unitholder is identified as a U.S. taxpayer (including a U.S. citizen who is resident in Canada) or if the unitholder does not provide the requested information, the IGA and Part XVIII of the Tax Act will generally require certain information about the unitholder's investment in the Trust to be reported to the Canada Revenue Agency ("**CRA**"), unless the investment is held in a registered plan. It is expected that the CRA will then provide the information to the U.S. Internal Revenue Service.

Part XIX of the Tax Act contains legislation implementing the Organization for Economic Co-operation and Development Common Reporting Standard (the "**CRS Legislation**") in Canada, effective July 1, 2017, with the first exchange of information anticipated to occur in 2018. As of July 1, 2017, the Trust will be required to have procedures in place to identify accounts held by unitholders (other than registered plans) that are residents of foreign countries (other than the U.S.) and to report certain information pertaining to these accounts to the CRA. The CRA will formalize exchange agreements with other participating jurisdictions leading to the exchange of information on a multilateral basis. The due diligence and reporting requirement under FATCA operate alongside the CRS regime.

Eligibility for Registered Plans

The Trust is expected to qualify as a "mutual fund trust" under the Tax Act effective at all material times and is registered as a registered investment under the Tax Act for trusts governed by Registered Retirement Savings Plans ("**RRSPs**"), Registered Retirement Income Funds ("**RRIFs**") and Deferred Profit Sharing Plans ("**DPSPs**"). Provided the Trust continues to be a "mutual fund trust" or a registered

investment for RRSPs, RRIFs and DPSPs, units will be “qualified investments” under the Tax Act for RRSPs, RRIFs, DPSPs, Registered Education Savings Plans (“**RESPs**”), Registered Disability Savings Plans (“**RDSPs**”) and Tax Free Savings Accounts (“**TFSAs**”). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs, and subscribers of RESPs, should consult with their own tax advisors as to whether units of the Trust would constitute a “prohibited investment” under the Tax Act in their particular circumstances.

COMPENSATION PAID TO SELLERS AND FINDERS

No selling commissions or fees will be paid by the Trust or us in connection with the sale of units under this Offering Memorandum. However, if you acquire Series B, C or Cd units through a salesperson of an approved dealer, we may pay a service fee to that salesperson (or to the dealer for that salesperson) for on-going advice and service provided to you. If we agree to pay such a service fee in respect of your units, we will continue to do so for as long as you hold those units through the qualified dealer. We will not pay a service fee in respect of Series F, Fd or I units.

Your dealer may charge you an up-front fee when you purchase your units. This fee is negotiated between you and your dealer. No commissions or fees are payable in connection with the redemption of your units.

RISK FACTORS

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

No assurance

There is no assurance that the Trust will achieve its investment objective.

Dependence on the Manager and Trustee and Tim McElvaine

The Trust relies upon the good faith and expertise of the Manager and Trustee in providing investment advice and other services to the Trust. Tim McElvaine is solely responsible for providing investment advice to the Trust on behalf of the Manager and Trustee, in its capacity as manager of the Trust. If for any reason Tim McElvaine is unable or unwilling to provide investment advice to the Trust, there could be significant adverse consequences to the Trust.

Lack of portfolio diversification and liquidity

The Trust’s portfolio will not necessarily be widely diversified. As a consequence, the portfolio of the Trust may be subject to more rapid change in value than if the Trust were required to maintain a wide diversification among companies, securities and types of securities. In addition, by reason of the Trust’s investment philosophy and policies, the Trust’s portfolio may include a significant number of securities that are not actively and widely traded or which are subject to transfer restrictions or for which there is no market. Consequently, it may be relatively difficult for the Trust to dispose of investments rapidly at favourable prices, in connection with redemption requests, adverse market developments or other factors. The sale of such investments may also be subject to delays and additional costs and may only be possible at substantial discounts. The securities of small or medium-sized companies in which the Trust may invest may involve greater risks than the securities of larger, better known companies. The Trust’s investment policies permit certain investment techniques, such as concentration of investments in a small number of companies or sectors, borrowing funds for investment purposes, short selling, trading in futures or option writing, which may entail increased risks. Only persons who are willing to bear such risks should consider an investment in the Trust.

Concentration of individual investment positions

The Trust may, at times, invest as much as 33% of its total assets in a single investment with the result that a loss on such investment could have a material impact on the value of the Trust's assets. See the section above called *Investment Objectives, Philosophy, Policies and Restrictions - Investment Restrictions*.

Valuation of the Trust's investments

The net asset value of the units will vary directly with the market value and return of the investment portfolio of the Trust. While the Trust is independently audited by the auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the portfolio securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Trust and its units could be adversely affected. Independent pricing information may not at times be available regarding certain of the Trust's securities and other investments. Valuation determinations will be made in good faith in accordance with the trust agreement. See the section above called *Summary of the Trust Agreement - Determination of Series Net Asset Value*.

Although the Trust generally will invest in exchange-traded and liquid over-the-counter securities, the Trust may from time to time have some of its assets in investments that by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Trust to any such investment differs from the actual value, the net asset value per unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that if you redeem all or part of your units while the Trust holds such investments, you may be paid an amount less than you might have been paid if the actual value of such investments is higher than the value designated by the Trust. Similarly, there is a risk that an investor might, in effect, be overpaid if the actual value of the investor's investments is lower than the value designated by the Trust in respect of a redemption. In addition, there is risk that an investment in the Trust by a new investor (or an additional investment by an existing unitholder) could dilute the value of your investment if the actual value of such investments is higher than the value designated by the Trust. Further, there is risk that a new unitholder (or an existing unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Trust. We do not intend to adjust the net asset value of the Trust retroactively.

Investment in Glacier Media Inc.

As at June 1, 2017, the Trust owned 4,000,000 common shares ("**Glacier Shares**") of Glacier Media Inc. ("**Glacier**"), representing approximately 3.64% of the outstanding Glacier Shares, which are listed for trading on the Toronto Stock Exchange. As at June 1, 2017, the Trust's investment in Glacier represented 9.7% of the Trust's net asset value. In addition, as at June 1, 2017, Hakuna Matata Holdings Ltd., which is owned and controlled by Tim McElvaine, owned 60,000 Glacier Shares, representing approximately 0.05% of the outstanding Glacier Shares.

As a result of the Trust's investment in Glacier, we determined that it would be in the best interest of the Trust for Tim McElvaine to become a director of Glacier and he was appointed as a director on April 7, 2014. As a director of Glacier, Tim McElvaine may, from time to time, be prevented from advising the Trust to buy or sell securities of Glacier as a result of confidential information he may receive in his capacity as a director or as a result of fiduciary obligations imposed upon him as a director. If the Trust is prevented from buying or selling shares in Glacier, the Trust may be exposed to substantial losses.

Series risk

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

Illiquidity of units

Because units are not generally transferable, an investment in the Trust is a relatively illiquid investment and involves a high degree of risk. The units are issued pursuant to exemptions from the prospectus requirements under applicable securities laws, and any disposition of units will require compliance with those laws. You may be able to dispose of your units only through redemption, and you must bear the risk of any decline in the value of the units during the period from the date a notice of redemption is given by you until the redemption date. In addition, the transfer of units may result in adverse tax consequences to you. See the section above called *Canadian Federal Income Tax Considerations*. You should only purchase units if you are able to maintain your investment and can afford the risk of loss associated with an investment in the Trust.

Redemptions may force early liquidation of investment positions

In order to pay the redemption price for unitholders who redeem their units, we may be required to liquidate investments earlier than we might otherwise choose. These liquidations may cause the Trust to incur losses and could substantially reduce the net asset value of the Trust if numerous redemptions are made at the same time. The five largest unitholders in the Trust own units representing 50.9% of the net assets of the Trust as at June 1, 2017. Redemptions by all or a significant portion of the investment of those unitholders would have a material adverse effect on the Trust. Such asset liquidation may also trigger tax consequences, such as the characterization of certain profits as ordinary income or losses rather than as capital gains or capital losses.

Performance incentive fee

The payment of the performance incentive fee to the Manager and Trustee may create an incentive for it to cause the Trust to make investments that are riskier or more speculative than if there were no performance incentive fee. Since the performance incentive fee is calculated on a basis that includes unrealized appreciation of the Trust's assets, the fee may be greater than if it were based solely on realized gains. In addition, the ordinary income of the Trust (including dividends and interest received) is included in the calculation of the fee.

Where there is a shortfall in respect of Series B units that must be carried forward and deducted in the performance incentive fee calculation for a year, it is carried forward for the benefit of all investors in that series. New subscriptions to that series during the year dilute the benefit to existing investors. A shortfall carried forward to the next year is also adjusted for redemptions that year.

See the section above called *Management of the Trust - Fees*.

Derivatives

The Trust will invest in and use derivative instruments for hedging and non-hedging purposes to the extent considered appropriate by us, as manager of the Trust. Derivatives are types of investments the value of which is based on, or derived from, the value or performance of another investment, such as a security, a currency, a commodity or a market index. There are many types of derivatives, including options, futures and forward contracts.

Investment funds often invest in derivatives to reduce the risks associated with other investments or to help offset losses on other investments. The use of derivatives in this way is referred to as “hedging”. Investment funds may also use derivatives for other reasons, including helping to achieve their investment objectives, increasing returns, reducing the transaction costs associated with direct investments and positioning the funds to profit from declining markets. Although the use of derivatives for hedging or other purposes can be effective, derivatives also have certain risks.

Here are some of the most common risks:

- There is no guarantee that the use of derivatives for hedging will be effective.
- Hedging does not prevent changes in the market value of the investments in the Trust’s portfolio or prevent losses if the market value of the investments falls.
- Hedging can prevent the Trust from making a gain if the value of the underlying security, currency, commodity or market index rises, or if interest rates fall.
- The Trust might not be able to place a hedge if other investors are expecting the same change.
- There is no guarantee that the Trust will be able to buy or sell a derivative to make a profit or limit a loss.
- There is no guarantee that the other party to a derivative contract will meet its obligations.
- Derivatives traded on foreign markets may be less liquid and have greater credit risk than similar derivatives traded on North American markets.
- Exchanges set daily trading limits on options and futures contracts, and these limits could prevent the Trust from completing a contract.
- The cost of a particular derivatives contract may increase.
- The price of a derivative may not accurately reflect the value of the underlying security or index.
- The Tax Act, or its interpretation, may change in respect of the tax treatment of derivatives.
- A large percentage of the assets of the Trust may be placed on deposit with one or more counterparties which would expose the Trust to the credit risk of those counterparties.

Leverage

The Trust may leverage its investment positions by borrowing funds. Leverage increases both the possibility for profit and the risk of loss on any investment position.

Foreign investment risks

The Trust intends to invest a portion of its capital in foreign securities. As a result, income or losses may be affected by fluctuations in the rates of exchange between the Canadian dollar and the foreign currencies of the countries in which the Trust holds investments. We may or may not hedge the currency risks for significant investment transactions denominated in currencies other than Canadian dollars.

The values of foreign investments are affected by changes in currency rates or exchange control regulations, application of foreign tax laws, including withholding taxes, changes in governmental

administration or economic or monetary policy (in Canada or abroad) or changed circumstances in dealings between nations. Costs are incurred in connection with conversions between various currencies. In addition, foreign brokerage commissions are generally higher than in Canada, and foreign securities markets may be less liquid, more volatile and less subject to governmental supervision than in Canada. Investments in foreign countries could be affected by other factors not present in Canada, including expropriation, confiscatory taxation, lack of uniform accounting and auditing standards, and potential difficulties in enforcing contractual obligations, and could be subject to extended settlement periods. Furthermore, the value of securities that are issued by a company in a developing market may be lower, as they may be less liquid and more volatile than those issued by similar companies in North America. In general, investments in more developed markets, such as Western Europe, have lower foreign market risk, whereas investments in emerging markets, such as Southeast Asia or Latin America, have higher foreign market risk.

Credit risk

The Trust may, from time to time, invest a portion of its assets in debt securities. When the Trust invests in debt securities, such as bonds, it is essentially making a loan to the company or the government issuing the security. The financial condition of an issuer of a debt security may cause it to default or become unable to pay interest or principal due on the security. If an issuer defaults, the affected security could lose all of its value, be renegotiated at a lower interest rate or principal amount, or become illiquid. Furthermore, debt securities are often rated by organizations such as Standard & Poor's, and if a security's rating is downgraded because the rating service feels the issuer may not be able to pay investors back, the value of that investment may fall. Higher yielding debt securities of lower credit quality have greater credit risk than lower yielding securities with higher credit quality.

Equity risk

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

Political risk

Political risk is the risk that a certain industry or company within that industry may be negatively impacted by legislative change. Relevant risk factors include the imposition of new taxes, regulatory or legal obligations or industry related restrictions.

Conflicts of interest involving other clients

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

Allocation of investment opportunities

The size and mandate of the various funds that we advise differ and the portfolios are not identical. As a consequence, we may purchase or sell a security for one account prior to other accounts. This could occur, for example, as a result of the specific investment objectives of the account, different cash resources arising from contributions or withdrawals, or the purchase of a small position to assess the overall investment desirability of a security. If the availability of any particular security is limited and

that security is appropriate for the investment objective of one or more other accounts, any purchase of that security will be allocated on an equitable basis in accordance with our Trade Allocation Policy. You may request a copy of this policy by contacting us at the address, numbers or e-mail address set out above in the section called *The Trust*.

Absence of regulatory oversight

As the Trust currently only offers units by way of private placement, its activities are not governed by National Instrument 81-102 of the Canadian Securities Administrators, which regulates the activities of investment funds which have offered securities to the public pursuant to a prospectus.

Net asset value

The net asset value of the Trust will fluctuate with changes in the market value of the Trust's investments. These changes in market value may occur as the result of various factors, including general economic and market conditions, international currency fluctuations and international developments. Accordingly, the net asset value per unit at any valuation date may be more or less than your original purchase price.

Fixed distribution and capital erosion risk

Series Cd and Fd units of the Trust are designed to provide investors with pre-determined quarterly distributions. If the net asset value of the Trust does not increase at the rate anticipated, or if the net asset value of the Trust declines, we may be forced to reduce the quarterly distributions paid to holders of Series Cd and Fd units. In situations where the Trust's distributions for a period exceed the Trust's net income or net realized capital gains for that period, the distribution will constitute, in whole or in part, a return of the investor's capital. When the Trust returns capital to an investor, the Trust is returning a portion of the money the investor originally invested in the Trust. A return of capital reduces the net asset value of the particular series on which it was paid and if paid in cash also reduces the assets the investor has invested in the Trust. In addition, a return of capital reduces the total assets of the Trust available for investment, which may reduce the ability of the Trust to achieve its investment objective.

Distressed securities

Distressed securities are securities of companies or government entities that are already in default, under bankruptcy protection, or undergoing restructuring or reorganization. Distressed securities frequently do not produce income while they are outstanding. In addition, the Trust may be required to incur certain extraordinary expenses in order to protect and recover its investment in the securities. Therefore, to the extent that the Trust seeks capital appreciation through investment in distressed securities, the Trust's ability to achieve current income may be diminished. The Trust also will be subject to significant uncertainty as to when, in what manner and for what value the obligations evidenced by the distressed securities will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan or reorganization involving the distressed securities or a payment of some amount in satisfaction of the obligation). If the restructuring of any company in reorganization does not succeed, the value of the assets by which the company's securities may be secured may not be great enough to repay the purchase price paid by the Trust for those securities. Moreover, there can be no assurance that the securities or other assets received by the Trust in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than anticipated when the investment was first made, and any securities received by the Trust upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of the Trust's participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed securities, the Trust may be restricted from disposing of such securities.

No independent management

The Trust does not have independent management and will be relying on us, in our capacity as manager of the Trust, for the day-to-day management and operations of the Trust, and to advise on the purchase and sale of securities for the Trust. We will have conflicts of interest in allocating management time, services and functions among the Trust and any other funds and portfolios which we organize, or provide management services to, as well as other business ventures in which we are or may become involved. Further, the officer and director of the Manager and Trustee will devote only such time to the affairs of the Trust as he, within his sole discretion, exercised in good faith, determines to be necessary to carry out our obligations to the Trust. Tim McElvaine will allocate his time between the Trust and other clients as he sees appropriate.

Personal trading

The Manager and Trustee and Tim McElvaine may personally invest in the same securities as those invested in by the Trust. If this occurs, there may be a conflict between the Manager and Trustee's and Tim McElvaine's interests and the interests of the Trust in terms of the timing of trades and the availability of investments. If such situations arise, the Manager and Trustee and Tim McElvaine will be governed by our Personal Trading Policy. You may request a copy of this policy by contacting us at the address, numbers or e-mail address set out above in the section called *The Trust*.

Shareholder activism

From time to time, we identify issuers with features that we believe depress the fundamental value of the issuer and its securities. In those circumstances, we will take a position in that issuer, sometimes a material position, and may initiate or work with other key shareholders in initiating corporate change. Although we will act prudently and in accordance with applicable laws, such shareholder activism opens us, and possibly the Trust and other funds and managed accounts on whose behalf we are acting, to certain risks, including the risk of litigation by existing management or other shareholders, the risk that trading in such issuers' securities may become suspended, and the risk that the Trust's investment in such issuers will be treated as part of a larger control block and subject to statutory restrictions on liquidity.

Selection of dealers

We have pre-existing relationships with certain dealers. It is possible that we may be biased in our selection of dealers based on these past relationships, or by certain incentives offered by some dealers. This may result in the commissions paid by the Trust being somewhat higher than those that might be charged by different dealers. However, we will endeavour to select dealers to execute trades on behalf of the Trust based on their ability to execute trades, and will do so in accordance with our Broker Selection (Best Execution) Policy. You may request a copy of this policy by contacting us at the address, numbers or e-mail address set out above in the section called *The Trust*.

Income trust risk

The Trust may, from time to time, invest in income trusts. Income trusts commonly hold debt or equity securities in, or are entitled to receive royalties or distributions from, an underlying active business. Income trusts generally fall into four sectors: business trusts, utility trusts, resource trusts and real estate investment trusts. Investments in income trusts are subject to the same risks as other equity investments. Many of these risks are described above.

Investments in income trusts will have varying degrees of risk depending on the sector and the underlying assets. They will also be subject to general risks associated with business cycles, commodity prices, interest rates and other economic factors.

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

Lack of focus on ordinary income

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

Lack of separate counsel

Legal counsel for the Trust in connection with this offering is also counsel to the Manager and Trustee. Neither the unitholders, as a group, nor the holders of any series of units have been represented by separate counsel, and counsel for the Trust and the Manager and Trustee does not purport to have acted for the unitholders or the holders of any series of units or to have conducted any investigation or review on their behalf.

Suspension of redemptions

We have the authority to suspend your right to redeem units or your right to payment for units previously tendered for redemption if we determine that conditions exist that render impractical the sale of any of the Trust's assets, or impair the ability to determine the value of any of the assets of the Trust. See *Redemption of Units* above for more information.

Mutual fund status

In order to qualify as a mutual fund trust under the Tax Act, the Trust must have at least 150 unitholders each holding a prescribed number, and value, of units. In the event that the Trust does not so qualify, there would be adverse tax consequences to the Trust and the unitholders. Among other things, the Trust may be subject to taxes under Parts X.2 and XII.2 of the Tax Act or may be subject to alternative minimum tax under the Tax Act. Further, the election by the Trust under subsection 39(4) of the Tax Act may be disallowed. Taxpayers should consult their own tax advisors regarding this risk prior to investing in the Trust.

Tax related risks

If the Trust experiences a "loss restriction event" (i) the Trust will be deemed to have a year-end for tax purposes, and (ii) the Trust will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Trust will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the Trust, or a group of persons becomes a "majority-interest group of beneficiaries" of the Trust, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Trust will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Trust. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of person is

deemed not to become a majority-interest group of beneficiaries of the Trust, if the Trust meets certain investment requirements and qualifies as an “investment fund” under the rules.

Cyber security risk

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

REPORTING OBLIGATIONS TO UNITHOLDERS

Certain information relating to the Trust is available from the British Columbia Securities Commission website at www.bccsc.bc.ca.

Reports to Unitholders

At least once per year, we will send to you an annual report that sets out the assets and portfolio securities owned by the Trust.

Delivery of Financial Statements

As the Trust is not a “reporting issuer” under applicable securities laws, the continuous reporting requirements under those laws do not apply to the Trust. The Trust sends annual audited financial statements to unitholders within 140 days of the end of each fiscal year. The Trust’s fiscal year end is currently December 31st. The Trust also sends semi-annual unaudited financial statements to unitholders on or before August 29th of each year. You may request a copy of the financial statements by contacting us at the address, numbers or e-mail address set out on the front cover.

Income Tax Statements

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

RESALE RESTRICTIONS

Units are subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus requirements under securities legislation. **However, we note that securities legislation in Canada does contain exemptions that will permit you to redeem your units.** See the section above called *Description of Units - Redemption of Units*.

Unless permitted under securities legislation, you cannot trade units before the date that is four months and a day after the date that the Trust becomes a reporting issuer in any province or territory of Canada. For trades in Manitoba, unless permitted under securities legislation, you must not trade in the units without the prior written consent of the regulator in Manitoba unless: (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) you have held the securities for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest. Again, we note that securities legislation will permit you to redeem your units. See the section above called *Description of Units - Redemption of Units*.

PURCHASERS' RIGHTS

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

Two Day Cancellation Right

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

Statutory Rights of Action

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

British Columbia

If an offering memorandum, such as this Offering Memorandum, together with any amendment to it, is delivered to a purchaser resident in British Columbia who purchases securities in reliance on the offering memorandum exemption set out in National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) and contains a misrepresentation and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have a right of action against the issuer, every director of the issuer and every person who signed the offering memorandum for damages or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission more than 180 days after the date of the purchase; or
 - (ii) for damages more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer) will be liable if the person or company proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice to the issuer that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly

represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

- (d) no person or company (but excluding the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation; and
- (f) in no case will the amount recoverable exceed the price at which the securities were sold to the purchaser.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if a person or company purchases securities offered by an offering memorandum, such as this Offering Memorandum, together with any amendment to it, in reliance on the prospectus exemption in section 2.10 (the minimum amount investment) of NI 45-106, and it contains a misrepresentation, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action against the issuer, every director of the issuer (if applicable) at the date of the memorandum and every person who signed the offering memorandum for damages or, alternatively, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days from the day on which the purchase was completed; or
 - (ii) for damages more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years from the date on which the purchase was completed;
- (b) no person or company will be liable if the person or company proves that the purchaser had knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of it being sent, the person or company gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer that it was sent without the person's or company's knowledge or consent, (ii) after the sending of the offering memorandum and before the purchase of the securities, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a fair copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

- (d) no person or company (but excluding the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert if, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe, and did not believe, that there was a misrepresentation;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves does not represent the depreciation in value of the securities as a result of the misrepresentation;
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser; and
- (g) an issuer is not liable if it does not receive any proceeds from the distribution and the misrepresentation was not based on information provided by the issuer, unless the misrepresentation (i) was based on information that was previously generally disclosed by the issuer, (ii) was a misrepresentation at the time of that disclosure, and (iii) was not subsequently publicly corrected or superseded by the issuer before the completion of the distribution.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum, such as this Offering Memorandum, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it 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 failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;
- (b) on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or any amendment to it 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 had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it 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.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan Act or its regulations.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

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

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Manitoba

Section 141.1 of the *Securities Act* (Manitoba) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation a purchaser resident in Manitoba is deemed to have relied on the misrepresentation and has a right of action against the applicable issuer, every director of the issuer at the date of the memorandum and every person or company who signed the memorandum for damages, or alternatively, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) two years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (excluding the issuer) will be liable if the person or company proves that
 - (i) the memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
- (d) no person or company (excluding the issuer) will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert and not purporting to be a

copy of, or an extract from, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

- (e) in action for damages, a defendant will not be liable for any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, delivered to a purchaser of securities resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of securities by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the issuer for damages or, while still the owner of securities of the issuer purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
 - (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days after the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the issuer will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the issuer will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) the issuer will not be liable for a misrepresentation in forward-looking information if the issuer proves:
 - (i) that the offering memorandum contains, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;
 - (ii) the reasonable cautionary language and disclosure of material factors appear proximate to the forward-looking information; and
 - (iii) the issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information; and

- (e) in no case will the amount recoverable in any action exceed the price at which the securities were offered.

The foregoing rights do not apply if the purchaser is:

- (a) a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank;
- (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.

New Brunswick

Section 150(1) of the *Securities Act* (New Brunswick) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in New Brunswick and contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action against the issuer, every person who was a director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum for damages or, alternatively, while still the owner of the purchased securities, for rescission against the issuer, provided that:

- (a) no action may be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for damages, more than the earlier of (A) one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and (B) six years after the date of the purchase;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (e) no person will be liable for a misrepresentation in forward-looking information if the person proves that:
 - (i) the memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (ii) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

- (f) no person is liable (excluding the issuer) if the person proves:
 - (i) that the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was delivered without the person's knowledge or consent,
 - (ii) that, on becoming aware of any misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for the withdrawal, or
 - (iii) that, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that there had been a misrepresentation or that the part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert;
- (g) no person is liable (excluding the issuer) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation.

Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) states that in the event that an offering memorandum, such as this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection with an offering memorandum, contains a misrepresentation, any investor in Nova Scotia who purchases securities offered thereunder shall be deemed to have relied on such misrepresentation, if it was a misrepresentation at the time of purchase, and shall have, subject as hereinafter provided, a right of action either for damages against the seller, every director of the seller at the date of the offering memorandum and every person who signed the offering memorandum, or alternatively for rescission, exercisable against the seller provided that:

- (a) no person or company will be held liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the seller will not be liable for all or any portion of such damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (c) no person or company will be liable if the person or company proves that (i) the offering memorandum or amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after delivery of the offering memorandum or amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the memorandum, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum or amendment thereto purporting to be made on the authority of an expert or to be a copy of, or an extract from,

a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum or 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;

- (d) no person or company will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum or amendment thereto.

No action shall be commenced to enforce the rights of action more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

Prince Edward Island

Section 112(1) of the *Securities Act* (Prince Edward Island) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under the memorandum, whether or not the purchaser relied upon the misrepresentation, will have a right of action against the applicable issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the memorandum and every person who signed the memorandum for damages or, alternatively, for rescission, exercisable against the issuer or the selling securityholder on whose behalf the distribution is made, provided that:

- (a) no action shall be commenced to enforce a right of action:
 - (i) for rescission, more than 180 days after the date of the purchase; or
 - (ii) for any action other than rescission, more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (B) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer or selling securityholder) will be liable if it proves that (i) the memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was sent without the person's or company's knowledge or consent, (ii) after the delivery of the memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the memorandum, the person or company withdrew the person's or company's consent to the memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

- (d) no person or company (but excluding the issuer or selling securityholder) will be liable with respect to any part of the memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or, (ii) believed that there had been a misrepresentation;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

Newfoundland and Labrador

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Newfoundland and Labrador and it contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation, the purchaser has a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, and every person or company who signed the offering memorandum. In addition, such purchaser has a right of rescission against the issuer. If a purchaser elects to exercise a right of rescission against the issuer, the purchaser has no right of action for damages.

Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for an action for damages or rescission:

- (a) where the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation; or
 - (ii) the relevant part of the offering memorandum:
 - (A) did not fairly represent the report, opinion or statement of the expert; or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and

- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (ii) believed there had been a misrepresentation.

Of the above defences, the issuer shall only be able to rely on (a) above.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

No action may be commenced to enforce a right of action:

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

Yukon

Section 112 of the *Securities Act* (Yukon) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Yukon and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution, without regard to whether the purchaser relied on the misrepresentation, has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or

company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;

- (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
- (iv) for any part of an offering memorandum that is 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, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (i) 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
 - (ii) a statement of the 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 person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than:

- (a) in the case of an action for rescission, 180 days after the date of the purchase; or

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

Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Northwest Territories and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution, without regard to whether the purchaser relied on the misrepresentation, has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable if:
 - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;
 - (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
 - (iv) for any part of an offering memorandum that is 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, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

(B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (i) 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
 - (ii) a statement of the 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 person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than:

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

Nunavut

Section 112 of the *Securities Act* (Nunavut) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Nunavut and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution, without regard to whether the purchaser relied on the misrepresentation, has a right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling security holder on whose behalf the distribution is made.

These rights are subject to certain limitations, including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling security holder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation; and

- (c) a person or company (other than the issuer or selling security holder on whose behalf the distribution is made) will not be liable if:
- (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;
 - (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
 - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (A) there had been a misrepresentation; or
 - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert; or
 - (iv) for any part of an offering memorandum that is 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, statement or opinion of an expert, unless the person or company:
 - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable for a misrepresentation in forward-looking information if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
 - (i) 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
 - (ii) a statement of the 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 person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than:

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

Contractual Rights of Action

Rights for Investors in Québec

Notwithstanding that the securities legislation in Québec does not provide or require the Trust to provide to purchasers resident in these Canadian provinces any rights of action in circumstances where this Offering Memorandum or any amendment to this Offering Memorandum contains a misrepresentation, the Trust grants to such purchasers the same rights of action for damages or rescission as those afforded to residents of British Columbia who purchase units in reliance on the offering memorandum exemption set out in NI 45-106, as described above under *Statutory Rights of Action*.

Rights for Other Investors in Alberta

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

FINANCIAL STATEMENTS

[Attached]

Financial Statements of

THE McELVAINE INVESTMENT TRUST

Year ended December 31, 2016



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Unitholders of The McElvaine Investment Trust

We have audited the accompanying financial statements of the McElvaine Investment Trust, which comprise the statement of financial position as at December 31, 2016, the statements of comprehensive income or loss, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

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

KPMG LLP

Chartered Professional Accountants

February 24, 2017
Vancouver, Canada

THE McELVAINE INVESTMENT TRUST

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Cash	\$ 6,285,241	\$ 5,723,562
Interest and dividends receivable	7,750	77,321
Derivative assets:		
Forwards	-	6,935
Options and warrants	10,070	402,578
	10,070	409,513
Investments	23,566,229	25,284,524
	29,869,290	31,494,920
Liabilities		
Payable for investments purchased	-	128,594
Other accrued liabilities	80,908	76,714
Derivative liabilities:		
Forwards	-	181,125
	80,908	386,433
Net assets attributable to holders of redeemable units	\$ 29,788,382	\$ 31,108,487
Represented by:		
Series A	\$ -	\$ 1,463
Series B	29,007,449	30,223,293
Series C	33,973	9,108
Series F	713,425	679,600
Series X	33,535	195,023
	\$ 29,788,382	\$ 31,108,487
Net assets attributable to holders of redeemable units per unit:		
Series A	\$ -	\$ 14.63
Series B	19.98	19.25
Series C	10.32	9.11
Series F	10.17	9.72
Series X	7.88	7.63

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

Approved on behalf of the Manager
McElvaine Investment Management Ltd.

"Tim McElvaine" Director
Tim McElvaine, Director

THE McELVAIN INVESTMENT TRUST

Statement of Comprehensive Income or loss

Year ended December 31, 2016, with comparative information for 2015

	Note	2016	2015
Revenue:			
Interest income		\$ 216,008	\$ 200,000
Dividend income		376,350	715,081
Net foreign currency gain		(72,303)	138,380
Changes in fair value of investments and derivatives:	4		
Net realized loss		(4,138,378)	(644,359)
Net change in unrealized appreciation (depreciation)		5,230,549	(3,275,046)
Total revenue		1,612,226	(2,865,944)
Expenses:			
Management fees	5	308,004	373,295
Brokerage commissions		52,656	58,428
Trustee, custodial and legal		42,000	51,444
Audit fees		35,169	46,785
Withholding taxes	6	17,889	4,259
Other		11,894	5,920
Total operating expenses		467,612	540,131
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		1,144,614	(3,406,075)
Distributions to holders of redeemable units:			
From net investment income		117,616	371,761
From net realized gains on investments and derivatives		-	-
		117,616	371,761
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 1,026,998	\$ (3,777,836)
Increase (decrease) in net assets attributable to holders of redeemable units:			
Series A		\$ (17)	\$ (197)
Series B		994,425	(3,711,006)
Series C		1,151	(1,001)
Series F		31,008	(44,871)
Series X		431	(20,761)
		\$ 1,026,998	\$ (3,777,836)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Series A		\$ (0.20)	\$ (1.97)
Series B		0.66	(2.30)
Series C		0.88	(1.00)
Series F		0.44	(2.65)
Series X		0.08	(0.72)

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

THE McELVAIN INVESTMENT TRUST

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

Year ended December 31, 2016, with comparative information for 2015

	Series A	Series B	Series C	Series F	Series X	Total
Balance, December 31, 2014	\$ 1,463	\$ 30,223,293	\$ 9,108	\$ 679,600	\$ 195,023	\$ 31,108,487
Decrease in net assets attributable to holders of redeemable units	(17)	994,425	1,151	31,008	431	1,026,998
Redeemable unit transactions:						
Issue of redeemable units	-	580,000	16,999	-	-	596,999
Reinvestment of distributions	-	114,448	134	2,817	132	117,531
Redemption of redeemable units	-	(2,899,582)	-	-	(162,051)	(3,061,633)
Transfer In / Transfer Out	(1,446)	(5,135)	6,581	-	-	-
Net increase (decrease) from redeemable unit transactions	(1,446)	(2,210,269)	23,714	2,817	(161,919)	(2,347,103)
Balance, December 31, 2015	\$ -	\$ 29,007,449	\$ 33,973	\$ 713,425	\$ 33,535	\$ 29,788,382

	Series A	Series B	Series C	Series F	Series X	Total
Balance, December 31, 2014	\$ 1,643	\$ 35,153,130	\$ -	\$ 82,379	\$ 478,056	\$ 35,715,208
Decrease in net assets attributable to holders of redeemable units	(197)	(3,711,006)	(1,001)	(44,871)	(20,761)	(3,777,836)
Redeemable unit transactions:						
Issue of redeemable units	-	61,283	10,000	-	-	71,283
Reinvestment of distributions	17	361,182	109	8,122	2,331	371,761
Redemption of redeemable units	-	(987,776)	-	(19,550)	(264,603)	(1,271,929)
Transfer In / Transfer Out	-	(653,520)	-	653,520	-	-
Net increase (decrease) from redeemable unit transactions	17	(1,218,831)	10,109	642,092	(262,272)	(1,200,646)
Balance, December 31, 2015	\$ 1,463	\$ 30,223,293	\$ 9,108	\$ 679,600	\$ 195,023	\$ 31,108,487

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

THE McELVAINE INVESTMENT TRUST

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 1,026,998	\$ (3,777,836)
Adjustments for:		
Interest income	(216,008)	(200,000)
Dividend income, net of withholding tax	(358,461)	(710,822)
Net Foreign currency gain	72,303	(138,380)
Net realized loss from investments and derivatives	4,138,378	644,359
Net change in unrealized (appreciation) depreciation from investments and derivatives	(5,230,549)	3,275,046
Proceeds from sale of investments	15,108,476	11,152,425
Purchase of investments	(12,400,378)	(10,560,450)
Net realized gains (losses) on forward contracts settled	320,686	(197,729)
Net increase (decrease) in other accrued liabilities	4,194	(11,085)
Net increase (decrease) in payable for investments purchased	(128,594)	128,594
Net decrease in subscriptions received in advance	-	(9,000)
	2,337,045	(404,878)
Interest received	266,244	200,000
Dividends received	377,796	766,481
	2,981,085	561,603
Financing activities:		
Proceeds from issue of redeemable units	596,999	71,283
Distributions to holders of redeemable units from net investment income	117,531	371,761
Payments on redemption of redeemable units	(3,061,633)	(1,271,929)
	(2,347,103)	(828,885)
Net increase (decrease) in cash	633,982	(267,282)
Cash, beginning of year	5,723,562	5,852,464
Effect of exchange rate fluctuations on cash	(72,303)	138,380
Cash, end of year	\$ 6,285,241	\$ 5,723,562

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

THE McELVAINE INVESTMENT TRUST

Schedule of Investments

December 31, 2016

	Number of shares / par value	Cost	Fair value
Canadian - Equities:			
Blackberry Ltd.	100,000	\$ 785,531	\$ 924,000
Carmanah Technologies Corp.	500,000	661,297	1,960,000
Deans Knight Income and Growth Fund	44,800	4,928	-
Dundee Corp. Class A	100,000	981,214	595,000
Glacier Media Inc. (note 5)	4,000,000	5,857,850	2,760,000
Hyduke Energy Services Inc.	2,000,000	1,187,888	630,000
Imperial Metals Corp.	100,000	774,275	606,000
Maxim Power Corp.	400,000	1,117,137	1,180,000
Noranda Income Fund	250,000	562,626	595,000
Orca Exploration Group Inc., Class B 1	15,000	527,056	445,624
Prairiesky Royalty Ltd.	25,000	444,050	798,500
Wow Unlimited Media Inc. (note 5)	1,398,301	2,582,112	2,642,788
Sprott Resource Corp.	1,342,000	1,096,976	664,290
The Caldwell Partners International Inc.	988,500	827,239	983,558
Village Farms International Inc.	400,000	627,314	540,000
Total Canadian equities		18,037,493	15,324,760
United States - Equities			
Coty Inc.	25,000	619,560	614,595
Leucadia National Corp.	60,000	1,388,500	1,872,986
Seacor Holdings Inc.	20,000	1,331,639	1,914,071
Symphony International Holdings Ltd.	1,000,000	813,486	1,100,967
Voya Financial Inc.	30,000	696,556	1,579,753
Total United States equities		4,849,741	7,082,372
Foreign – Equities			
Bank of Cyprus PCL	1,000,000	295,534	198,355
Anglo American PLC	50,000	752,122	960,742
NBNK Investments PLC	64,000	5,396	-
Total Foreign equities		1,053,052	1,159,097
Total Investment Portfolio		\$23,940,286	\$ 23,566,229
Derivatives:			
Options and warrants (Schedule 1)			10,070
Other Net Assets			6,212,083
Total Net Assets			\$ 29,788,382

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

THE McELVAINE INVESTMENT TRUST

Schedule of Option Contracts and Warrants

Schedule 1

December 31, 2016

Number of Contracts	Description	Expiration date	Cost	Fair value
1,500	PowerShares Senior Loan Portfolio @ 22.00 Put Option	January 20, 2017	\$ 240,166	\$ 10,070
Net value			\$ 240,166	\$ 10,070

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

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

1. Reporting entity:

The McElvaine Investment Trust (the "Trust") is a unit trust governed by the laws of British Columbia, which was formed pursuant to a Declaration of Trust dated September 27, 1996, as amended May 15, 2002, January 1, 2008 and April 23, 2012 (collectively, the "Trust Agreement"), between McElvaine Investment Management Ltd. as manager and the Trust. Prior to April 23, 2012, RBC Dexia Investor Services Trust ("RBC Dexia") acted as trustee of the Trust pursuant to the Trust Agreement. Effective April 23, 2012, McElvaine Investment Management Ltd. was appointed as the replacement trustee of the Trust following the resignation of RBC Dexia. The Trust is managed by McElvaine Investment Management Ltd. (the "Manager"), which also provides investment counseling services. The address of the Trust's registered office is at Suite 219, 2187 Oak Bay Avenue, Victoria, British Columbia.

The Trust is an open-ended investment Trust with a fundamental investment objective to achieve long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value. The Manager intends to invest the Trust's assets primarily in common shares of publically-traded companies. However, the Manager may make any type of investment that is believed to be consistent with the Trust's investment objective. There will be periods of time where a substantial portion of the Trust's assets will be held in the form of cash, short-term money market instruments or other fixed income instruments.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Manager on February 24, 2017.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Trust's functional currency.

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash:

Cash is comprised of cash on deposit with financial institutions.

(b) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or fair value through profit or loss in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities held-for-trading or at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Trust becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Trust derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets only when the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Trust has not classified any of its financial instruments as available-for-sale or assets held-to-maturity.

(ii) Held-for-trading and fair value through profit and loss:

Financial instruments classified as held-for-trading or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income or loss in the period in which they occur. The Trust's derivative financial assets and derivative financial liabilities are classified as held-for-trading. The Trust's investments in securities are designated as FVTPL.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

3. Significant accounting policies (continued):

(b) Financial instruments (continued):

(ii) Held-for-trading and fair value through profit and loss (continued):

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

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost, less any impairment losses. The Trust classifies cash and interest and dividends receivable as loans and receivables.

(iv) Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. The Trust's other financial liabilities are comprised of payable for investments purchased and other accrued liabilities.

(c) Redeemable units:

The Trust classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units, which are classified as financial liabilities at FVTPL and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Trust's valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income or loss when they are authorized and no longer at the discretion of the Manager.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

3. Significant accounting policies (continued):

(d) Foreign exchange:

The financial statements of the Trust are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income or loss.

(e) Income recognition:

Interest income shown on the statement of comprehensive income or loss represents interest received by the Trust accounted for on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(f) Income taxes:

The Trust qualifies as a unit trust under the Income Tax Act (Canada). All of the Trust's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Trust. As a result, the Trust does not record income taxes.

(g) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for year ended December 31, 2016, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statement of the Trust, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, derecognition, classification and measurement of financial statements and its requirements represent a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

The standard is effective for fiscal years beginning January 1, 2018, but early adoption is permitted. The Trust's Manager is currently in the process of evaluating the potential effect of this standard. The standard is not expected to have a significant impact on the financial statements since the Trust's financial assets are currently measured at fair value or amortized cost.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

4. Net gain (loss) from financial instruments at fair value through profit or loss:

	2016	2015
Net loss from financial instruments held for trading:		
Derivative financial instruments	\$ (8,437)	\$ (583,923)
Net gain (loss) from financial assets designated as fair value through profit or loss:		
Investments	1,100,608	(3,335,482)
	<u>\$ 1,092,171</u>	<u>\$ (3,919,405)</u>
Net gain (loss) from financial instruments at fair value through profit or loss:		
Realized	\$ (4,138,378)	\$ (644,359)
Unrealized	5,230,549	(3,275,046)
	<u>\$ 1,092,171</u>	<u>\$ (3,919,405)</u>

5. Related party transactions:

Management fees:

The Trust pays a monthly fee to the Manager for management and administration services rendered, based on the net asset value ("NAV") of the respective series (prior to the calculation of any performance incentive fees, described below, on the last business day of the preceding month). The monthly fee payable to the Manager is based upon the following rates:

Series A	1/12 of 2.0% per annum
Series B	1/12 of 1.0% per annum
Series X	1/12 of 1.2% per annum

Series I units will pay management fees directly to the Manager in an amount determined by negotiation and set out in an agreement between the Manager and the investor.

There are no management fees charged on Series C, Cd, F and Fd units.

Performance fees:

The Trust will pay the Manager a performance incentive fee for its services as a portfolio advisor at a rate of 25% for Series C, Cd, F and Fd and 20% for Series A, B and X (the "Incentive Fee Rate") on the following basis:

- (i) For Series A, payable annually on any increase in the Series A NAV during the fiscal year (adjusted for contributions and redemptions of Series A units and for any shortfall, as described below) in excess of a 12% return (the "Series A Hurdle Rate").

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

5. Related party transactions (continued):

Performance fees (continued):

- (ii) For Series B, payable annually on any increase in the Series B NAV during the fiscal year (adjusted for contributions and redemptions of the respective series units and for any shortfall, as described below) in excess of a 6% return (the "Series B, F and Fd Hurdle Rate").
- (iii) For Series C and Cd, payable semi-annually on any increase in the respective series NAV during the fiscal year (adjusted for contributions and redemptions of the respective series units and for any shortfall, as described below).
- (iv) For Series F and Fd, payable semi-annually on any increase in the respective series NAV during the fiscal year (adjusted for contributions and redemptions of the respective series units and for any shortfall, as described below) in excess of a 6% return (the "Series B, F and Fd Hurdle Rate").
- (v) For Series X, payable quarterly on any increase in the Series X NAV during a calendar quarter (adjusted for redemptions and distributions on Series X units), but no fee is payable unless the Series X NAV at the end of the calendar quarter is greater than the highest quarter-end Series X NAV previously achieved by the Trust.
- (vi) For Series A and B, if in any fiscal year the increase in a series NAV is less than the respective hurdle rate (a shortfall), the difference will be carried forward to the next fiscal year and, after adjustment for series redemptions, deducted from any increase in the NAV in the performance incentive fee calculation of the respective series of the Trust for that year.

The performance incentive fee, if any, is estimated and accrued monthly during a fiscal year for the purpose of calculating the net assets per series and per unit at the end of each month, but is paid to the Investment Counsel annually within one month of the fiscal year-end of the Trust in either cash or units, at the discretion of the Investment Counsel.

The adjusted shortfall carried forward in respect of each of Series A, B and X of the Trust at December 31, 2016, and 2015, as applicable, was as follows:

	2016	2015
Series A	\$ -	\$ 178
Series B	17,417,620	18,603,404

Series I units will pay performance fees directly to the Manager in an amount determined by negotiation and set out in an agreement between the Manager and the investor.

Unit holdings:

At December 31, 2016, 29,053 Series B and 3,145 Series C redeemable units (2015 - 29,053 Series B and 1,000 Series C redeemable units) were held by directors and close family members of the Manager.

At December 31, 2016, 7,530 Series B and 146 Series C redeemable units (2015 - 100 Series A and 20,000 Series B redeemable units) were held by the Manager and its parent company.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

5. Related party transactions (continued):

Investments:

Rainmaker Entertainment Inc. and Glacier Media Inc. are related to the Trust by virtue of having directors in common. During the years ended December 31, 2016 and 2015 the following transactions occurred between the Trust and these related parties:

	2016	2015
Rainmaker Entertainment Inc.:		
Interest and dividend receivable	\$ -	\$ 548
Investments, as at December 31	2,642,788	3,475,000
Proceeds from sale of investments	(2,945,170)	-
Purchase of investments	2,582,112	-
Interest income	215,827	200,000
Changes in fair value of investments:		
Net realized loss	(3,523,415)	-
Net change in unrealized appreciation	3,054,262	383,000
Glacier Media Inc.:		
Investments, as at December 31	2,760,000	2,960,000
Proceeds from sale of investments	-	636,000
Purchase of investments	-	(1,609,000)
Dividend income	-	112,000
Changes in fair value of investments:		
Net realized loss	-	(535,570)
Net change in unrealized depreciation	(200,000)	(1,691,430)

Rainmaker concluded a series of transactions on December 12, 2016 which included exchanging its 8% convertible debentures for cash and common shares and changing its name to Wow! Unlimited Media Inc. ("Wow! Unlimited"). As part of these transactions, the Trust received cash of \$410,400 and 1,398,301 shares in Wow! Unlimited. The Trust's directors stepped down from the board of directors of Rainmaker upon the completion of these transactions.

6. Withholding tax expense:

Certain dividend and interest income received by the Trust is subject to withholding tax imposed in the country of origin. During the year, the average effective withholding tax rate was 3.02% (2015 - 0.4%).

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

7. Redeemable units:

Pursuant to the Trust Agreement, the Trust is authorized to issue an unlimited number of units. Each series of unit is described further below:

- Series A units were cancelled as of November 1, 2016.
- Series B units are available from the Manager or through authorized dealers. These units may qualify for redesignation by the unitholder as Series C or Cd units.
- Series C and Cd units are available from the Manager or through authorized dealers. Series Cd units entitle the holder to receive a quarterly cash distribution of approximately 5% of the net asset value from the previous fiscal year. Series Cd was introduced in 2016 and does not have any units outstanding as at December 31, 2016. These units may qualify for redesignation by the unitholder as Series B units.
- Series F and Fd units are available to investors having fee-based accounts with a qualifying dealer and to qualifying groups of investors. Series Fd units entitle the holder to receive a quarterly cash distribution of approximately 5% of the net asset value from the previous fiscal year. Series Fd was introduced in 2016 and does not have any units outstanding as at December 31, 2016. These units may qualify for redesignation by the unitholder as Series B, C or Cd units.
- Series I units are available only to investors who have entered into an agreement with the Manager and meet certain other conditions. Series I was introduced in 2016 and does not have any units outstanding as at December 31, 2016. These units may qualify for redesignation by the unitholder as Series B, C or Cd units.
- Prior to February 26, 2009, Series X units were designated as "Series A units". As of their redesignation date, Series X units are no longer offered for sale to the public.

The unit transactions for the Trust during the year ended December 31 are as follows:

December 31, 2016	Outstanding redeemable units, beginning of year	Redeemable units issued	Redeemable units redeemed	Redeemable units issued on reinvestment of distributions	Consolidation of redeemable units	Outstanding redeemable units, end of year
Series A	100	-	-	-	(100)	-
Series B	1,569,924	30,126	(153,470)	5,729	(265)	1,452,044
Series C	1,000	1,735	-	13	543	3,291
Series F	69,895	-	-	277	-	70,172
Series X	25,548	-	(21,309)	17	-	4,256
	1,666,467	31,861	(174,779)	6,036	178	1,529,763

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

7. Redeemable units (continued):

December 31, 2015	Outstanding redeemable units, beginning of year	Redeemable units issued	Redeemable units redeemed	Redeemable units issued on reinvestment of distributions	Consolidation of redeemable units	Outstanding redeemable units, end of year
Series A	100	-	-	-	-	100
Series B	1,645,386	2,755	(45,762)	(32,455)	-	1,569,924
Series C	-	1,000	-	-	-	1,000
Series F	9,175	-	(2,074)	64,021	(1,227)	68,895
Series X	56,058	-	(30,510)	-	-	25,548
	1,710,719	3,755	(78,346)	31,566	(1,227)	1,665,467

8. Capital management:

The redeemable units issued by the Trust represent the capital of the Trust. The Trust is not subject to any internally or externally imposed restrictions on its capital. The Trust's objectives in managing the redeemable units are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising distributions, if any, and redemptions.

9. Financial risk management:

(a) Risk management framework:

The Trust may be exposed to a variety of financial risks. The Trust's exposures to financial risks are concentrated in its investment holdings, including derivative instruments. The Schedule of Investments groups securities by asset type and geographic region. The Manager manages the potential effects of these financial risks on the Trust's performance by overseeing and regularly monitoring the Trust's position and market events, and diversifies the investment portfolio within the constraints of the investment guidelines. The fundamental investment objective of the Trust is to provide long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value.

(b) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Trust, resulting in a financial loss to the Trust. It arises principally from debt securities held, and also from derivative financial assets, cash, and other receivables due to the Trust. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Trust's maximum exposure to credit risk.

Credit risk is managed by the Manager through a careful selection of securities and diversification of the Trust's portfolio. The Manager monitors the Trust's overall market positions on a daily basis and investment positions are maintained within an established range.

As at December 31, 2016, the Trust did not hold any debt securities. As at December 31, 2015, the Trust was exposed to credit risk through its investment in Rainmaker Entertainment Inc. debentures, which was not rated. As of December 31, 2016, this investment represented nil% (2015 - 9.6%) of the net assets of the Trust. In the Manager's opinion, the Trust does not have significant exposure to credit risk.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

9. Financial risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Trust's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Trust's reputation.

The Trust's prospectus provides for the monthly subscription and redemption of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at each redemption date.

The Trust primarily invests in investments in listed securities that are considered to be readily realizable because they are traded on major Canadian and American stock exchanges. In addition, the Trust retains sufficient cash and deposit positions to maintain liquidity. The Trust may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid.

The Trust's non-derivative liabilities are generally expected to be due and paid within 90 days, with the exception of net assets attributable to holders of redeemable units. Redeemable units are redeemable on demand at the holder's option, however does not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long-term.

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Trust's income or the fair value of its holdings of financial instruments.

(i) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Trust's primary interest rate risk relates to the investment of cash and deposits. From time to time, the Trust may also hold convertible debt securities of portfolio investees that the Trust will expect to be converted into equity investments. On this basis, the fair value of these investments is derived primarily from the fair value of the underlying equity of the portfolio investee. As at December 31, 2016, the Trust did not hold any debt securities. As at December 31, 2015, the Trust was exposed to interest rate risk through its investment in Rainmaker Entertainment Inc. debentures. In the Manager's opinion, the Trust does not have significant exposure to interest rate risk.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

9. Financial risk management (continued):

(d) Market risk (continued):

(ii) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Trust will fluctuate due to changes in foreign exchange rates.

The Trust's currency risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place. The Trust may use foreign currency contracts to hedge some foreign currency exposure and engage in the buying and selling of currencies through forward contracts in order to achieve the desired currency exposure. At the reporting date, the carrying value of the Trust's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

December 31, 2016	Investments	Cash	Net other assets	Derivatives	Total
Canadian dollar	\$ 15,324,760	\$ 6,285,215	\$ (73,158)	\$ -	\$ 21,536,817
US dollar	7,082,372	26	-	10,070	7,092,468
Euro	198,355	-	-	-	198,355
British pound	960,742	-	-	-	960,742
	\$ 23,566,229	\$ 6,285,241	\$ (73,158)	\$ 10,070	\$ 29,788,382

December 31, 2015	Investments	Cash	Net other assets	Derivatives	Total
Canadian dollar	\$ 18,585,385	\$ 5,721,430	\$ (127,987)	\$ 7,524,803	\$ 31,703,631
US dollar	3,828,720	2,132	-	(3,269,435)	561,417
Euro	2,369,628	-	-	(3,007,190)	(637,562)
British pound	500,791	-	-	(1,019,790)	(518,999)
	\$ 25,284,524	\$ 5,723,562	\$ (127,987)	\$ 228,388	\$ 31,108,487

As at December 31, 2016 and 2015, had the Canadian dollar strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets would have increased or decreased by approximately \$412,578 (2015 - increased or decreased by approximately \$29,757). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

9. Financial risk management (continued):

(d) Market risk (continued):

(iii) Other price risk (continued):

The Manager manages price risk on a daily basis. The Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy of the Trust. Except for written options and securities sold short, the maximum risk resulting from financial instruments is equivalent to their fair values as set forth in the Trust's statement of financial position. Possible losses from written options and securities sold short can be unlimited.

The geographical breakdown of securities is disclosed in the Trust's Schedule of Investments.

As at December 31, 2016 and 2015, had the respective benchmark of the Trust increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$2.4 million (2015 - \$2.6 million) or 7.9% (2015 - 8.3%) of net assets attributable to redeemable units.

10. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Trust determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Trust measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs that are unobservable.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

10. Fair value of financial instruments (continued):

(a) Valuation models (continued):

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Trust uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, such as forward contracts and options that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as forward contracts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Trust uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Trust believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Trust and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa, such as interest rate swaps, fair values include adjustment for both own credit risk and counterparty credit risk.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions and broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgment is required to select the most appropriate point in the range.

THE McELVAINE INVESTMENT TRUST

Notes to Financial Statements

Year ended December 31, 2016

10. Fair value of financial instruments (continued):

(b) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

2016	Level 1	Level 2	Level 3	Total
Equities	\$ 23,566,229	\$ -	\$ -	\$ 23,566,229
Derivatives	-	10,070	-	10,070
	\$ 23,566,229	\$ 10,070	\$ -	\$ 23,576,299

2015	Level 1	Level 2	Level 3	Total
Equities	\$ 22,284,524	\$ -	\$ -	\$ 22,284,524
Bonds	-	3,000,000	-	3,000,000
Derivatives	-	228,388	-	228,388
	\$ 22,284,524	\$ 3,228,388	\$ -	\$ 25,512,912

The carrying amount of the Trust's net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount and are classified as Level 2 in the fair value hierarchy.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2016 and 2015.

The Fund did not hold any Level 3 investments in 2015 and 2016.

(c) Financial instruments not measured at fair value:

The carrying value of cash, interest and dividends receivable, payable for investments purchased and other accrued liabilities, approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

11. Income taxes:

As at December 31, 2016, the Trust had net capital loss carry forwards of approximately \$5,005,335 (2015 - \$773,336) available for utilization against capital gains in future years. Such net capital losses are available to be carried forward indefinitely. The Trust does not have any non-capital losses to carry forward.

CERTIFICATE

DATED June 23, 2017

This Offering Memorandum does not contain a misrepresentation.

THE MCELVAINE INVESTMENT TRUST

By (signed) Tim McElvaine
TIM MCELVAINE
President and Director
McElvaine Investment Management Ltd.,
Manager and Trustee of The McElvaine Investment Trust