

February 8th, 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. Under applicable securities laws the Fulcra Credit Opportunities Fund may be considered to be a "connected issuer" of Fulcra Asset Management Inc., the manager, portfolio advisor and promoter of the Fund.

In this Offering Memorandum, "**Fund**" means the Fulcra Credit Opportunities Fund; "**units**" means units of the Fund; "**you**", "**your**", "**investor**", "**purchaser**" and "**unitholder**" mean you and all other investors in units of the Fund; and "**Fulcra**", the "**Investment Manager**", "**we**", "**us**" and "**our**" means Fulcra Asset Management Inc., the manager, portfolio advisor and promoter of the Fund.

The Issuer

Continuous Offering

FULCRA CREDIT OPPORTUNITIES FUND

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E-mail: info@fulcraam.com

CLASS A, CLASS B, CLASS C, CLASS D AND CLASS I TRUST UNITS

The Fund is an open-end investment fund established under the laws of British Columbia as trusts. **Units of the Fund do not trade on any exchange or market.** The Fund is not a reporting issuer under applicable securities laws and does not file documents electronically via SEDAR.

The Offering

Class A, Class B, Class C, Class D and Class I units of the Fund are offered for sale on a private placement basis. The price per unit will be based on the relevant Class A, Class B, Class C, Class D and Class I net asset value per unit on the last business day prior to the purchase date. **There is no minimum number of units that will be sold as part of this offering. This means that you may be the only purchaser of units. Proceeds available to the Fund under the offering may not be sufficient to accomplish its proposed objectives.** There is also no maximum number of units that may be issued as part of this offering. See section below called *The Offering*.

Each investor must invest an amount equal to the minimum investment amount established by the Investment Manager from time to time for initial and subsequent investments. The minimum investment amount will vary depending on the jurisdiction where you live and whether you qualify as an "accredited investor" within the meaning of applicable securities laws. As at the date of this Offering Memorandum the minimum initial investment in the Fund is \$150,000 for any investor resident in British Columbia, New Brunswick, Nova Scotia, or Newfoundland and Labrador and for an investor resident in any other Canadian jurisdiction that is an "accredited investor", and \$150,000 for other investors. For subsequent investments, in most cases the minimum investment amount is \$5,000, depending on the jurisdiction where you live, whether you qualify as an "accredited investor", the amount of your initial investment and the net asset

value of your existing investment at the time you make the additional investment. See the section below called *The Offering – Minimum Investment* for additional detail.

Subscriptions for units must be made by completing and executing the subscription agreement provided by the Investment Manager and by forwarding the same to the Investment Manager together with a cheque (or other form of funds transfer acceptable to the Investment Manager) representing payment of the subscription price. Units of the Fund are sold on a continuous basis and may be purchased on the first business day of each month and such other dates as the Investment Manager may determine from time to time. However, the Investment Manager may close the Fund to new investors from time to time. See the section below called *Subscriptions*.

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

The Investment Manager has not hired any agent or underwriter to sell units on its behalf. However, units may be sold through registered dealers.

Resale Restrictions

You will be restricted from selling your units to other investors for an indefinite period. However, you will be able to require the Fund to redeem your units at certain times if you follow the procedures the Investment Manager has established. See the sections below called *Resale Restrictions* and *Redemption of Units*.

Purchasers' Rights

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

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

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SUMMARY

This summary is qualified by the more detailed information appearing elsewhere in this Offering Memorandum. Capitalized terms used but not defined in this summary are defined elsewhere in this Offering Memorandum.

The Fund: The Fulcra Credit Opportunities Fund (formerly the Fulcra Focused Yield Fund) is an open-end investment fund established under the laws of British Columbia as trusts. See the section called *The Fund*.

Investment Manager: Fulcra Asset Management Inc., a company incorporated under the laws of the Province of British Columbia, is the manager, portfolio advisor and promoter of the Fund. See the section called *Management of the Fund*.

Trustee: Valiant Trust Company, a trust corporation incorporated under the laws of Canada, is the trustee of the Fund. See the section called *Summary of the Trust Agreement – The Trustee*.

Investment Objectives and Strategies:

Fulcra Credit Opportunities Fund

The investment objective of the Fulcra Credit Opportunities Fund is to generate income and long-term capital appreciation through investments primarily in debt securities. The Investment Manager may from time to time invest a portion of the Fund's assets in equity securities.

In seeking to achieve the Fund's investment objective, the Investment Manager will employ a value-based fundamental research process. The Investment Manager believes that private and public securities are priced inefficiently and, as a result, the price of any given security only occasionally coincides with its intrinsic value. The Investment Manager will attempt to identify and exploit these inaccuracies using internal analyses. See *Investment Objectives and Strategies – Fulcra Credit Opportunities Fund*.

The Offering: Class A, Class B, Class C, Class D and Class I units of the Fund are being offered to investors resident in each of the provinces and territories of Canada on a private placement basis. Each class of units will be charged different fees. See the section called *Fees and Expenses*. Investors may select the class of units for which they are subscribing by identifying their choice in their subscription agreement. See the section called *The Offering*.

Minimum Subscription: The minimum initial investment in the Fund is \$150,000 for any investor resident in British Columbia, New Brunswick, Nova Scotia, or Newfoundland and Labrador and for an investor resident in any other Canadian jurisdiction that is an "accredited investor", and \$150,000 for other investors. For subsequent investments, in most cases the minimum investment amount is \$5,000, depending on the jurisdiction where you live, whether you qualify as an

“accredited investor”, the amount of your initial investment and the net asset value of your existing investment at the time you make the additional investment. See the section below called *The Offering – Minimum Investment* for additional detail.

Notwithstanding the foregoing, the Investment Manager may, in its discretion, accept subscriptions for a lesser amount which is permitted under applicable securities laws.

See the section called *The Offering*.

Subscriptions:

Subscriptions for units must be made by completing and executing the subscription agreement provided by the Investment Manager and by forwarding the same to the Investment Manager, together with a cheque (or other form of funds transfer acceptable to the Investment Manager) representing payment of the subscription price. Subscriptions for units are subject to acceptance or rejection in whole or in part by the Investment Manager in its sole discretion. In the event a subscription for units is rejected, any subscription funds forwarded by the investor will be returned without interest or deduction.

Units may be purchased on the first business day of each month and such other dates as the Investment Manager may approve. The Investment Manager will issue units on the first business day of a particular month provided a duly completed subscription agreement, along with the subscription price are received and accepted by the Investment Manager by the close of business on the last business day of the immediately preceding month. The subscription price for each unit issued on the first day of a particular month will be based upon the applicable net asset value of the units as at the close of business on last business day of the immediately preceding month, and may vary from class to class.

See the section called *Subscriptions for Units*.

Redemptions:

A unitholder is entitled to require payment of the net asset value of all or any of its units on the last business day of a month by giving written notice to the Investment Manager, which notice shall contain a clear request that a specified number of units of a specified class be redeemed or the dollar amount which the unitholder requires to be paid and shall be irrevocable. However, in certain circumstances the Investment Manager may suspend redemptions. See the section called *Redemption of Units*.

Transfer or Resale:

Units of the Fund may be transferred in accordance with the provisions of the Trust Agreement, provided the transfer does not cause the value of your investment to fall below the relevant minimum investment amount. 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, units may be redeemed as described above and in the section called *Redemption of Units*. Also see the section called *Resale Restrictions*.

Management Fees:

The Fund will pay to the Investment Manager a monthly Management Fee in respect of each class of units based on the net asset value of the class of units on the last business day of the preceding month. The amount of the monthly Management Fee for each class of units of the Fund as a percentage of relevant class net asset value, is set forth below

Fulcra Credit Opportunities Fund

- Class A – 1/12 of 1.5% of Class A net asset value
- Class B – 1/12 of 0.75% of Class B net asset value
- Class C – 1/12 of 1.5% of Class C net asset value
- Class D – 1/12 of 1.15% of Class D net asset value

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

See the section called *Fees and Expenses – Management Fees*.

Performance Fees:

Subject to the attainment of the High Water Mark (described below), the Investment Manager is entitled to receive from the Fund in respect of Class B and Class D units an annual Performance Fee. No performance fees are payable by the Fund to the Investment Manager in respect of the Class A, Class C or Class I units.

The Performance Fee in relation to Class B and Class D units is equal to 20% of the amount by which the net asset value per Class B or Class D unit of the Fund as at the last business day of the fiscal year exceeds a threshold annualized increase of 7% (the “**Hurdle Rate**”) over the High Water Mark (as defined below). The Performance Fee is accrued monthly and paid annually from the net assets of the relevant Fund.

For the purposes of determining the Investment Manager's entitlement to a Performance Fee, the "**High Water Mark**" for a Class B or Class D unit as at any date means: (i) during the fiscal year in which the Class B or Class D unit is issued, its subscription price; (ii) during the next subsequent fiscal year, the greater of its subscription price or the net asset value per Class B or Class D unit as of the first day of such subsequent fiscal year; and (iii) during all subsequent fiscal years, the higher of the net asset value per Class B or Class D unit as at the first day of such fiscal year and any previous High Water Mark.

See the section called *Fees and Expenses – Performance Fees*.

Expenses

The Fund is responsible for paying their respective expenses in accordance with the Trust Agreement. Expenses of the Fund include, without limitation, legal and audit fees; bookkeeping charges; expenses relating to accounting, registry and transfer agency services; custodial charges; costs of providing information to unitholders; costs relating to the formation and organization of the Fund; brokerage fees and other fees and disbursements directly relating to the implementation of transactions for the portfolios of the Fund; taxes payable by the Fund or to which the Fund may be subject; interest expenses, if any; and any performance measurement fees payable by the Fund.

See the section called *Fees and Expenses*.

Distributions:

The Fund will distribute to its unitholders annually sufficient income and capital gains (net of applicable losses) so that it will not have any liability for Canadian federal income tax under Part I of the *Income Tax Act* (Canada).

All distributions of the Fund will be automatically reinvested in additional units of the same class of the Fund at the net asset value per unit determined as of the date of distribution. A unitholder may elect to have distributions received from the Fund paid in cash by notifying the Manager. No sales charge is payable with respect to any purchase of units made under the reinvestment program.

See the section called *Distributions*.

Fiscal Year End:	December 31 of each year.
Reporting:	Audited financial statements will be provided within 90 days of each fiscal year end. Unaudited financial information will be provided on a semi-annual basis within 60 days of the end of the relevant interim financial period. Information respecting the net asset value per unit will be provided on a quarterly basis. See the section called Financial Reporting. The Fund is not subject to the reporting requirements of National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i> .
Tax Considerations:	There are important tax consequences to acquiring, holding and disposing of units. See the section called <i>Certain Canadian Federal Income Tax Considerations</i> and <i>Eligibility for Investment</i> .
Risk Factors:	Investors should consider a number of factors in assessing the risks associated with an investment in units, including those generally associated with the investment techniques used by the Investment Manager. See the section called <i>Risk Factors</i> .
Dealer Compensation:	The Investment Manager pays a monthly servicing commission to registered dealers whose clients hold Class C units and Class D units. See the section called <i>Dealer Compensation</i> . The Investment Manager may pay additional compensation from its own account to registered dealers, individuals and companies who refer unitholders to the Fund on a case-by-case basis. Any such arrangements will be made in accordance with applicable legislation. Such payments may be modified or discontinued by the Investment Manager at any time. See the section called <i>Dealer Compensation</i>
Auditors:	KPMG LLP, Vancouver, British Columbia
Custodian:	CIBC Mellon Trust Company, Toronto, Ontario
Fund Administrator:	CommonWealth Fund Services Ltd., Toronto, Ontario
Prime Broker	BMO Nesbitt Burns Inc., Toronto, Ontario

FORWARD-LOOKING INFORMATION

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

USE OF PROCEEDS

There is no maximum and no minimum number of units of the Fund that will be sold as part of this offering. No sales commission will be paid by the Fund or the Investment Manager in connection with the sale of Class A, Class B or Class I units under this Offering Memorandum. However, the Investment Manager pays registered dealers a service commission for on-going advice and service provided to holders of Class C and Class D units. The Investment Manager also pays to registered dealers whose clients hold Class D units a portion of the any Performance Fee it receives that is attributable to their clients’ units. In addition, the Investment Manager may pay additional compensation from its own account to registered dealers, individuals and companies who refer investors to the Fund on a case-by-case basis. See the section called *Dealer Compensation*.

The net proceeds from the sale of units of the Fund will be used to invest in securities in the manner described below in the section called *Investment Objectives and Strategies* and to pay the fees and expenses described below in the section called *Fees and Expenses*.

THE FUND

The Fulcra Credit Opportunities Fund (formerly the Fulcra Focused Yield Fund) is an open-ended investment fund established as trusts under the laws of British Columbia. The Fund was established on April 26, 2011¹ and will continue until it is dissolved. The Fund is governed by a master trust agreement (the “**Trust Agreement**”) between Fulcra Asset Management Inc. (defined above as the “**Investment Manager**”) and Valiant Trust Company (the “**Trustee**”) and the supplements to the Trust Agreement in effect.

The Fund is considered to be a “mutual fund” within the meaning of applicable securities laws and qualifies as a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”).

The Investment Manager acts as manager of the Fund, and is responsible for the management and control of the business and affairs of the Fund on a day-to-day basis in accordance with the terms of the

¹ From July 1, 2009 to April 29, 2011 the business of the Fulcra Credit Opportunities Fund was carried on as a limited partnership established under the laws of British Columbia known as the “Fulcra Credit Opportunities Fund Limited Partnership” (the “**Partnership**”). On April 29, 2011, the assets of the Partnership were transferred to the Fulcra Credit Opportunities Fund and its limited partners received trust units of the Fulcra Credit Opportunities Fund in exchange for their limited partnership units of the Partnership, and the Partnership was wound up.

Trust Agreement. In consideration for its services, the Investment Manager receives the fees described in the section called *Fees and Expenses*.

The principal place of business of the Fund (and the Investment Manager) is Suite 950 - 609 West Hastings Street, Vancouver, British Columbia V6B 4W4. You can contact the Investment Manager by telephone at 604-683-8362, by facsimile at 604-683-8368 or by e-mail at info@fulcraam.com.

INVESTMENT OBJECTIVES AND STRATEGIES

The investment objectives and strategies of the Fund are set forth below. There can be no assurances that the Fund will achieve their respective investment objectives.

Fulcra Credit Opportunities Fund

Investment Objective

The investment objective of the Fulcra Credit Opportunities Fund is to generate income and long-term capital appreciation through investments primarily in debt securities. The Investment Manager may from time to time invest a portion of the Fund's assets in equity securities.

Before a fundamental change is made to the investment objective of the Fund, the prior approval of unitholders is required. This approval must be given by a resolution passed by at least a majority of the votes cast at a meeting of unitholders or in the alternative by an extraordinary resolution in writing of the unitholders representing not less than two-thirds of the net asset value of the Fund.

Investment Strategies

In seeking to achieve the Fund's investment objective, the Investment Manager will employ a value-based fundamental research process. The Investment Manager believes that private and public securities are priced inefficiently and, as a result, the price of any given security only occasionally coincides with its intrinsic value. The Investment Manager will attempt to identify and exploit these inaccuracies using internal analyses.

Those businesses whose securities the Investment Manager determines to be undervalued will be considered as investment candidates. In select situations the Investment Manager may choose to short a security if, in the opinion of the Investment Manager, the risk/reward of shorting that security is prudent. Shorting may be used for portfolio insurance, capital structure arbitrage, and/or intra-industry investing.

The Investment Manager will develop investment ideas through its own internal research and through its corporate relationships. Additionally, the Investment Manager may source ideas from a variety of other external sources including participants in the investment community and industry publications. The Investment Manager will always assess the impact of economic influences and industry trends on individual businesses.

In identifying and evaluating investment opportunities for the Fund, the Investment Manager will employ a variety of valuation methodologies such as discounted free cash flow, net asset value and private market value. Consideration will be given to both quantitative and qualitative factors including: competitive positions; intangible assets such as brands and distribution networks; balance sheet strength; stability and growth of earnings; quality and depth of management; and corporate governance practices.

The Investment Manager believes that concentrating the portfolio in fewer companies affords the best opportunity to achieve its investment objective of maximizing returns while preserving capital.

The level of net exposure in the Fund's portfolio at any given time is a function of the Investment Manager's ability to identify attractive investments. The Fund will invest primarily in North America in both debt (private, public, secured, unsecured, investment grade and non-investment grade) and publicly traded equity securities, but its investments may at any time include long or short positions in publicly traded domestic or foreign common stocks, trust units, preferred stocks, stock warrants, rights, convertible securities, securities of private issuers, and other securities or financial instruments including those of investment companies. The Fund will not invest more than 15% of the Fund's net asset value (measured at the time of investment) in securities of a single issuer (other than government securities or money market funds or similar cash equivalent instruments). The Fund's investments may include investment in "unseasoned" as well as mature companies. In addition, the Fund may write options of any or all types. The Fund may also engage in short sales of securities, buy securities on margin, and arrange with banks, brokers and other financial institutions to borrow money against a pledge of securities in order to employ leverage when the Investment Manager deems such action appropriate. The Investment Manager also intends to utilize currency futures and forwards as a means of hedging currency exposure and risk in the securities and businesses in which the Fund has invested.

The Fund may use leverage by borrowing against the assets of the Fund. Although the Investment Manager does not expect to employ leveraged investing as a strategy in the ordinary course, leverage may be used as a method to enhance the yield of senior debt securities that the Investment Manager deems to have excellent asset and/or cash flow coverage. No more than 15% of the net asset value of the Fund, calculated at cost at the time of purchase, will be borrowed for the purpose of leveraged investing.

The Investment Manager may at any time adopt new strategies or deviate from the foregoing guidelines as market conditions dictate. While the Investment Manager typically will try to minimize risk in selecting investments, it should be understood that the risk management techniques utilized by the Investment Manager cannot provide any assurance that the Fund will not be exposed to risks of significant investment losses. Please refer to the section called *Risk Factors* for more information.

Material changes to the investment policies, practices and restrictions of the Fund are subject to the approval of unitholders in accordance with the terms of the Trust Agreement. See the section called *Summary of the Trust Agreement – Amendment of Trust Agreement*.

Risk Management and Control

The Investment Manager does not subscribe to the academic and conventional view that the "risk" of a stock or portfolio is best measured in terms of the volatility of its quoted market price, and hence in order to minimize risk, one must endeavour to minimize volatility. Rather, the Investment Manager believes that permanent capital impairment risk is minimized when the discount between the true intrinsic value of the portfolio and its quoted market price is maximized. As a result, the Investment Manager endeavors to minimize risk by maximizing this "margin of safety"; thereby minimizing the downside risk and maximizing the upside potential.

Proxy Voting Policy

The Investment Manager shall take reasonable steps to vote on behalf of the Fund all proxies received and may vote, abstain or withhold its vote in respect of any matter where it considers, in its sole discretion, that to do so is not detrimental to the interests of the Fund or investors in the Fund. The Investment Manager may refrain from voting where administrative or other procedures result in the

costs of voting outweighing the benefits. The Investment Manager will maintain a record of all matters in respect of which it has voted proxies.

INVESTMENT RISK LEVEL

The Investment Manager has identified the investment risk level of the Fund as an additional guide to help prospective investors decide whether the Fund is right for the investor. The Investment Manager's determination of the risk rating for the Fund is guided by the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the "Task Force"). The Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a fund as measured by the standard deviation of its performance. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of a fund's relative volatility and related risk. Standard deviation is widely used to measure volatility of return. A fund's risk is measured using rolling one, three and five year standard deviation and comparing these values against other funds and an industry standard framework. The standard deviation represents, generally, the level of volatility in returns that a fund has historically experienced over the set measurement periods. For new funds or funds which have a historical performance of less than three to five years, an appropriate benchmark index is used to estimate the expected volatility and therefore risk level of the fund. However, prospective investors should be aware that other types of risk, both measurable and non-measurable, may exist. Additionally, just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility.

In accordance with the methodology described above, the Investment Manager has rated the risk levels of the Fund as follows:

Fund	Investment Risk Level Rating
Fulcra Credit Opportunities Fund	Low to Medium

For a description of some of the key characteristics of prospective investors who would find the Fund to be a suitable investment, see the section called *The Offering – Who Should Invest*.

PAST PERFORMANCE

The table below contains information regarding the past performance of the Fulcra Credit Opportunities Fund since its units were first issued to investors. **It is important that you understand that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.**

Fulcra Credit Opportunities Fund

Units	Annualized Compound Return as at December 31, 2015 ⁽¹⁾			
	1 Year	3 Year	5 Year	Since Inception
Class A	-7.12%	-0.83%	1.67% ⁽²⁾	4.89% ⁽²⁾
Class B	-6.38%	-0.06%	2.36% ⁽²⁾	5.11% ⁽²⁾
Class C	-7.13%	-0.83%		0.89% ⁽³⁾
Class D	-6.78%	-0.61%		1.04% ⁽³⁾

Notes:

(1) For Class A, B, C and D units returns are net of fees and other expenses borne by the Fund. See the sections called *Fees and Expenses*.

- (2) The annualized compound returns for Class A and Class B units of the Fulcra Credit Opportunities Fund are calculated for the period from July 2, 2009 to November 28, 2015. Class A and Class B units of the Fulcra Credit Opportunities Fund were first issued to investors on April 29, 2011. From July 1, 2009 to April 29, 2011 the business of the Fulcra Credit Opportunities Fund was carried on as a limited partnership established under the laws of British Columbia known as the “Fulcra Credit Opportunities Fund Limited Partnership” (defined above as the “**Partnership**”). On April 29, 2011, the assets of the Partnership were transferred to the Fulcra Credit Opportunities Fund and its limited partners received trust units of the Fulcra Credit Opportunities Fund in exchange for their limited partnership units of the Partnership, and the Partnership was wound up.
- (3) Class C and Class D units of the Fulcra Credit Opportunities Fund were first issued to investors on February 1, 2012.
- (4) No performance information is included for Class I units of the Fulcra Credit Opportunities Fund because as at the date of this Offering Memorandum, no Class I units are outstanding.

FEES AND EXPENSES

Management Fees

The Fund will pay to the Investment Manager a monthly management fee (the “**Management Fee**”) in respect of each class of units of the Fund based on the net asset value of the class on the last business day of the preceding month. The amount of the monthly Management Fee for each class of units of the Fund as a percentage of relevant class net asset value is set forth in the table below.

Fund	Units			
	Class A	Class B	Class C	Class D
Fulcra Credit Opportunities Fund	1/12 of 1.5%	1/12 of 0.75%	1/12 of 1.5%	1/12 of 1.15%

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

Performance Fees

Subject to the attainment of the High Water Mark (described below), the Investment Manager is entitled to receive from the Fund in respect of Class B and Class D units an annual performance fee (the “**Performance Fee**”). No performance fees are payable by the Fund to the Investment Manager in respect of the Class A, Class C or Class I units. However, an investor who holds Class I units of the Fund will be charged a negotiated performance fee, plus applicable taxes including GST or HST, which is paid directly to the Investment Manager by the Class I investor (and not by the Fund).

The Performance Fee in relation to Class B and D units is equal to 20% of the amount by which the net asset value per Class B or Class D unit of the Fund as at the last business day of the fiscal year exceeds a threshold annualized increase of 7% (the “**Hurdle Rate**”) over the High Water Mark. The Performance Fee is accrued monthly and paid annually from the net assets of the relevant Fund. The Performance Fee will be paid by the Fund within 10 business days of the beginning of each January. Upon the redemption of Class B or Class D units within a calendar year, the accrued portion of the Performance Fee allocated to the redeemed units will be payable by the Fund within 10 business days of the end of the month in which the Class B or Class D units were redeemed. The Investment Manager may elect to receive Performance Fees in cash or in Class B or Class D units of the Fund.

For the purposes of determining the Investment Manager’s entitlement to a Performance Fee, the “**High Water Mark**” for a Class B or Class D unit of the Fund as at any date means: (i) during the fiscal year in which the Class B or Class D unit is issued, its subscription price; (ii) during the next subsequent

fiscal year, the greater of its subscription price or the net asset value per Class B or Class D unit as of the first day of such subsequent fiscal year; and (iii) during all subsequent fiscal years, the higher of the net asset value per Class B or Class D unit as at the first day of such fiscal year and any previous High Water Mark.

Fee Rebates

To encourage large investments in the Fund and to be able to offer fees which are competitive for investments of that size and in certain other circumstances, the Investment Manager may from time to time reduce the Management Fee and/or the Performance Fee that it otherwise would be entitled to receive with respect to such an investor's investment in the Fund provided that the amount of the fee reduction is distributed (a "**Fee Distribution**") to such unitholder. Fee Distributions of the Fund, where applicable, will be computed on the last business day and will be payable quarterly or at such other times as the Investment Manager may determine, first out of net income and the net capital gains of the Fund and thereafter out of capital. Any such reduction in Management Fees and/or Performance Fees in respect of an investment in the Fund will be negotiated by the Investment Manager and the investor or the investor's registered dealer and will be based primarily on the size of the investor's investment in the Fund and the total amount of services provided to the investor with respect to their investment in the Fund. A qualified investor can choose to receive the Fee Distribution in cash or in additional units of the Fund. The amount of any Fee Distribution is income to the unitholder receiving it, to the extent it is paid out of net income or net taxable capital gains of the Fund. See *Certain Canadian Federal Income Tax Considerations and Distributions*.

Expenses

The Fund is responsible for paying its respective expenses in accordance with the Trust Agreement. Expenses of the Fund include, without limitation, legal and audit fees; bookkeeping charges; expenses relating to accounting, registry and transfer agency services; custodial charges; costs of providing information to unitholders; costs relating to the formation and organization of the Fund; brokerage fees and other fees and disbursements directly relating to the implementation of transactions for the portfolios of the Fund; taxes payable by the Fund or to which the Fund may be subject; interest expenses, if any; and any performance measurement fees payable by the Fund.

MATERIAL AGREEMENTS

The material agreements of the Fund are as follows:

1. The amended and restated Master Trust Agreement made as of January 6th, 2015 between the Investment Manager and the Trustee, including the supplements thereto, under the terms of which the Fund was established and are governed, and the Trustee acts as trustee of the Fund and the Investment Manager acts as manager of the Fund. See the section called *Summary of the Trust Agreement*.
2. The custodian services agreement pursuant to which CIBC Mellon Trust Company was appointed as custodian of the Fund. See the Section called *Management of the Fund – Service Providers – Custodian*.
3. The administration agreement pursuant to which Commonwealth Fund Services Ltd. was appointed to provide fund administration services to the Fund. See the section called *Management of the Fund – Service Providers – Administrative Services*.

4. The global institutional client terms of business and the prime brokerage services schedule agreed to by the Investment Manager pursuant to which BMO Nesbitt Burns Inc. was appointed as prime broker of the Fund. See the section called *Management of the Fund – Service Providers – Prime Broker*.

A description of the key terms of these agreements are described below in the sections noted above.

SUMMARY OF THE TRUST AGREEMENT

The Fund is governed by an amended and restated master trust agreement made as of January 6th, 2015 (defined above as the “**Trust Agreement**”) between the Investment Manager and the Trustee, and by the supplements to the Trust Agreement in effect from time to time.

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 the Investment Manager at the address, numbers or e-mail address set out on the front cover of this Offering Memorandum.

Determination of Net Asset Value

For unit sales and redemption pricing purposes, in accordance with the Trust Agreement, the Investment Manager or its delegate calculates the net asset value of the Fund and the net asset value per unit of each class of units of the Fund as at the close of business on the last business day of each month.

The “net asset value” of the Fund is the fair market value of the Fund’s property at the time the calculation is made less the amount of its liabilities at that time. The net asset value of a class of units of the Fund is the fair market value of the Fund’s property attributable to the class less the amount of the liabilities of the Fund attributable to the class.

The net asset value per unit of a class of units of the Fund is equal to the quotient obtained by dividing the amount equal to the class net asset value by the total number of outstanding units of the class including fractions of units. The net asset value will be calculated at the close of business on the last business day of each calendar month.

The fair market value of the assets and the amount of the liabilities of the Fund in the aggregate and attributable to each class of units of the Fund shall be calculated in such manner as the Investment Manager in its sole discretion shall determine from time to time, subject to the following:

- (a) liquid assets (which term includes cash on hand or on deposit, bills and demand notes, accounts receivable, prepaid expenses, cash dividends (including unpaid but declared dividends provided that the record date for such dividends is on or before the date of determination of the net asset value) and interest accrued and not yet received) will be valued at their full face amount unless the Investment Manager determines that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend or interest amount is not worth its full face value, in which event the value shall be the fair value as determined by the Investment Manager;
- (b) securities listed on a stock exchange or traded on an over-the-counter market will be valued at the closing sale price or, if there is no closing sale price, the average of the closing bid and closing asked price or lacking any recent sales or any record thereof, the latest available sale price or latest available bid price all as reported by any report in common use;

- (c) securities and other assets for which market quotations are not readily available will be valued at the lesser of their fair market value (determined on the basis of such price or yield equivalent quotations or arm's length transaction or on such other appropriate basis), as determined by the Investment Manager, and then-historical cost, provided that if a higher price is established for such securities and other assets as a result of an arm's length transaction, the value of such securities and other assets held by the Fund may be revalued to reflect such price;
- (d) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Fund or by the Fund's predecessor in title or by law shall be the lesser of:
 - (i) the value thereof based on reported quotations in common use; and
 - (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- (e) the value of any security which is a debt obligation and which, at the time of acquisition, had a remaining term to maturity of one year or less, shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition. For the purposes of the foregoing, interest accrued will include amortization over the remaining term to maturity of any discount or premium from face value of an obligation at the time of its acquisition;
- (f) long positions in clearing corporation options, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (g) where a clearing corporation option or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of the Fund. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at their current market value; and
- (h) the liabilities of the Fund shall be deemed to include all liabilities of the Fund of whatsoever kind and nature except liabilities represented by outstanding units and, for greater certainty but without limitation, include:
 - (i) all bills, notes and accounts payable;
 - (ii) all administrative expenses payable or accrued (including fees payable to the Investment Manager);
 - (iii) all obligations for the payment of money or property, including distributions of net income and net realized capital gains, if any, declared, accrued or credited to the unitholders but not yet paid on the day before the day as of which the unit value is being determined; and

- (iv) all allowances authorized or approved by the Investment Manager for taxes (if any) or contingencies.

The value of any security or property to which, in the opinion of the Investment Manager, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Investment Manager from time to time provides.

The Trustee

The trustee of the Fund is Valiant Trust Company (defined above as the “**Trustee**”). Under the Trust Agreement, the Trustee has full power, control and authority over the assets of the Fund, subject to certain restrictions and limitations set forth in the Trust Agreement, including the Investment Manager’s power to manage and direct the investment of the assets of the Fund and the Investment Manager’s power to perform its duties as set forth in the Trust Agreement, which duties include managing the business and administration of the Fund.

The Trustee may assign or delegate the performance of any of the trusts and powers vested in it under the Trust Agreement. The Trustee or any successor appointed pursuant to the terms of the Trust Agreement may resign upon 90 days’ written notice to unitholders during which period the Investment Manager shall forthwith arrange for a successor Trustee. If the Investment Manager fails to appoint a successor trustee the Fund will be terminated.

The Trustee and its directors, officers, employees and shareholders shall at all times be indemnified and saved harmless by the Investment Manager and the Fund from and against all claims (including costs, charges and expenses in connection therewith) brought against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as trustee of the Fund, and all other costs, charges, and expenses which it sustains or incurs in or about or in relation to the affairs of the Fund. However, this indemnity will not apply to the extent that the claim, cost, charge or expense has been caused by willful negligence, willful default, dishonesty or a breach of the standard of care imposed on the Trustee in the Trust Agreement.

For providing its services in accordance with the terms of the Trust Agreement, the Trustee is entitled to receive an annual fee from the Fund. The amount of this annual fee is determined by agreement between the Trustee and the Investment Manager.

Meetings

Meetings of unitholders of the Fund may be called at any time by the Investment Manager, or if requested by unitholders of the Fund or of a class of the Fund representing no less than 50% of the units outstanding of the Fund or class, as the case may be. Notice of meetings must be given in writing not less than 21 days before the date of the meeting. Certain changes to the Trust Agreement require the consent of unitholders. See *Amendment of Trust Agreement* below.

A quorum at any meeting consists of two unitholders, represented in person or by proxy, holding not less than 10% of the outstanding units entitled to vote at the meeting. If there is not a quorum present at the meeting when called then, subject to certain limitations, no quorum requirement will apply at an adjournment of the meeting if notice of the adjourned meeting is given.

Amendment of Trust Agreement

Subject to the requirement to obtain unitholder approval for certain amendments described below, any provision of the Trust Agreement may be amended by the Investment Manager, with the approval of the Trustee, if (a) the amendment is, in the opinion of counsel, not a material change, and (b) the amendment does not adversely affect the pecuniary value of the interest of any unitholder, restrict any protection provided to the Trustee or increases the responsibilities of the Trustee under the Trust Agreement.

Amendments to the Trust Agreement for the following purposes require unitholder approval:

- (a) to change the amendment provisions of the Trust Agreement;
- (b) to make any change in the position, authority or responsibility of the Investment Manager if such change is material;
- (c) subject to the terms of the Trust Agreement, to substitute any other person or company as manager in the place or stead of the Investment Manager (other than an affiliate of the Investment Manager) or any other person or company from time to time occupying that capacity, upon the resignation of the Investment Manager;
- (d) to make any change in the investment policies, practices and restrictions of the Fund or to the Trust Agreement, if such change is material or is otherwise required by the Trust Agreement; and
- (e) to make any change to the fee payable to the Investment Manager.

Unitholder approval may be given by the affirmative vote of not less than 50% of the units voted at a meeting of unitholders duly called in accordance with the Trust Agreement or by the written consent of unitholders holding 50% or more of the outstanding units of the Fund.

In addition to the required unitholder approval, if any such amendment restricts any protection provided to the Trustee or increases the responsibilities of the Trustee under the Trust Agreement, the consent of the Trustee is required.

Unitholders will be provided with not less than 60 days' prior written notice of any amendment to the Trust Agreement. Notwithstanding the foregoing, the Investment Manager and the Trustee may agree that an amendment to the Trust Agreement will become effective prior to the expiry of the 60 day notice period, provided the amendment is not detrimental to the interest of any unitholder.

MANAGEMENT OF THE FUND

The Investment Manager was incorporated under the laws of British Columbia on May 14, 2008. The principal place of business of the Investment Manager is Suite 950 - 609 West Hastings Street, Vancouver, British Columbia V6B 4W4. You can contact the Investment Manager by telephone at 604-683-8362, by facsimile at 604-683-8368 or by e-mail at info@fulcraam.com.

Powers of the Investment Manager

The Investment Manager has the exclusive power to manage and direct the investment of the assets of the Fund and has the powers necessary to perform its duties as set forth in the Trust Agreement, which

duties include managing the business and administration of the Fund. In consideration for its services, the Investment Manager is entitled to receive the fees described in the section called *Fees and Expenses*.

Responsibility of Investment Manager

Under the Trust Agreement, the Investment Manager is required to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund and in connection therewith to exercise the degree of care, diligence and skill that a reasonable prudent manager would exercise in comparable circumstances.

Liability of Investment Manager

The Investment Manager and its directors, officers, employees and any other persons (with the approval of the Trustee) who have undertaken or are about to undertake any action on behalf of the Fund will be indemnified and saved harmless by the Fund from and against:

- (a) any liability and all costs, charges and expenses including legal fees that such persons sustain or incur in respect of any action, suit or proceeding that is proposed or commenced against such persons for or in respect of anything done or permitted by such persons in respect of the execution of the duties of such persons' office; and
- (b) all other costs, charges and expenses that such persons sustain or incur in respect of the affairs of the Fund,

provided that such persons shall not be indemnified by the Fund in respect of any liability, costs, charges or expenses that such persons sustain in or about any action, suit or other proceeding as a result of which:

- (i) there has been willful negligence, willful default or dishonesty on the part of the Investment Manager;
- (ii) a claim is made as a result of a misrepresentation contained in any current prospectus or offering memorandum (or other like documents) of the Fund distributed or filed in connection with the issue of units of the Fund and officers or partners of the Investment Manager or both have granted a contractual right of action forming part of any current prospectus or offering memorandum (or other like document) of such Fund; or
- (iii) the Investment Manager has failed to fulfill its obligations as set forth in the Trust Agreement, unless in an action brought against such persons, they have achieved complete or substantial success as a defendant.

Removal of Investment Manager

If the Investment Manager at any time resigns, becomes insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada), goes into liquidation or makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Fund will terminate unless within a period of 90 days of the happening of such event the Trustee appoints a new manager whose appointment must be approved by a majority of unitholders, if required by the Trust Agreement, and who may be an affiliate of the Investment Manager or the Trustee. Pending such appointment, the Trustee may appoint an interim manager, who may be an affiliate of the Trustee, and upon the appointment of the new manager, all the

rights, interest, duties and obligations of the Investment Manager under the Trust Agreement will vest in the new manager.

Management Experience

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

Name and Office Held	Principal Occupation and Related Experience
Matthew Shandro President and Director	Mr. Shandro began his career with Marathon Brokerage in 1993. From 1994 to 1995 Mr. Shandro worked as an equity analyst in Bangkok, Thailand. From 1995 through 1997 Mr. Shandro was an equity analyst for First Marathon Securities covering small to middle capitalization companies located in Western Canada. Mr. Shandro entered the investment management business in 1997 as a high yield analyst with Deans Knight Capital Management. From January 2002 to September 2003, Mr. Shandro was associate portfolio manager with Marret Asset Management, a credit-oriented fixed income management firm where he began implementing alternative credit strategies. In 2003 Mr. Shandro was hired as the lead portfolio manager for CI Investments high yield corporate bond portfolio. While at CI Investments the Signature High Income Fund that he co-managed grew in assets from \$1.2 billion to \$4.5 billion. In 2004 the Signature High Income Fund, when Mr. Shandro was co-manager, was named Canadian Income Trust Fund of the Year by Morningstar. From 2006 to 2008 Mr. Shandro was a portfolio manager at Great Pacific Capital Corp., a subsidiary of Jim Pattison Ltd. Mr. Shandro received a Bachelor of Arts (International Relations) from the University of British Columbia.
Michael Hudson Director	Mr. Hudson's role with the Investment Manager is limited to that of a director. Mr. Hudson is a private investor who resides in Vancouver, BC. Prior to this, Mr. Hudson was a professional hockey player. He currently sits on the board of directors for Ronald McDonald House and the board of governors for York House School.
Thomas Pressello Director	Mr. Pressello's role with the Investment Manager is limited to that of a director. Mr. Pressello started his career with TD Bank in the Corporate Banking/Finance area. Following this he joined Samoth Capital, a Merchant Bank based in Vancouver. This led Mr. Pressello to developing his own firm Active Hedge Capital Inc. Within Active Hedge Capital Inc., Mr. Pressello has been active in private investing and developing structured product for both retail and institutional clients. Mr. Pressello is a graduate of the Richard Ivey School of Business at the University of Western Ontario.

Unitholdings of Management and Others

The tables below outline certain information regarding the Investment Manager and each director and officer of the Investment Manager as at December 31, 2015.

Fulcra Credit Opportunities Fund

As at December 31, 2015, no person, directly or indirectly, beneficially owned or controlled 10% or more of the units of the Fulcra Credit Opportunities Fund.

Name and Municipality of Principal Residence	Position Held/ Date of Obtaining that Position	Compensation paid by Fund in the year ended December 31, 2015	Anticipated Compensation for the year ended December 31, 2016	Number/ % of units held as at December 31, 2015	Number/ % of units expected to be held after this Offering
Fulcra Asset Management Inc. Vancouver, BC	Manager, portfolio advisor and promoter of the Fund/ April 2011	428,431.00 ⁽¹⁾	Unknown ⁽²⁾	Nil	Unknown ⁽³⁾
Matthew Shandro North Vancouver, BC	President and Director of the Investment Manager/ May 14, 2008	Nil ⁽⁴⁾	Nil	18,163 / 0.43%	Unknown ⁽⁵⁾

Name and Municipality of Principal Residence	Position Held/ Date of Obtaining that Position	Compensation paid by Fund in the year ended December 31, 2015	Anticipated Compensation for the year ended December 31, 2016	Number/ % of units held as at December 31, 2015	Number/ % of units expected to be held after this Offering
Michael Hudson Vancouver, BC	Director of the Investment Manager/ May 14, 2008	Nil ⁽⁷⁾	Nil	30,198.56 / 0.71%	Unknown ⁽⁵⁾
Thomas Pressello Vancouver, BC	Director of the Investment Manager/ November 5, 2014	Nil ⁽⁸⁾	Nil	2,553.73 / 0.06%	Unknown ⁽⁵⁾

Notes:

- (1) This compensation represents the fees referred to in the section called *Fees and Expenses*.
- (2) The compensation paid to the Investment Manager for the year ended December 31, 2015 will vary based on the net assets and performance of the Fund during that period and will be comprised of the fees described in the sections above called *Fees and Expenses*.
- (3) Although the Investment Manager may acquire additional units under this Offering Memorandum, it has no current intention to do so.
- (4) Matthew Shandro does not receive any compensation from the Fund. However, he beneficially owns or controls 0.43% of the Investment Manager's shares. The Investment Manager receives fees from the Fund. See the section above called *Fees and Expenses*.
- (5) The directors and officers of the Investment Manager may acquire additional units under this Offering Memorandum; however, the number of units, if any, which may be acquired by the directors and officers of the Investment Manager is not known.
- (6) Michael Hudson does not receive any compensation from the Fund. However, he beneficially owns or controls 0.71% of the Investment Manager's shares. The Investment Manager receives fees from the Fund. See the section above called *Fees and Expenses*.
- (7) Thomas Pressello does not receive any compensation from the Fund. However, he beneficially owns or controls 0.06% of the Investment Manager's shares. The Investment Manager receives fees from the Fund. See the section above called *Fees and Expenses*.

Penalties, Sanctions and Bankruptcy

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

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

Service Providers

Custodian

CIBC Mellon Trust Company (“**CIBC Mellon**”) acts as custodian of the Fund pursuant to a custodial services agreement (the “**Custodial Services Agreement**”). As custodian, CIBC Mellon is responsible for the safekeeping of the assets of the Fund. CIBC has appointed CIBC Mellon Global Security Services Company (“**CIBC Global**”), an affiliate of CIBC Mellon, to provide certain administrative services in connection with the Custodial Services Agreement. In consideration of the services provided to the Fund under the Custodial Services Agreement, the Fund pay a negotiated fee to CIBC Global. In addition, CIBC Mellon and CIBC Global are reimbursed for their reasonable expenses incurred in the discharge of their duties under the Custodial Services Agreement.

The Investment Manager and the Fund have agreed to indemnify CIBC Mellon, CIBC Global and certain of their affiliates from any loss arising in connection with the Custodial Services Agreement, except to the extent the loss is caused by the misconduct of CIBC Mellon or CIBC Global.

Administrative services

CommonWealth Fund Services Ltd. (“**CommonWealth**”) acts as fund administrator of the Fund pursuant to an administration agreement (the “**Administration Agreement**”). As fund administrator, CommonWealth calculates the net asset value of the Fund, determines the amount of the fees payable to the Investment Manager, keeps track of who owns units of the Fund, maintains a record of all purchases and redemptions of units, and prepares and maintains certain other records required by the Fund and provides certain other administrative services to the Fund. In consideration of the services CommonWealth provides as fund administrator, the Fund pay CommonWealth the fees set forth in the Administration Agreement.

The Fund have agreed to indemnify CommonWealth against all liabilities incurred by CommonWealth or its officers, employees or agents in the performance of any of their obligations under the Administration Agreement, except where the liabilities arise from CommonWealth’s gross negligence, wilful misconduct or fraud, or material breach of the Administration Agreement.

Prime broker

BMO Nesbitt Burns Inc. (“**BMO NBI**”) acts as the prime broker of the Fund pursuant to a global institutional client terms of business and a prime brokerage services schedule agreed to by the Investment Manager. As prime broker, BMO NBI provides the Fund with trade settlement services.

The Fund has agreed to indemnify BMO NBI, certain of its affiliates and their respective employees, officers, directors, shareholders and agents against all liabilities incurred by BMO NBI as a result of providing services to the Fund under the global institutional client terms of business, except where the liability results solely from the indemnified party’s bad faith, wilful default, fraud or gross negligence or if the indemnification would infringe applicable law.

Auditor

KPMG LLP, Vancouver, British Columbia, has been appointed as auditor of the Fund.

CAPITAL STRUCTURE

Outstanding Securities of the Fund

The table below describes the outstanding securities of the Fund as at December 31, 2015:

<u>Description of Security⁽¹⁾</u>	<u>Number Authorized to be Issued⁽²⁾</u>	<u>Number of Units Outstanding</u>	<u>Number of Units Outstanding after Offering⁽²⁾</u>
Fulcra Credit Opportunities Fund			
Class A	Unlimited	736,243.00	Unknown
Class B	Unlimited	2,412,043.00	Unknown
Class C	Unlimited	75,367.00	Unknown
Class D	Unlimited	149,579.00	Unknown

<u>Description of Security⁽¹⁾</u>	<u>Number Authorized to be Issued⁽²⁾</u>	<u>Number of Units Outstanding</u>	<u>Number of Units Outstanding after Offering⁽²⁾</u>
Class I	Unlimited	Nil	Unknown

Notes:

- (1) The Fund may offer additional classes of units in the future.
(2) There is no minimum or maximum number of units to be issued as part of this offering. The Fund will continue to issue additional Class A, Class B, Class C, Class D and Class I units on an on-going basis.

PRIOR SALES

Fulcra Credit Opportunities Fund

The table below discloses information regarding the units of the Fulcra Credit Opportunities Fund that were issued during the 12 months ended December 31, 2015.

<u>Description of Security</u>	<u>Number of Units Issued</u>	<u>Price per Unit Range</u>
Fulcra Credit Opportunities Fund		
Class A	937,500.00	9.24 - 9.86
Class B	1,881,894.95	9.67 – 10.00
Class C	Nil	N/A
Class D	553,000.00	10.00
Class I	Nil	N/A

Within the 12 months from January 1, 2015 to December 31, 2015, an aggregate of 104,604.00 Class A Units, 329,686.00 Class B Units, 98,959.00 Class C Units and 30,829.00 Class D Units have been redeemed for an aggregate gross redemption amount of \$660,613.00.

UNITS OF THE FUND

The beneficial interest in the Fund is divided into one or more series of one or more classes of units, as determined at the discretion of the Investment Manager. A unit of a particular series represents an equal undivided interest in the net assets of the Fund attributable to that series.

A holder of any series or class of units is entitled to one vote for each unit held on matters for which separate approval of the series or class is sought at any meeting of the unitholders and one vote for each unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders.

The Fund currently issues only Class A, Class B, Class C, Class D and Class I units. The Fund may issue other classes or series of units in the future.

Class A and Class B units

Class A and Class B units are available to all investors through authorized dealers or directly from the Investment Manager in British Columbia and Ontario. The fees paid to the Investment Manager by the Fund with respect to Class A and Class B units are described in the section called *Fees and Expenses*. You will not be charged a commission or fee by the Investment Manager or the Fund when you acquire

your Class A or Class B units. However, your dealer may charge you a front-end sales commission or fee in respect of your total purchase. See the section called *Dealer Compensation*.

Class C and Class D units

Class C and Class D units are available to all investors through authorized dealers. The fees paid to the Investment Manager by the Fund with respect to Class C and Class D units are described in the section called *Fees and Expenses*. You will not be charged a commission or fee when you acquire your Class C or Class D units. However, the Investment Manager pays a monthly servicing commission to registered dealers whose clients hold Class C or Class D units. See the section called *Dealer Compensation* for information on the servicing commission the Investment Manager will pay if you acquire Class C or Class D units through an authorized dealer.

Class I units

Class I units are only available to investors who have separately entered into an agreement with the Investment Manager and who meet certain other conditions as may be determined by the Investment Manager from time to time. No management fees or performance fees are charged to the Fund with respect to Class I units. Instead, each investor in Class I units will negotiate separate fees which will be paid directly by the investor to the Investment Manager.

Consolidation and Subdivision

Units may be consolidated or subdivided by the Investment Manager upon the Investment Manager giving at least 21 days' prior written notice to the Trustee and to each unitholder of its determination to do so. Units of any class or series may be consolidated or subdivided in a manner that is different to the treatment of units of another class or series only if the net asset value per unit of such class or series is amended such that the aggregate net asset value of all units of such class or series prior to such consolidation or subdivision is equal to the aggregate net asset value of all units of such class or series following such consolidation or subdivision.

Transfer of Units

Units of the Fund may be transferred in accordance with the provisions of the Trust Agreement, provided the transfer does not cause the value of your investment to fall below the relevant minimum investment amount.

Distributions

The Fund will distribute to its unitholders sufficient income and capital gains (net of applicable losses) so that it will not have any liability for Canadian federal income tax under Part I of the Tax Act.

Subject to applicable securities legislation, quarterly Distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units of the Fund or fractional Units of the Fund at the Class Net Asset Value per Unit. The Manager reserves the right to change the foregoing policy. The Manager may make such designations, determinations and allocations for tax purposes of amounts or portions of amounts which the Fund has received, paid, declared payable or allocated to Unitholder as distributions or redemption proceeds.

On or about the second last business day of each quarter prior to termination of the Fund, the Manager shall determine the amount of Distributions to be paid to Unitholders, and the classification thereof, and shall declare the Distribution be payable to Unitholders of record as of the close of the last day of each

quarter. Despite the foregoing, the distribution amount may not be finally determined until the Distribution Date.

A Unitholder may elect to have quarterly Distributions received from the Fund paid in cash by notifying the Manager. Quarterly distributions will be paid on a business day no later than the 15th day of the following month of the quarter end. The costs of distributions, if any, will be paid by the Fund.

The first Distribution by the Fund will be paid at the end of March, 2016.

THE OFFERING

Class A, Class B, Class C, Class D and Class I units of the Fund are being offered to investors resident in each of the provinces and territories of Canada pursuant to exemptions from prospectus and registration requirements contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (“**NI 45-106**”). As of the date hereof, the Investment Manager has designated five classes of units of the Fund, issuable in series, of which five classes are currently being offered: Class A units, Class B units, Class C units, Class D units, and Class I units. Each such class of units will be charged different fees (see the section called *Fees and Expenses*), and investors may select the class of units for which they are subscribing and identify their choice in their subscription agreement. A new series of Class B or Class D units will be issued on each successive date on which Class B or Class D units are issued.

Class I units will generally only be available for subscription by institutional or other large investors who have separately entered into an agreement with the Investment Manager and who meet certain other conditions as may be determined by the Investment Manager from time to time. Each investor in Class I units will negotiate separate fees which will be paid directly by the investor to the Investment Manager.

Subject to applicable law, units may be purchased on the first business day of each month and such other dates as the Investment Manager may approve. The Investment Manager will issue units on the first business day of a particular month provided a duly completed subscription agreement and subscription proceeds and such other documentation or information as the Investment Manager may require, are received and accepted by the Investment Manager by the close of business on the last business day of the immediately preceding month.

The subscription price for each unit issued on the first day of a particular month will be based upon the applicable net asset value of the units as at the close of business on last business day of the immediately preceding month, and may vary from class to class.

The Fund will use series accounting for a unitholder that owns Class B or Class D units. At the end of the first year of holding Class B or Class D units, if the High Water Mark is attained, the monthly series will roll into the master series of Class B or Class D units at year-end. Each unitholder will receive units of the master series of Class B or Class D units equal to the total net asset value of their series Class B or Class D units owned at year-end divided by the net asset value per unit of the master series of Class B or Class D units at year-end.

Minimum Investment

Each investor must invest an amount equal to the minimum investment amount established by the Investment Manager from time to time for initial and subsequent investments. The minimum investment amount will vary depending on the jurisdiction where you live and whether you qualify as

an “accredited investor” as that term is defined in NI 45-106. As at the date of this Offering Memorandum the minimum initial investment in the Fund for an investor resident in British Columbia, New Brunswick, Nova Scotia or Newfoundland and Labrador is \$150,000. The minimum initial investment in the Fund for an investor resident in any other Canadian jurisdiction is \$150,000 provided the investor is an “accredited investor”. Otherwise, the minimum initial investment for such an investor is \$150,000.

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

Notwithstanding the foregoing, the Investment Manager may, in its discretion, accept a lesser amount which is permitted under applicable securities laws.

The above noted minimum investment amounts are net of any front end commissions which may be paid by a unitholder to his or her dealer.

Who Should Invest

Some of the key characteristics of prospective investors who would find the Fund to be a suitable investment include:

- (a) investors with a long-term investment horizon - at least three to five years;
- (b) investors whose investment strategy is focused on the fundamental value of securities, not speculation; and
- (c) investors whose investment strategy is focused on absolute returns.

The Fund expects to achieve significant long-term performance benefits for a patient investor clientele having the characteristics noted above. Confidence that investors will not depart during a temporary performance lull allows the Investment Manager to invest in depressed securities that are under irrational pressure at the hands of money managers with no such confidence or luxury. The passage of time has not changed one essential characteristic of markets - their tendency to go from boom to bust, and back to boom again. Thus, the Investment Manager believes that an advantage accrues to those who can tolerate near-term volatility and target a long-term investment horizon.

For information on the Investment Manager’s determination of the risk rating of the Fund, see the section called *Investment Risk Level*.

SUBSCRIPTIONS FOR UNITS

Subscriptions for units must be made by completing and executing the subscription agreement provided by the Investment Manager and by forwarding the same to the Investment Manager together with a cheque (or other form of funds transfer acceptable to the Investment Manager) representing payment of the subscription price. Subscriptions for units are subject to acceptance or rejection in whole or in part by the Investment Manager in its sole discretion. In the event a subscription for units is rejected, any subscription funds forwarded by the investor will be returned without interest or deduction. Investors may forward completed subscriptions directly to the Investment Manager.

Prospectus Exemptions

Units are being offered for sale in each of the provinces and territories of Canada under available exemptions from the prospectus requirements under National Instrument 45-106 *Prospectus and Registration Exemptions* (defined above as “**NI 45-106**”), which has been adopted by the securities regulatory authorities in each of the provinces and territories of Canada. In particular, it is intended that units will be sold pursuant to the exemptions from the prospectus requirements afforded by Sections 2.3 (the accredited investor exemption), 2.5 (the family, friends and business associates exemption), 2.6 (the Saskatchewan family, friends and business associates exemption) 2.7 (the Ontario founder, control person and family exemption), 2.9 (the offering memorandum exemption), 2.10 (the minimum amount investment exemption) and 2.19 (the additional investment in investment funds exemption) of NI 45-106.

Subscribers will be required to make certain representations in the subscription agreement and the Investment Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above.

No subscription will be accepted unless the Investment Manager is satisfied that the subscription is in compliance with applicable securities laws.

You will become a unitholder of the Fund after the Investment Manager accepts your subscription agreement and the Fund has received the purchase price for your units. The Investment Manager will hold your subscription monies in trust for you until the day on which you become a unitholder.

REDEMPTION OF UNITS

A unitholder is entitled to require payment of the net asset value of all or any of its units on the last business day of a month by giving written notice to the Investment Manager, which notice shall contain a clear request that a specified number of units of a specified class be redeemed or the dollar amount which the unitholder requires to be paid and shall be irrevocable. If units are registered in the name of an intermediary such as a registered dealer, redemption orders must be made through such intermediary. A redemption request, properly completed, must reach the Investment Manager at its offices not later than the close of business 30 days prior to the date on which the units are intended to be redeemed. Within five business days of the redemption date, the Investment Manager will mail you a cheque for the redemption proceeds (less any amount required to be withheld).

The Investment Manager may suspend the redemption of units of the Fund for any period during which normal trading is suspended on any stock exchange or market on which the securities that represent more than 50% by value of the gross assets of the Fund are then listed, or with the consent of the appropriate securities regulatory authorities for any period during which the Investment Manager determines that conditions are such that the disposal of the assets of the Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of the Fund’s assets.

If the value of your investment falls below the relevant minimum investment amount due to the redemption of units, the Investment Manager has the right to require you to redeem your units on the last business day of a month at the net asset value per unit thereof, by giving you notice in writing at least 30 days before such date, which right may be exercised by the Investment Manager in its absolute discretion.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

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

Status of the Fund

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

Taxation of the Fund

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

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

The Fund generally intends to deduct, in computing its income in each taxation year, a sufficient amount in order that the Fund will not be liable to pay income tax in respect of that year. Therefore, provided the Fund makes distributions in each year of its net income for tax purposes and net realized capital gains, it will generally not be liable in such year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund (as described below).

Generally, the Fund will include gains and deduct losses on income account in connection with its derivative activities and will recognize such gain or losses for tax purposes at the time they are realized by the Fund. The Fund will make the election under subsection 39(4) of the Tax Act so that all Fund investments that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital property. Accordingly, gains or losses realized by the Fund on the disposition of Canadian securities (as defined in the Tax Act) will be on capital account.

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

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

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

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

Taxation of Unitholders

Unitholders will generally be required to include in computing their income for a particular taxation year all net income and net taxable capital gains of the Fund, if any, paid or payable to them, and deducted by that Fund in computing its income for tax purposes, including distributions whether that amount is received in cash, additional Units, or otherwise. To the extent applicable, the Fund intends to make designations to ensure that the maximum portion of their foreign income, net realized capital gains and foreign creditable tax will be received by unitholders as foreign income or taxable capital gains, as the case may be, or paid by unitholders in the case of foreign creditable tax.

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

The reclassification of units as units of another class or series of the Fund will generally not be considered to be a disposition for tax purposes and accordingly, the unitholder will realize neither a gain nor a loss as a result of such reclassification. The unitholder's adjusted cost base of the units received for the units of another class or series will equal the adjusted cost base of the latter units.

On the disposition or deemed disposition of a unit (including a sale or redemption of a unit), the unitholder will realize a capital gain (or capital loss) equal to the amount by which the unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the unitholder's income. The adjusted cost base of a unit to a unitholder will include all amounts paid or payable by the unitholder for the unit, with certain adjustments. For the purpose of determining the adjusted cost base to a unitholder of units, when a unit is acquired, the cost of the newly-acquired unit will be averaged with the adjusted cost base of all the units owned by the unitholder as capital property immediately before that time. The cost to a unitholder of units received on the reinvestment of distribution of the Fund will be equal to the amount reinvested.

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

If a unitholder disposes of units, and the unitholder, the unitholder's spouse or another person affiliated with the unitholder (including a corporation controlled by the unitholder) has also acquired units of any class or series of the same Fund within 30 days before or after the unitholder disposes of the unitholder's units (such newly acquired units being considered "substituted property"), the unitholder's capital loss may be deemed to be a "superficial loss". If so, the unitholder will not be able to recognize the loss, and it would be added to the adjusted cost base to the owner of the units which are "substituted property".

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

Pursuant to the recent Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States (the "IGA"), and related Canadian legislation, the Fund and the Investment Manager are required to report certain information with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "US Persons" as defined under the IGA (excluding registered plans such as RRSPs), to the Canada Revenue Agency ("CRA"). It is expected that the CRA will then exchange the information with the U.S. Internal Revenue Service.

ELIGIBILITY FOR INVESTMENT

Provided the Fund qualifies at all relevant times as a "mutual fund trusts" within the meaning of the Tax Act, units will be a qualified investment for trusts governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan, registered disability savings plan, deferred profit sharing plan and tax-free savings account ("TFSA").

Provided that the holder of a TFSA, or the annuitant of an RRSP or RRIF, does not hold a "significant interest" (as defined in the Tax Act) in the Fund, and provided that such holder or annuitant deals at arm's length with the Fund, the units of the Fund will not be a prohibited investment for a trust governed by a TFSA. Generally, "significant interest" means the ownership of 10% or more of the value of the Fund's outstanding units by the holder or annuitant, either alone or together with persons with whom the holder or annuitant does not deal at arm's length. In addition, units of the Fund will not be a prohibited investment if the units are "excluded property" under the Tax Act for the TFSA, RRSP or RRIF, as the case may be. Holders and annuitants should consult with their own tax advisors regarding whether units would be a prohibited investment if held in their TFSA, RRSP or RRIF.

DEALER COMPENSATION

No sales commission is payable by the Investment Manager for Class A, Class B or Class I units of the Fund purchased by a unitholder. A registered dealer, other than the Investment Manager, may charge a subscriber a front-end sales commission if the subscriber is purchasing Class A, Class B or Class I units of the Fund from such dealer. Any such sales commission will be negotiated between the purchaser and his or her registered dealer.

The Investment Manager pays a monthly servicing commission to registered dealers whose clients hold Class C units of the Fund at a rate equal to one twelfth of 0.5% of the net asset value of the Class C units of the Fund sold by such dealers then outstanding. The payments are calculated as at the last business day of each month and paid quarterly in arrears by the Investment Manager.

The Investment Manager pays a monthly servicing commission to registered dealers whose clients hold Class D units of the Fund at a rate equal to one twelfth of 0.40% of the net asset value of the Class D units of the Fund sold by such dealers then outstanding plus an amount equal to 10% of the Investment Manager's Performance Fee attributable to their clients' investment in Class D units of the Fund. The payments are calculated as at the last business day of each month and paid quarterly in arrears by the Investment Manager.

The Investment Manager may pay additional compensation from their own account to registered dealers, individuals and companies who refer investors to the Fund on a case-by-case basis. Any such arrangements will be made in accordance with applicable legislation. Such payments may be modified or discontinued by the Investment Manager at any time.

RISK FACTORS

An investment in units of the Fund involves certain risk factors, including risks associated with the Fund's investment strategies. The following risks should be carefully evaluated by prospective investors.

Risks Associated with an Investment in the Fund

No assurance

There is no assurance that the Fund will achieve its investment objectives.

Marketability and transferability of units

There is no market for the units and their resale, transfer and redemption are subject to restrictions imposed by the Trust Agreement and applicable securities legislation. Consequently, holders of units may not be able to liquidate their investment in a timely manner and units may not be readily accepted as collateral for a loan.

Investment risk

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

Conflicts of interest

The Investment Manager is engaged in a wide variety of management, advisory and other business activities. Situations may arise in which the Investment Manager's activities on behalf of other clients may disadvantage the Fund, such as an inability of the market to fully absorb orders for the purchase or sale of particular investments placed for the Fund or other clients at prices and in quantities which would be obtainable if the same were being placed only for the Fund. See the section called *Conflicts of Interest*.

Lack of independent experts representing unitholders

Each of the Fund and the Investment Manager have consulted with a single legal counsel regarding the formation and terms of the Fund and the offering of units. The interests of the unitholders of the Fund have not, however, been independently represented. Therefore, to the extent that the Fund, the unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisers regarding the desirability of purchasing units and the suitability of investing in the Fund.

No involvement of unaffiliated selling agent

In addition to acting as the manager of the Fund, investors may purchase units of the Fund from the Investment Manager in its capacity as dealer. Consequently, no outside selling agent unaffiliated with the Investment Manager has made any review or investigation of the terms of this offering, the structure of the Fund or the background of the Investment Manager.

Reliance on Investment Manager and track record

The success of the Fund will be primarily dependent upon the efforts of the Investment Manager and its principals. The performance track record of the Fund is not a guarantee of its future results.

Not a public mutual fund

The Fund are not subject to the restrictions placed on public mutual funds to ensure portfolio diversification and liquidity.

Changes in investment strategy

The Investment Manager may alter its strategy in respect of the Fund without prior approval by the Fund's unitholders if the Investment Manager determines that such change is in the best interest of the Fund.

Valuation of Fund investments

While the Fund is independently audited by its auditors on an annual basis, valuation of the Fund's securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Fund could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the Trust Agreement and as described in this Offering Memorandum.

The Fund may from time to time have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the net asset value per unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a unitholder of the Fund who redeems all or part of its units while the Fund holds such investments will be paid an amount less than such unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Investment Manager in respect of a redemption. In addition, there is risk that an investment in the Fund by a new unitholder (or an additional investment by an existing unitholder) could dilute the value of such investments for the other unitholders if the actual value of such investments is higher than the value designated by the Investment Manager. 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 Investment Manager. The Fund does not intend to adjust their net asset values retroactively.

Possible effect of redemptions

Substantial redemptions of units of the Fund could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position

appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the units redeemed and of the units that remain outstanding.

Suspension of redemptions

The Investment Manager may suspend the redemption of units of the Fund for any period during which normal trading is suspended on any stock exchange or market on which the securities that represent more than 50% by value of the gross assets of the Fund are then listed, or with the consent of the appropriate securities regulatory authorities for any period during which the Investment Manager determines that conditions are such that the disposal of the assets of the Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of the Fund's assets.

Charges to the Fund

The Fund is obligated to pay the expenses associated with the business and operations of the Fund regardless of whether the Fund realizes profits.

Performance incentive fee

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

Tax related risks

If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Fund will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Amendments to the Tax Act have been proposed which would effectively make these rules inapplicable to the Fund provided that it adheres to certain investment restrictions.

Class risk

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

Risks Associated with the Fund's Underlying Investments

General economic and market conditions

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

Lack of portfolio diversification

The Fund's portfolio will not necessarily be widely diversified. As a consequence, the portfolio of the Fund may be subject to more rapid change in value than if the Fund were required to maintain a wide diversification among companies, securities and types of securities.

Liquidity of underlying investments

Some of the securities in which the Fund intends to invest may be thinly traded. There are no restrictions on the investment of the assets of the Fund in illiquid securities. It is possible that Fund may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Fund is required to transact in such securities before its intended investment horizon, the performance of the Fund could suffer.

Credit risk

The Fund may invest in debt securities. When the Fund 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 Fund may invest 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.

Shorting

Selling a security short (“**shorting**”) involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. If the Fund shorts a security and the security increase in value during the shorting period, losses will incur to the Fund. There is in theory no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return. In cases like this, the Fund that shorted the securities must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Fund may have to bid up the price of the security in order to cover the short, resulting in losses to the Fund.

Foreign investment risks

The Fund may invest a portion of its capital in foreign securities. As a result, income or losses of the Fund may be affected by fluctuations in the rates of exchange between the Canadian dollar and the foreign currencies of the countries in which the Fund holds investments. The Investment Manager 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 subject to less 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.

Counterparty risk

To the extent that any counterparty with or through which the Fund engages in trading and maintains accounts does not segregate the Fund’s assets, the Fund will be subject to a risk of loss in the event of the insolvency of such person. Even where the Fund’s assets are segregated, there is no guarantee that in the event of such an insolvency, the Fund will be able to recover all of its assets.

Leverage

The Investment Manager may use leverage to enhance returns of a particular security if it determines that a security possesses strong enough asset coverage. The Investment Manager will not employ leverage of more than 15% of total assets in the Fund. The Investment Manager does not believe it is prudent to rely on leverage as a method to improve portfolio performance.

Derivatives

The Fund may invest in and use derivative instruments for hedging and non-hedging purposes to the extent considered appropriate. 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.

The Fund may 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.” The Fund 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 Fund to profit from declining markets. Although the use of derivatives for hedging or other purposes can be effective, derivatives also have certain risks. Some of the most common risks are set forth below.

- 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 Fund’s portfolio or prevent losses if the market value of the investments falls.
- Hedging can prevent the Fund from making a gain if the value of the underlying security, currency, commodity or market index rises, or if interest rates fall.
- The Fund might not be able to place a hedge if other investors are expecting the same change.
- There is no guarantee that the Fund 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 Fund 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 Fund may be placed on deposit with one or more counterparties which would expose that Fund to the credit risk of those counterparties.

The foregoing statement of risks does not purport to be a complete explanation of all the risks involved in purchasing units. Potential investors should read this entire Offering Memorandum and consult with their legal, tax and financial advisers, before making a decision to invest in units.

FINANCIAL REPORTING

Within 90 days after the end of each fiscal year or such other period as required by applicable law, the Investment Manager will forward to each unitholder of the Fund an annual report of the Fund for such fiscal year consisting of (i) audited financial statements for such fiscal year; (ii) a report of the auditors on such financial statements; and (iii) tax information to enable each unitholder to properly complete and file his or her tax returns in Canada in relation to an investment in units.

The Investment Manager will forward to each unitholder of the Fund unaudited semi-annual financial information concerning the Fund within 60 days of the end of the relevant interim financial period. Information respecting the net asset value per unit of the Fund will be provided on a quarterly basis.

The Fund is not subject to the reporting requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

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, of note, securities legislation in Canada does contain exemptions that will permit you to redeem your units.** See the section above called *Redemption of Units*.

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

CONFLICTS OF INTEREST

Other Business Activities

The Fund may be subject to various conflicts of interest due to the fact that the Investment Manager is engaged in a wide variety of management, advisory and other business activities. The Investment Manager's investment decisions for each Fund will be made independently of those made for the other clients of the Investment Manager and independently of its own investments. However, on occasion, the Investment Manager may make the same investment for the Fund and one or more of its other clients. Where the Fund and one or more of the other clients of the Investment Manager are engaged in the purchase or sale of the same security, the transaction will be effected on an equitable basis. The Investment Manager will allocate opportunities to make and dispose of investments equitably among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the relevant Fund and the other funds under common management and such other factors as the Investment Manager considers relevant in the circumstances.

Soft Dollar Arrangements

Soft dollar arrangements occur when brokers have agreed to provide other services (relating to research and trade execution) at no cost to the Investment Manager in exchange for brokerage business from the Investment Manager's managed accounts and investment funds. Although the brokers involved in soft dollar arrangements do not necessarily charge the lowest brokerage commissions, the Investment Manager will nonetheless enter into such arrangements when it is of the view that such brokers provide best execution and/or the value of the research and other services exceeds any incremental commission costs.

The Investment Manager intends to enter into soft dollar arrangements in accordance with industry standards when it is of the view that such arrangements are for the benefit of its clients; however not all soft dollar arrangements will benefit all clients at all times.

INFORMATION FOR INVESTORS PURCHASING UNITS THROUGH FULCRA ASSET MANAGEMENT INC.

This section of the Offering Memorandum sets out important information for investors who purchase units of the Fund directly through Fulcra Asset Management Inc. (defined above as "**Fulcra**", the "**Investment Manager**", "**we**", "**us**" and "**our**") in its capacity as an exempt market dealer. Other important information is contained in other documents that are provided to clients that invest in the Fund, such as the new account application form, subscription agreement and other documentation that clients complete or receive, and the periodic account statements and updates about changes to information that will be provided to our clients from time to time.

Overview of Fulcra Asset Management Inc.

Fulcra is a Vancouver, British Columbia-based investment management firm. Fulcra is registered as an investment fund manager, portfolio manager and exempt market dealer with the British Columbia Securities Commission and the Ontario Securities Commission, and may obtain additional registrations or licences from time to time.

Products and services offered by Fulcra

We provide discretionary investment management services to investment funds managed by us and in certain cases, to other registered portfolio managers as their sub-adviser. As an exempt market dealer, Fulcra offers trading services exclusively to clients who purchase securities of the Fund. In this role, Fulcra is only permitted to trade in certain securities distributed under a prospectus exemption (for example, to "accredited investors" within the meaning of applicable securities laws), or that are distributed under a prospectus but in transactions for which a prospectus exemption is available but not relied upon.

Your account(s) with Fulcra

Your account(s) and Fulcra's relationship with you: As an exempt market dealer, Fulcra offers trading services to investors who purchase securities of the Fund directly through Fulcra (i.e., and not through another registered dealer). When Fulcra provides these services to you, you will have a non-discretionary investment account with Fulcra.

How securities are registered and held: Securities purchased by you through your account(s) with Fulcra will be registered in your name or another name you direct (but not in Fulcra's name). When

you purchase securities of the Fund (or another investment fund managed by Fulcra) and a certificate evidencing those securities is not issued, your ownership of the securities will be reflected in the records of the applicable fund. In no circumstances will securities be held by Fulcra.

Account documentation: For clients purchasing securities directly through Fulcra (i.e., and not through another dealer), information about the account(s) you have with Fulcra will be contained in the new account application form that you complete and the periodic account statements and updates about changes to information that will be provided to you from time to time. In addition, the information referred to as know-your-client (KYC) information (such as information necessary to establish your identity and information regarding your investment needs, financial circumstances and risk tolerance) which Fulcra is required to collect under applicable securities laws will be set out in the new account application form that you complete and in other documentation applicable to your account(s).

Account statements: For clients purchasing securities directly through Fulcra, Fulcra will provide statements to you about your account(s) at least quarterly or monthly, if you have requested statements on a monthly basis or if a transaction (other than an automatic transaction) was effected in your account(s) during the preceding month.

These account statements will contain:

- (a) information about each transaction conducted for you during the time period covered by the statement; and
- (b) information about each security and any cash held in your account(s) at the end of the time period covered by the statement.

Trade confirmations: Fulcra will promptly deliver to you, or if you consent in writing, to a registered adviser acting for you, a written confirmation of a trade where Fulcra has acted on your behalf in connection with a purchase or sale of a security. A trade confirmation delivered to you will include certain transaction information such as the quantity and description of the security, the price paid or received by you, the commission, sales charge or any other amount charged, the name of the dealing representative and the settlement date of the transaction.

Obligation to assess suitability: As an exempt market dealer, Fulcra has an obligation to assess whether a purchase or sale of a security is suitable for you prior to making a recommendation to or accepting instructions from you. To meet this suitability obligation, Fulcra collects KYC information from you at the time you open an account and will update this information on a periodic basis, and Fulcra is knowledgeable about the products that it buys and sells for, or recommends to, you. These requirements do not apply to clients who are registered firms, Canadian financial institutions or Schedule III banks, or to clients who qualify as “permitted clients” under applicable securities laws and have waived these requirements in writing.

An explanation of certain terms used in Fulcra’s new account application form is as follows:

“investment objective” refers to your financial or investment goals in relation to your investment portfolio. Knowing your investment objective helps Fulcra determine the types of investments that would be appropriate for your account. “Growth” means that your primary objective is to increase the overall value of your portfolio over time. “Income” means that your objective is for the portfolio to generate current income that is available to you. “Balanced” means your objective is to both increase the overall value of your portfolio over time and to generate current income.

“investment knowledge” refers to your knowledge and experience about investments and the capital markets generally. “None” means that you have little or no knowledge of the markets and are new to investing. “Moderate” means that you have a good working knowledge of the markets and experience with various types of investments. “Extensive” means that you are very knowledgeable and experienced in all aspects of the markets, including the inherent risks involved with aggressive investment products.

“risk tolerance” refers to the degree of variability in investment returns that you are willing to accept. Factors that will impact your risk tolerance will include the time horizon that you have for your investments, when you may require access to your investment capital, your future earning capacity, and the other assets that you may have. A “low” risk tolerance means that you are unwilling to accept changes in the value of your investments whereas a “high” risk tolerance means that you are prepared to tolerate significant variations in the value of your investments.

If you have questions regarding these terms or any other terms used in Fulcra’s new account application form or other documents provided to you, please contact Fulcra.

Performance benchmarks: An investment performance benchmark is a standard against which the performance of your investments is compared. Fulcra may use investment performance benchmarks to assess the performance of your investments in the Fund (or another investment fund managed by Fulcra) and to allow you to assess its performance against an index of securities reasonably reflective of its portfolio. When comparing your investment returns to the returns of an investment performance benchmark, keep in mind that:

- (a) the composition of the portfolio of a fund in which you hold an investment reflects the investment objective and strategies of the fund, resulting in the composition of the investment performance benchmark differing; and
- (b) investment performance benchmarks do not generally include charges and other expenses.

Further information about investment performance benchmarks is available from Fulcra upon request.

Operating charges associated with your account(s)

Fulcra does not currently charge its clients any amounts in respect of the operation, transfer or termination of their account with Fulcra. These types of charges are referred to as “operating charges”. If Fulcra decides to impose any operating charges, it will advise you at the time your account is opened. After your account is opened, Fulcra will provide you with at least 60 days written notice before it imposes any new or increased operating charges.

If you invest in securities of the Fund (or another investment fund managed by Fulcra), you will indirectly bear the fees and expenses paid by the fund. See the section called *Fees and Expenses* for information regarding the fees and expenses paid by the Fund.

You may also be charged other amounts by third parties, such as custodians, who play a role in relation to your account. You should obtain information from those parties directly.

Transaction charges

Fulcra does not currently charge clients commissions, short-term trading fees, redemption charges or other amounts in connection with the purchase or sale of securities through their account. These types

of charges are referred to as “transaction charges”. If Fulcra decides to impose transaction charges, the charges applicable to securities purchased by you will be described in the subscription agreement or other documentation that you complete or receive prior to completion of the transaction and in the periodic account statements that you receive.

If you invest in securities of the Fund (or another investment fund managed by Fulcra), you will indirectly bear the fees and expenses paid by the fund. See the section called *Fees and Expenses* for information regarding the Fees and Expenses paid by the Fund.

You may also be charged other amounts by third parties, such as your dealer or custodian, who play a role in relation to your account. You should obtain information from those parties directly.

Compensation paid to Fulcra

We do not receive any compensation from our clients in relation to their account(s) with us. However, we do receive compensation for our role as manager and portfolio advisor of the Fund. The compensation we receive for these services is described above in the section called *Fees and Expenses*.

Risks to consider when making an investment decision

Securities laws require Fulcra to provide all clients with a description of risks that you should consider when making an investment decision. This information is set out below.

You should carefully consider whether an investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. You should understand the nature of the investment and the extent of your exposure to risk. Depending on the nature of your investment, the type of investment risk will vary. Investment risks include:

Capital risk – the risk that you may lose the money you invest.

Liquidity risk – the risk that your investment may not be readily saleable.

Currency risk – the risk that currency movements alone may affect the value of your investment if it is held in another currency.

Interest rate risk – the risk that the principal of a debt instrument that you’ve invested in will go up or down depending as the interest rates in the economy go up and down.

Business risk – the risk inherent in the operations of the entity or industry in which you have invested.

Financial risk – the risk associated with the amount of leverage or debt that the entity in which you have invested used to finance assets.

The securities you are purchasing through Fulcra are typically referred to as “exempt market securities”. They are called exempt market securities because the issuer is not required to provide you with a prospectus (a document that describes the investment in detail and gives you some legal protections). There will be restrictions on your ability to resell exempt market securities. Exempt market securities are generally regarded as more risky than other securities.

The specific risks associated with an investment in the Fund are described in the section called *Risk Factors*. You should review this information carefully before investing.

Risk of using borrowed money to finance and investment

If at any time Fulcra recommends to you that you use borrowed money to finance any part of a purchase of a security, Fulcra is required to advise you that using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchase declines. The use of borrowed money to finance the purchase of a security is also referred to as “leverage”.

Further information on the use of leverage is set forth in Fulcra’s new account application form.

Referral arrangements

Fulcra may enter into referral arrangements from time to time pursuant to which another party refers clients to Fulcra for which Fulcra pays a referral fee, or Fulcra refers clients to another party and receive a referral fee. The details of these referral arrangements, including the parties to the referral arrangement, the manner in which the referral fee for referral services is calculated and the party to whom it is paid, will be provided to you in writing when required.

Conflicts of interest

This Offering Memorandum identifies conflicts of interest that are relevant to you as a client that is purchasing securities of the Fund directly from Fulcra. Fulcra seeks to avoid or minimize conflicts where reasonably possible. However, some conflicts cannot be avoided and in certain circumstances, although others could be avoided, Fulcra has chosen to manage the conflicts. Fulcra has policies and procedures in place to manage the conflicts of interest that it believes are sufficient to protect the interests of its clients and fulfill its obligations to its clients. The following are some of the more significant conflicts of interest that may affect the service Fulcra provides to you.

Related and connected issuers

For the purposes of this summary, (i) the word “connected” is intended to involve a state of indebtedness to, or other relationship with, Fulcra or those “related” to Fulcra that, in connection with a distribution of securities, would be material to a purchaser of the securities; and (ii) the word “related” is intended to involve positions permitting, through ownership or otherwise, a controlling influence, and would include all companies under a common controlling influence.

As an exempt market dealer, Fulcra will provide you with services related to the purchase or sale by you of securities of the Fund or other issuers that are connected to Fulcra. In most cases, the connection to Fulcra will be obvious to you because the name of the issuer will be sufficiently similar to Fulcra’s name. For example, most of the issuers will include the word “Fulcra” as part of their name. If Fulcra believes that the name of any issuer is not similar enough to convey its relationship to Fulcra, Fulcra will provide you with specific disclosure regarding that relationship at the appropriate time. Fulcra will only engage in these types of transactions where they are permitted under applicable securities laws and by applicable securities regulatory authorities, and where Fulcra believes they are in your best interests.

Code of conduct and personal trading activities

Fulcra has a code of conduct set out in its Policies and Procedures Manual, which sets out certain expected standards of conduct of its employees and includes restrictions and controls on outside activities of its employees and on personal trading of its employees. The code of conduct is designed to ensure that Fulcra’s employees act in accordance with applicable Canadian securities laws and other

applicable laws, that they act in the best interests of Fulcra and its clients, that they avoid actual or potential conflicts of interest, and that they do not engage in personal securities transactions that are prohibited by law, such as insider trading, or that negatively impact Fulcra's clients.

Each of Fulcra's employees, officers and directors puts the interests of Fulcra's clients first, ahead of their own personal self-interests. In particular, any individual who has, or is able to obtain access to, non-public information concerning portfolio holdings, trading activities or ongoing investment programs, is prohibited from using such information for his or her direct or indirect personal benefit or in a manner which would not be in the best interests of Fulcra's clients. These individuals also must not use their position to obtain special treatment or investment opportunities not generally available to Fulcra's clients or the public. These individuals are only allowed to make a personal trade if it falls within Fulcra's personal trading policy or if Fulcra's compliance officer has determined that such trade will not conflict with the best interest of Fulcra's clients.

Canada's anti-spam legislation

Under Canada's anti-spam legislation that came into effect July 1, 2014 Fulcra is required to obtain your consent to send you emails and other electronic messages. Fulcra will generally seek this consent from you at the time you open your account. You may withdraw your consent at any time by clicking "unsubscribe" in email correspondence Fulcra sends you or by contacting Fulcra by email at info@fulcraam.com.

Tax information

Under the Intergovernmental Agreement for the Enhanced Exchange of Tax Information (the "IGA") under the Canada-U.S. Tax Convention entered into between Canada and the United States and related Canadian legislation, Fulcra is required to report certain information with respect to clients who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada) and certain other "U.S. persons" as defined under the IGA (excluding registered plans such as RRSPs), to the Canada Revenue Agency (the "CRA"). The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provision of the Canada-U.S. Income Tax Treaty. In order to comply with these requirements, Fulcra will collect certain information from you at the time you open your account and at other times as needed.

Complaints and dispute resolution

If Fulcra receives a complaint from you relating to trading or advising activities provided by Fulcra or a representative of Fulcra, it will provide you with a written acknowledgement of the complaint containing the following information:

- (a) a description of Fulcra's obligations relating to complaints and dispute resolution;
- (b) the steps that you are required to take in order for an independent dispute resolution or mediation service to be made available to you; and
- (c) the name of the independent dispute resolution or mediation service that will be made available to you and contact information for the service.

In addition, if Fulcra decides to reject a complaint or to make an offer to resolve a complaint, it will provide you with written notice of that decision.

Fulcra will make an independent dispute resolution or mediation service available to you at its expense if:

- (a) after 90 days of Fulcra's receipt of the complaint, it has not given you written notice of its decision in respect of the complaint and you have notified the independent dispute resolution or mediation service specified by Fulcra that you wish to have the complaint considered by the service; or
- (b) within 180 days of your receipt of written notice of Fulcra's decision in respect of the complaint, you have notified the independent dispute resolution or mediation service specified by Fulcra that you wish to have the complaint considered by the service.

There are limitations on your ability to have a complaint resolved at Fulcra's expense by an independent dispute resolution or mediation service. Fulcra is only required to follow this procedure if the complaint is received by Fulcra within six years of the day when you first knew or reasonably ought to have known of an act or omission that is a cause of or contributed to the complaint. Also, you must agree that, for the purpose of the independent service's consideration of the complaint, the amount claimed (if any) will be no greater than \$350,000.

Fulcra may follow other procedures in relation to a complaint made by a "permitted client" within the meaning of applicable securities laws that is not an individual.

Residents of Québec: If you are a resident of Québec and your complaint has not been resolved to your satisfaction, upon your request, Fulcra will send a copy of the file to the Autorité des marchés financiers which may assess the complaint and offer mediation services if appropriate.

Further information regarding these matters is available upon request.

Your relationship with Fulcra

It is important that you actively participate in your relationship with Fulcra. In particular, Fulcra encourages you to:

- Keep Fulcra fully and accurately informed regarding your investment needs and any change to information that could reasonably result in a change to the types of investments appropriate for you. For individual investors keep Fulcra informed of your personal circumstances, and promptly advise Fulcra of any change such as a change to your income, investment objectives, risk tolerance, time horizon or net worth.
- Review the documentation and other information Fulcra provides to you regarding your account(s), transactions conducted on your behalf and the holdings in your portfolio.
- Ask questions of and request information from Fulcra to address any questions you have about your account(s), transactions conducted on your behalf or the holdings in your portfolio, or your relationship with Fulcra or anyone acting on Fulcra's behalf.

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 the Investment Manager by midnight on the second business day after you sign the agreement to buy units.

Statutory Rights of Action

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

British Columbia

If this Offering Memorandum, together with any amendment hereto, is delivered to a purchaser resident in British Columbia who purchases units of the Fund in reliance on the offering memorandum exemption set out in 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 Fund, the Investment Manager and every person who signed this Offering Memorandum for damages or, alternatively, while still the owner of the purchased units, for rescission against the Fund, provided that:

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

4. no person or company (but excluding the Fund) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
5. in an action for damages, the 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 units as a result of the misrepresentation; and
6. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that where an offering memorandum, such as this Offering Memorandum, together with any amendment to it, is delivered to a purchaser resident in Alberta, in reliance on the prospectus exemption in section 2.10 (the minimum amount investment or \$150,000 investment) of NI 45-106, and contains a misrepresentation, whether or not the investor relied upon the misrepresentation and will have a right of action 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:

1. under section 211, no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages more than the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) three years from the date of purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
3. no person or company (but excluding the issuer) will be liable if the person or company proves that (i) the Offering Memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent, (ii) on becoming aware of any misrepresentation in the Offering Memorandum, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
4. no person or company (but excluding the issuer) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of expert unless the person or company

failed to conduct an investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

5. in an action for damages, the 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
6. in no case shall the amount recoverable exceed the price at which the securities were offered under the Offering Memorandum.

Saskatchewan

If this Offering Memorandum, together with any amendment to this Offering Memorandum, is sent or delivered to a purchaser resident in Saskatchewan and contains a misrepresentation at the time of purchase, the purchaser is deemed to have relied upon that misrepresentation and will have a right for damages against the Fund, the Manager, every promoter of the Fund, every person or Company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum (if applicable) and every person or company who sells units on behalf of the Fund, or alternatively, while still the owner of the purchased units, for rescission against the Fund, provided that:

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

belief that there had been no misrepresentation or (ii) believed there had been a misrepresentation; and

5. in no case will the amount recoverable exceed the price at which the units were sold to the investor.

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

Manitoba

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

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

grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation; and

5. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser.

Ontario

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

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages more than the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of purchase;
2. the Fund will not be liable if it proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. in an action for damages, the Fund will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation;
4. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser; and
5. the Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves that:
 - (a) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (b) the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

The foregoing rights do not apply if the purchaser is:

- (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

If this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to a purchaser resident in New Brunswick contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action against the Fund for damages or, alternatively, while still the owner of the purchased units, for rescission, provided that:

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

Nova Scotia

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

1. no action may be commenced to enforce a right of action more than 120 days:
 - (a) after the date on which payment was made for the units; or
 - (b) after the date on which the initial payment was made;
2. no person or company will be liable if the person or company proves that the investor purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the Offering Memorandum was delivered to the purchaser without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or

company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after delivery of the Offering memorandum and before the purchase of the units by the purchaser, on becoming aware of any misrepresentation in the Offering Memorandum, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

4. no person or company (other than the Fund) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation;
5. in an action for damages, the 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 units as a result of the misrepresentation relied upon; and
6. in no case will the amount recoverable in any action exceed the price at which the units were sold to the investor.

Prince Edward Island

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

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

purchaser, on becoming aware of any misrepresentation in the Offering Memorandum, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

4. no person or company (other than the Fund) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. in an action for damages, the 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 units as a result of the misrepresentation relied upon; and
6. in no case will the amount recoverable exceed the price at which the units were sold to the investor.

Newfoundland and Labrador

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

1. no action will be commenced to enforce the foregoing rights:
 - (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
 - (b) in the case of any action, other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action; or (ii) three years after the date of the transaction that gave rise to the cause of the action;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if:

- (a) the person or company proves that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
 - (b) the person or company proves that the person or company, on becoming aware of any misrepresentation in this Offering Memorandum, withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice of the withdrawal to the Fund and the reason for it;
 - (c) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or statement of an expert, the person or company proves that they did not have any reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
 - (d) with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation;
4. in an action for damages, the defendant will not be liable for all or any part of the damages that it proves do not represent the depreciation in value of the units as a result of the misrepresentation; and
 5. in no case will the amount recoverable exceed the price at which the units were offered to the investor under this Offering Memorandum.

Yukon

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

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the Offering Memorandum was sent to the purchaser without the person's or company's

consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;

4. no person or company (other than the Fund) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. the Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves that:
 - (a) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (b) the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
6. 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 units as a result of the misrepresentation relied upon; and
7. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser.

Northwest Territories

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

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

- (b) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
 3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the Offering Memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
 4. no person or company (other than the Fund) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
 5. the Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves that:
 - (a) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (b) the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
 6. 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 units as a result of the misrepresentation relied upon; and
 7. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser.

Nunavut

If this Offering Memorandum, together with any amendment to this Offering Memorandum, contains a misrepresentation, a purchaser is deemed to have relied on the misrepresentation and has a right of action for damages against the Fund, the Investment Manager and every person who signed this

Offering Memorandum (if applicable), or alternatively, while still the owner of the purchased units, a right of rescission against the Fund, provided that:

1. no action may be commenced to enforce a right of action:
 - (a) for rescission more than 180 days after the date of the purchase; or
 - (b) for damages, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase;
2. no person or company will be liable if the person or company proves that the purchaser purchased the units with knowledge of the misrepresentation;
3. no person or company (other than the Fund) will be liable if the person or company proves that (i) the Offering Memorandum was sent to the purchaser without the person's or company's consent, and that, after becoming aware of its delivery, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it, or (iii) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the Offering Memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;
4. no person or company (other than the Fund) will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;
5. the Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves that:
 - (a) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (b) the Fund had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
6. 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 units as a result of the misrepresentation relied upon; and

7. in no case will the amount recoverable exceed the price at which the units were sold to the purchaser.

Contractual Rights of Action

Rights for Investors in Québec

Notwithstanding that the securities legislation in Québec do not provide or require the Fund 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 Fund 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*.

Proposed Legislation Applicable to Investors in Québec

Under legislation adopted but not yet in force in Québec, if this Offering Memorandum, together with any amendment to this Offering Memorandum, delivered to an investor resident in Québec contains a misrepresentation, the investor will have (i) a right of action for damages against the Fund, the Investment Manager, the dealer (if any) under contract to the Fund and any expert whose opinion, containing a misrepresentation, appeared, with the expert's consent in this Offering Memorandum, or (ii) a right of action against the Fund for rescission of the purchase contract or revision of the price at which the units were sold to the purchaser.

No person or company will be liable if it proves that:

1. the purchaser purchased the units with knowledge of the misrepresentation; or
2. in an action for damages, that it acted prudently and diligently (except in an action brought against the Fund).

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

1. for rescission or revision of price more than three years after the date of the purchase; or
2. for damages later than the earlier of (i) three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser, or (ii) five years from the filing of the Offering Memorandum with the Autorité des marchés financiers.

If this legislation is declared to be in force in Québec, the Fund will provide you with these rights instead of the rights described above under *Rights for Investors in Québec*. The foregoing summary is subject to the express provisions of the *Securities Act* (Québec) and the regulations and policy statements thereunder, and reference is made thereto for the complete text of such provisions.

Rights for Investors in British Columbia and Alberta

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

Investors resident in Alberta who purchase units pursuant to a prospectus exemption, other than the minimum amount investment 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*.