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## **OFFERING MEMORANDUM**

**Dated July 31, 2025**

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**Offering Series F Units, Series A Units, Series C Units, Series B Units and Series O Units  
of:**

**CANSO CORPORATE VALUE FUND**

**Offering Series F Units, Series A Units, Series C Units and Series O Units of:**

**CANSO CORPORATE BOND FUND**

**CANSO CANADIAN BOND FUND**

**CANSO SHORT TERM AND FLOATING RATE INCOME FUND**

**CANSO US SHORT TERM AND FLOATING RATE FUND**

**CANSO FLOATING RATE INCOME FUND**

**(each a “Fund” and collectively the “Funds”)**

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This Offering Memorandum constitutes an offering of these securities and to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. No prospectus has been filed with any such authority in connection with the securities offered hereunder. This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional advisors in evaluating the securities offered hereby and is not to be construed as a prospectus or advertisement or a public offering of these securities. No person is authorized to give any information or make any representation not contained in this Offering Memorandum in connection with the offering of the securities described herein and, if given or made, any such information or representation may not be relied upon.

The Funds and the securities offered under this Offering Memorandum are not registered with the United States Securities and Exchange Commission and may not be offered or sold in the United States.

Each of Canso Investment Counsel Ltd. (the “Investment Manager”) and PBY Capital Ltd. (“PBY Capital”), affiliates of Canso Fund Management Ltd. (the “Manager”), the manager of the Funds, may act as exempt market dealer in connection with the distribution of units of the Funds and the Investment Manager acts as investment adviser to the Funds, and each will be paid fees for its services by the Manager as set out in this Offering Memorandum. As a result of these relationships, each of Canso Investment Counsel Ltd. and PBY Capital Ltd. is a related and/or connected issuer of each of the Funds. See “Corporate Governance – Services Provided by Related Registrants” for further details.

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## SUMMARY

<b>The Funds</b>	Each of the Funds listed on the first page is an open-end investment trust established under the laws of Ontario pursuant to an amended and restated Master Declaration of Trust dated November 30, 2016, as amended from time to time (the “Master Declaration”).
<b>Units Offered</b>	An unlimited number of multiple series of units of a Fund (each, a “Unit” and together, the “Units”) offered hereby on a continuous basis in Canadian dollars, other than Canso US Short Term and Floating Rate Fund, which Units are offered hereby on a continuous basis in U.S. dollars. Each Unit within a particular series will be of equal value; however, the value of a Unit in one series may differ from the value of a Unit in another series. Each series shall have the attributes and characteristics as set out under the heading “The Offering” below.
<b>Price per Unit</b>	The price per Unit shall be equal to the net asset value (“Net Asset Value”) per Unit of the applicable Series (“Series Net Asset Value per Unit”) at the Valuation Time (defined below) on the applicable Valuation Date (defined below). The Trustee intends to offer Units only on each Valuation Date although it retains the right to cease distribution of Units of any or all Series at any time, in its sole discretion. Each of the Funds is valued in Canadian dollars and must be purchased in Canadian dollars, other than Canso US Short Term and Floating Rate Fund, which is valued in U.S. dollars and must be purchased in U.S. dollars.
<b>The Offering / Minimum Individual Subscription</b>	The Units are being distributed only pursuant to available exemptions in each province and territory of Canada to (a) investors who are accredited investors under <i>National Instrument 45-106</i> , (b) investors that are not individuals and that invest a minimum of Cdn. \$150,000 in a Fund, and (c) investors to whom Units may otherwise be sold. The minimum initial investment in any Series of Units of a Fund is Cdn. \$150,000 or such lesser amount as is permitted by securities legislation and approved by the Trustee. Additional investments may be made at the discretion of

the Trustee, subject to a minimum subsequent investment amount established by the Trustee from time to time and applicable securities legislation.

**The Trustee**

The trustee is Canso Fund Management Ltd., a corporation amalgamated under the laws of Ontario (in such capacity, the “Trustee”). The Trustee has ultimate responsibility for the undertaking of the Funds in accordance with the terms of the Master Declaration. The Trustee has engaged itself to direct the day-to-day operations and affairs of each Fund.

**The Manager**

As trustee, Canso Fund Management Ltd. has appointed itself as the investment fund manager of the Funds (the “Manager”) to direct the day-to-day operations and affairs of each Fund. The Manager has the right to appoint investment advisers, including an affiliate, to assist it in performing its obligations, pursuant to management agreements between the Trustee, on behalf of each Fund and the Manager.

**The Investment  
Manager**

Canso Investment Counsel Ltd. (the “Investment Manager”) is a corporation incorporated under the laws of Ontario and registered as a portfolio manager and exempt market dealer in each of the provinces of Canada. The Investment Manager assumes the responsibility for the investment management of the Funds as appointed by the Manager, pursuant to investment management agreements between each Fund, the Manager and the Investment Manager.

**Unitholders**

Eligible investors become unitholders of a Fund by acquiring interests in the Fund as Units (the “Unitholders”).

<b>The Offering</b>	<p>Investment in a Fund is made by subscribing for Units of Series A, Series F, Series C or Series O or in respect of Canso Corporate Value Fund only, Series B (individually and collectively, the “Series”).</p> <p><b>Series F Units</b> are available to all eligible investors through dealers approved by the Manager, which include dealers that offer fee-based programs.</p> <p><b>Series A Units</b> are available to all eligible investors through dealers approved by the Manager. A trailing commission is payable to the dealer with respect to Series A Units.</p> <p><b>Series C Units</b> and <b>Series B Units</b> are available to eligible investors who meet certain investment criteria determined by the Manager from time to time.</p> <p><b>Series O Units</b> are available to eligible investors who wish to apply management fees outside the Funds as approved by the Manager.</p> <p>Each Series of Units is subject to different management fees. See “Eligible Investors” section beginning on page 16.</p>
<b>Investment Objective and Strategies</b>	<p>Each Fund has adopted the investment objective and investment strategies that are described in detail in Schedule “B” under the heading “Fund Specific Information” beginning on page 60.</p>
<b>Risks</b>	<p>Investment in each Fund involves certain risks and considerations which investors should evaluate before making a decision to acquire Units of each Fund. See “Risk Factors” on page 27.</p>
<b>Valuation Date and Valuation Time</b>	<p>A “Valuation Date” is any business day selected by the Trustee from time to time provided that no less than one Valuation Date shall be selected by the Trustee in each calendar month. Currently, the Trustee has determined that a Valuation Date is each</p>

business day that the Toronto Stock Exchange is open for business and any such other days as may be determined from time to time by the Trustee. The valuation time is set at 4:00 p.m. (Eastern Time) on each applicable Valuation Date (“Valuation Time”).

**Subscriptions** Units of a Fund may be purchased at the Series Net Asset Value per Unit as at the Valuation Time on each Valuation Date. Purchase orders received prior to 4:00 p.m. (Eastern Time) on a Valuation Date will be processed based on the Series Net Asset Value per Unit determined on such Valuation Date. Purchase orders received after 4:00 p.m. (Eastern Time) on a Valuation Date will be processed based on the Series Net Asset Value per Unit as of the next Valuation Date.

**Distributions** In general, net income of each Fund is calculated and distributed to each Series, as applicable, on a quarterly basis each year. In general, net realized capital gains are calculated and distributed to each Series of the Funds (other than Canso Corporate Value Fund), as applicable, as of December 31 of each year. For Canso Corporate Value Fund, which has validly elected to have a taxation year that ends on December 15, amounts paid or payable by the Fund to Unitholders after December 15 and before the end of the calendar year are deemed to have been paid or payable to the Unitholders on December 15. The Manager may, however, distribute net income and net realized capital gains at any time during the year in its discretion. Distributions will be reinvested in additional Units of the same Series of each Fund unless the Trustee has received written instructions to the contrary.

If the Manager agrees to reduce its management fee or expenses in respect of certain investors, an amount equal to the difference between the management fee or expenses otherwise chargeable and the reduced fee or expenses payable will be distributed by a Fund to the applicable investors. This is called, and referred to as, a “Management Fee Distribution”. Management Fee Distributions, if any, will be paid first out of the net income and net realized capital gains of the Fund and, thereafter, out of capital.

See “Computation and Distribution of Income and Gains” on page 22.

## **Redemptions**

Units of any Series of a Fund may be redeemed at the Series Net Asset Value per Unit as at the Valuation Time on each Valuation Date. In normal circumstances, redemption requests received by the Trustee by the Valuation Time on the Valuation Date will be processed on that Valuation Date. In respect of Series A, Series F, Series C, Series B and Series O Units of a Fund, where the redemption request is in an amount greater than 10% of the Net Asset Value of a Fund, the redemption will be processed only upon five business days’ notice (or such shorter period as is approved by the Trustee). In respect of Series B Units, where the amount to be redeemed exceeds 2% of the Net Asset Value of a Fund and is less than 10% of the Net Asset Value of a Fund, the redemption will be processed only upon two business days’ notice (or such shorter period as is approved by the Trustee). In certain circumstances, the Trustee may suspend redemptions as set out in the Master Declaration. See “Redemption of Units” on page 21.

## **Income Tax Considerations**

A Unitholder who is an individual (other than a trust) resident in Canada and who holds Units as capital property (all within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”)) will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Fund paid or payable to the Unitholder (including any reinvested distribution) in the year and deducted by the Fund in computing its income. Upon the actual or deemed disposition of a Unit, including the redemption of a Unit, a capital gain (or capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. Each investor should satisfy himself or herself as to the tax consequences of an investment in Units by obtaining advice from his or her own tax advisor. See “Canadian Federal Income Tax Considerations” on page 23.



**Transfer or Resale**

Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. The transfer or resale of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation. See “Transfer and Resale Restrictions” on page 43.

**Fees and Expenses**

Each Fund is responsible for its own expenses. In its discretion, the Manager or the Investment Manager may pay certain of the expenses of the Funds or any Series, but any such payment shall not oblige the Manager or the Investment Manager to make similar future payments.

Each Fund shall pay the Manager a management fee in respect of each Series of Units of the Fund as follows:

<b>Fund Name</b>	<b>Series F Units</b>	<b>Series A Units</b>	<b>Series C Units</b>	<b>Series B Units</b>
Canso Corporate Value Fund	0.65%	1.40%	0.50%	0.50%
Canso Corporate Bond Fund	0.55%	1.30%	0.40%	n/a
Canso Canadian Bond Fund	0.55%	1.30%	0.40%	n/a
Canso Short Term and Floating Rate Income Fund	0.45%	0.95%	0.30%	n/a
Canso US Short Term and Floating Rate Fund	0.45%	0.95%	0.30%	n/a
Canso Floating Rate Income Fund	0.35%	0.85%	0.20%	n/a

The management fee is subject to HST and other applicable taxes. The Funds shall not pay the Manager a fee in respect of Series O Units of the Funds. Unitholders holding Series O Units of a Fund pay management fees outside of the Fund.

In the case of cash purchases and cash redemptions of Units, the Trustee may assess a Unitholder the estimated brokerage and related expenses incurred as a result of such purchase or redemption. See “Fees and Expenses” on page 14.

**Short-Term  
Trading**

The Funds may also charge a Unitholder a fee of up to 2% of the value of the Series Net Asset Value per Unit of the Units redeemed or switched if the Unitholder engages in short-term trading, as defined on page 22. This fee is paid to the Fund and is in addition to any other fees that may apply.

**Sales  
Commissions**

Units are offered for purchase without sales commission charged by the Manager. A broker or dealer may charge an investor a negotiable sales commission or other fee to buy, switch or sell Series F Units, Series A Units, Series C Units, Series B Units or Series O Units of a Fund. This negotiable sales commission may be paid by an investor to their broker or dealer. See “Sales Commissions” on page 16.

**Trailing  
Commissions**

Trailing commissions may be paid to brokers and dealers to compensate them for providing ongoing services to Unitholders who hold Series A Units. No trailing commissions are paid for Series F Units, Series C Units, Series B Units or Series O Units of the Funds. See “Trailing Commissions” on page 16.

**Dealer  
Commission  
and Fees**

The Manager pays a related dealer, PBY Capital Limited, a portion of the Management Fee attributable to clients of PBY Capital to compensate for them providing their clients with ongoing continuous advice and service in respect of the Funds and for providing the Manager with certain administrative and back office services. See “Dealer Commissions and Fees” on page 16.

## THE FUNDS

Each Fund is an open-end investment trust governed under the Master Declaration. A copy of the Master Declaration is available from the Manager upon request.

The head office of the Trustee and the Funds is located at Suite 550, 100 York Boulevard, Richmond Hill, Ontario L4B 1J8.

## THE TRUSTEE

The trustee of the Funds is Canso Fund Management Ltd., a corporation amalgamated under the laws of Ontario. The Trustee has ultimate responsibility for the undertaking of the Funds in accordance with the terms of the Master Declaration. The Trustee has engaged itself to direct the day-to-day operations and affairs of each Fund.

## THE MANAGER

As trustee, Canso Fund Management Ltd. has engaged itself as the investment fund manager of each Fund to direct the day-to-day operations and affairs of each Fund pursuant to management agreements between the Trustee and Manager (individually a “Management Agreement” and collectively, “Management Agreements”). For details of the Management Agreements, see “Fund Specific Information” of each Fund beginning on page 60. The Manager has the right to appoint investment advisers, including an affiliate, to assist it in performing its obligations.

The Manager is a corporation amalgamated under the laws of Ontario. The principal place of business of the Manager is 100 York Boulevard, Suite 550, Richmond Hill, Ontario L4B 1J8. The name, position(s) and municipality of residence of each of the directors and officers of the Manager appear below. Unless otherwise stated, all directors and officers have been associated with their respective companies for more than five years, but not necessarily in the same capacity.

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
John P. Carswell Richmond Hill, Ontario	Director	Chief Executive Officer (since February 2023) and Chief Investment Officer, Canso Investment Counsel Ltd.
Heather Mason-Wood Richmond Hill, Ontario	Director	President (since February 2023) and Portfolio Manager, Canso Investment Counsel Ltd.
B. Richard Usher-Jones Toronto, Ontario	Director	Portfolio Manager, Canso Investment Counsel Ltd. and President and Chief Executive Officer, Lysander Funds Limited

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Bell Richmond Hill, Ontario	President (since September 2023), Director (since February 2024)	President (since September 2023), Canso Fund Management Ltd.; Vice President Trading & Investment Operations (since September 2023) and Portfolio Manager, Canso Investment Counsel Ltd.; President and Chief Executive Officer of Canso Select Opportunities Corporation (since December 2024)
Shirley Sumsion Newmarket, Ontario	Vice President and Corporate Secretary	Chief Financial Officer (since December 2022), Canso Investment Counsel Ltd.; Chief Financial Officer of Canso Select Opportunities Corporation
Neda Bizzotto King City, Ontario	Chief Compliance Officer	Chief Compliance Officer, Canso Fund Management Ltd.; General Counsel, Canso Investment Counsel Ltd.; Vice-President and Corporate Secretary of Canso Select Opportunities Corporation
Roger Yim Stouffville, Ontario	Vice President and Chief Operating Officer (since June 2023)	Vice President and Chief Operating Officer (since June 2023), Canso Fund Management Ltd.; Manager - Securities Administration, Canso Investment Counsel Ltd.

## **THE INVESTMENT MANAGER**

The Manager has appointed the Investment Manager to assume the responsibility for the investment management of the Funds pursuant to investment management agreements between each Fund, the Manager and the Investment Manager (individually an “Investment Management Agreement” and collectively, “Investment Management Agreements”). For details on the Investment Management Agreements, see “Fund Specific Information” of each Fund beginning on page 60. The Investment Manager has the right to appoint one or more sub-advisers, including affiliates, to assist it in performing its obligations.

The Investment Manager was incorporated as an Ontario corporation in 1997 and carries on business as a portfolio manager in the province of Ontario. The name, positions and municipality of residence of each of the directors and officers of the Investment Manager appear below. Unless

otherwise stated, all directors and officers have been associated with their respective companies for more than five years, but not necessarily in the same capacity.

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
John P. Carswell Richmond Hill, Ontario	Chief Executive Officer (since February 2023), Chief Investment Officer, Director	Chief Executive Officer (since February 2023) and Chief Investment Officer, Canso Investment Counsel Ltd.
Kim Carswell Richmond Hill, Ontario	Director	Director, Canso Investment Counsel Ltd.
Gail Mudie Richmond Hill, Ontario	Director	Director, Canso Investment Counsel Ltd.
Heather Mason-Wood Richmond Hill, Ontario	President (since February 2023) and Portfolio Manager, Director	President (since February 2023) and Portfolio Manager, Canso Investment Counsel Ltd.
Patrick McCalmont Toronto, Ontario	Chief Strategy & Operating Officer (since September 2023) and Portfolio Manager, Director	Chief Strategy & Operating Officer (since September 2023), Canso Investment Counsel Ltd.; Portfolio Manager, Canso Investment Counsel Ltd.
Shirley Sumsion Newmarket, Ontario	Chief Financial Officer (since December 2022) and Corporate Secretary, Director	Chief Financial Officer (since December 2022) and Corporate Secretary, Canso Investment Counsel Ltd.; Chief Financial Officer, Canso Select Opportunities Corporation
Margaret Dowdall-Logie Collingwood, Ontario	Director (since September 2021)	Vice-Chair and Director, Portfolio HiWay Inc.
Jeffrey Tang Markham, Ontario	Chief Compliance Officer (since February 2025)	Chief Compliance Officer (since February 2025) and Portfolio Manager, Canso Investment Counsel Ltd.

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
	and Portfolio Manager	
Vivek Verma Markham, Ontario	Deputy Chief Investment Officer (since February 2025) and Portfolio Manager	Deputy Chief Investment Officer (since February 2025) and Portfolio Manager, Canso Investment Counsel Ltd.
B. Richard Usher-Jones Toronto, Ontario	Portfolio Manager	Portfolio Manager, Canso Investment Counsel Ltd. and President and Chief Executive Officer, Lysander Funds Limited
Jason Bell Richmond Hill, Ontario	Vice President – Trading & Investment Operations (since September 2023) and Portfolio Manager	Vice President – Trading & Investment Operations (since September 2023) and Portfolio Manager, Canso Investment Counsel Ltd.; President, Canso Fund Management Ltd.; President and Chief Executive Officer of Canso Select Opportunities Corporation (since December 2024)
Jeff Carter Toronto, Ontario	Chief Risk Officer (since February 2025), Deputy Chief Investment Officer (since February 2025) and Portfolio Manager	Chief Risk Officer (since February 2025), Deputy Chief Investment Officer (since February 2025) and Portfolio Manager, Canso Investment Counsel Ltd.
Faye Lee Richmond Hill, Ontario	Vice President – Investment Research (since September 2023) and Portfolio Manager	Vice President – Investment Research (since September 2023) and Portfolio Manager, Canso Investment Counsel Ltd.
Harold Won Markham, Ontario	Vice President – Securities Operations	Vice President – Securities Operations, Canso Investment Counsel Ltd.

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Josh Merchant Burlington, Ontario	Chief Technology Officer (since October 2023)	Chief Technology Officer, Canso Investment Counsel Ltd. (since October 2023)
Annabella Tamburro Richmond Hill, Ontario	Vice President – Human & Corporate Capital (since January 2023)	Vice President – Human & Corporate Capital, Canso Investment Counsel Ltd. (since January 2023)
Jason Davis Oakville, Ontario	Vice President – Client Service (since July 2024)	Vice President – Client Service, Canso Investment Counsel Ltd. (since July 2024)

The Trustee, Manager and Investment Manager are or may become involved in the management of other investment funds and the provision of similar services to other entities. Certain officers and directors of the Manager and/or its affiliates and associates may purchase and hold Units of each Fund and the securities of related issuers and underlying funds (if any) from time to time.

### **FEES AND EXPENSES**

Each Fund is responsible for its own expenses. Each Fund shall pay the Manager a fee in respect of each Series of Units of the Fund in accordance with the terms of its Management Agreement (the “Management Fee”).

The Management Fee accrues daily and is paid monthly, in arrears by each Fund and is calculated at the following annual rates (% of the net asset value of a Fund) according to each Fund:

<b>Fund Name</b>	<b>Series F Units</b>	<b>Series A Units</b>	<b>Series C Units</b>	<b>Series B Units</b>
Canso Corporate Value Fund	0.65%	1.40%	0.50%	0.50%
Canso Corporate Bond Fund	0.55%	1.30%	0.40%	n/a
Canso Canadian Bond Fund	0.55%	1.30%	0.40%	n/a
Canso Short Term and Floating Rate Income Fund	0.45%	0.95%	0.30%	n/a

Canso US Short Term and Floating Rate Fund	0.45%	0.95%	0.30%	n/a
Canso Floating Rate Income Fund	0.35%	0.85%	0.20%	n/a

The Management Fee is subject to HST and other applicable taxes. No Management Fee is applicable to the net asset value of a Fund allocated to Series O Units. Unitholders holding Series O Units pay management fees outside of the Fund on a quarterly basis. For details on the Management Agreements, please see “Fund Specific Information” for each Fund beginning on page 60.

In the event that the Manager agrees to accept a reduction in the Management Fee charged to a Fund with respect to the Units held by a Unitholder and/or to provide a reduction in respect of all or any portion of the Unitholder’s share of the Fund’s operating expenses on condition that an amount equal to such reduction in the fees and/or expenses otherwise payable by the Fund is paid to the Unitholder, the Manager shall distribute an amount equal to such reduction to such Unitholder (a “Management Fee Distribution”). Management Fee Distributions will be calculated on each Valuation Date and distributed at such intervals as prescribed from time to time by the Trustee and will be payable first out of net income and net realized capital gains of the applicable series of the Fund and otherwise out of capital of the particular series.

For the Investment Manager’s investment management services in respect of the Funds, the Manager will pay the Investment Manager a fee out of its Management Fee in accordance with the Investment Management Agreement of each Fund. For details on the Investment Management Agreements, please see “Fund Specific Information” for each Fund beginning on page 60.

The Trustee’s fee for providing trustee services to a Fund are paid by the Fund and will be as agreed between the Trustee and the Manager.

## **Expenses**

Reasonable expenses incurred in the administration of the Funds, including the custodial, legal and audit fees, bookkeeping charges and charges paid in connection with providing information, together with any applicable taxes, are paid by the Funds. Actual and estimated expenses of a Fund are applied daily against the Series Net Asset Value per Unit of the Fund. From time to time, the Manager or the Investment Manager, in their discretion, or any other person approved by the Manager or the Investment Manager, may pay the expenses of a Fund or any Series, provided that any such payments shall not create an obligation on the Manager, the Investment Manager, or any other person, to make similar payments in the future and such payments, if commenced, may be discontinued at any time, in whole or in part, without the consent of, or notice to, Unitholders.



## **Sales Commissions**

Units are offered for purchase without sales commission charged by the Manager. A broker or dealer may charge an investor a negotiable sales commission or other fee to buy, switch or sell Series F Units, Series A Units, Series C Units, Series B Units or Series O Units of a Fund. This negotiable sales commission may be paid by an investor to their broker or dealer. Except as otherwise disclosed, all monies invested will be invested in Units of the relevant Series of a Fund. All purchases must be made in Canadian dollars, except for Canso US Short Term and Floating Rate Fund, for which purchases must be made in U.S. dollars. The Trustee reserves the right to accept or reject any subscription for Units.

## **Trailing Commissions**

Trailing commissions may be paid to brokers and dealers to compensate them for providing ongoing services to Unitholders who hold Series A Units. These fees are calculated as an annual percentage of the average daily value of the Units held by the Series A Unitholders and are paid monthly by the Manager. The maximum service is 1% on the Series A Units for a Fund, other than each of Canso Short Term and Floating Rate Income Fund, Canso US Short Term and Floating Rate Fund and Canso Floating Rate Income Fund, which is 0.5%. Trailing commissions are exclusive of any applicable taxes. No trailing commissions are paid on Series F Units, Series C Units, Series B Units or Series O Units of the Funds.

## **Dealer Commissions and Fees**

The Manager pays a related dealer, PBY Capital Limited (“PBY Capital”), a portion of the Management Fee attributable to clients of PBY Capital to compensate PBY Capital for providing its clients with ongoing continuous advice and service in respect of the Funds and for providing the Manager with certain administrative and back office services. In particular, the Manager pays this fee at an annual rate of 50% of the Management Fee payable to it by each Fund based upon the aggregate value of the Fund held in the client accounts of PBY Capital. The distribution fee is paid by the Manager to PBY Capital monthly.

## **INVESTMENT OBJECTIVES AND STRATEGIES**

Each Fund has adopted an investment objective and investment strategies that are described in detail in Schedule “B” under the heading “Fund Specific Information” beginning on page 60.

## **ELIGIBLE INVESTORS**

Units are being offered in reliance on exemptions from the prospectus requirements of applicable securities laws. Units are being offered on a continuous basis to investors resident in the provinces and territories of Canada who:

- (a) are accredited investors under *National Instrument 45-106 – Prospectus Exemptions* (“NI 45-106”) or section 73.3 of the *Securities Act (Ontario)*, as may be amended from time to time (an “Accredited Investor”);

(b) are not individuals and that invest each a minimum of Cdn. \$150,000; or

(c) are those to whom Units may otherwise be sold.

Unless an investor can establish to the Manager's satisfaction that another exemption is available, subscribing for Units will generally require that each investor is investing as principal (and not for or on behalf of any other persons) and is either (i) an Accredited Investor; or (ii) is not an individual and is investing a minimum amount of Cdn. \$150,000.

### **Accredited Investors**

A list of criteria to qualify as an Accredited Investor is set out in the subscription agreement or other purchase agreement delivered with this Offering Memorandum and generally includes individuals who have net assets of at least Cdn. \$5,000,000, or financial assets of at least Cdn. \$1,000,000, or personal income of at least Cdn. \$200,000, or combined spousal income of at least Cdn. \$300,000 in the previous two years with reasonable prospects of same in the current year, or an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a registered adviser or dealer. NI 45-106 requires that individuals who invest on the basis that they are Accredited Investors (other than certain high net worth individuals) must sign a risk acknowledgement form, which may be included in the subscription agreement, as applicable.

An investor (other than an individual) that is not an Accredited Investor, or is an Accredited Investor solely on the basis that they have net assets of at least Cdn. \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor.

Investors will be required to make certain representations in the subscription agreement and the Manager will rely on such representations to establish the availability of the exemptions. No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

### **DESCRIPTION OF UNITS**

The Master Declaration provides that each Fund may issue an unlimited number of Units in an unlimited number of Series. Each of the Funds offers Series F, Series A Series C and Series O Units and Canso Corporate Value Fund also offers Series B Units. The Trustee may in its discretion create different series of Units. Each series may be subject to different fees and may have such other features as the Trustee may determine. Units may be redesignated, either automatically or at the option of the holder or the Trustee, into Units of any other Series of the same Fund (and amend the number of such Units based on the applicable Series Net Asset Value per Unit for the two Series on the date of the redesignation) and will do so in accordance with the Master Declaration. Fractional Units may be issued.

The proportionate interest of each Unitholder in a Series of Units is expressed by the number of Units of such Series and fractions thereof held by and registered in the name of each Unitholder.

**Series F Units** and are available to all eligible investors through dealers approved by the Manager, which include dealers that offer fee-based programs.

**Series A Units** are available to all eligible investors through dealers approved by the Manager. A trailing commission is payable to the dealer with respect to Series A Units.

**Series C Units** and **Series B Units** are available to eligible investors who meet certain investment criteria determined by the Manager from time to time.

**Series O Units** are available to eligible investors who wish to apply management fees outside the Funds as approved by the Manager.

Each Series of Units is subject to different management fees.

Units are transferable only with the approval of the Trustee in accordance with the Master Declaration. See “Transfer and Resale Restrictions” on page 43. Units have voting rights only in the circumstances set out in the Master Declaration.

## VALUATION OF THE FUNDS AND UNITS

A “Valuation Date” is any business day selected by the Trustee from time to time provided that no less than one Valuation Date shall be selected by the Trustee in each calendar month. Currently, the Trustee has determined that a Valuation Date is each business day that the Toronto Stock Exchange is open for business and any such other days as may be determined from time to time by the Trustee. The valuation time is set at 4:00 p.m. (Eastern Time) on each applicable Valuation Date (“Valuation Time”).

As of the Valuation Time on each Valuation Date, the Trustee is responsible for determining each Series Net Asset Value of a Fund and each Series Net Asset Value per Unit thereof. The Series Net Asset Value is determined in accordance with the provisions of the Master Declaration by valuing the assets of the Fund attributed to each Series and deducting from the total of the foregoing all expenses and liabilities of such Series of the Fund and the proportionate share of the common expenses allocated to such Series. The Series Net Asset Value per Unit of a Fund as of a Valuation Date is determined by dividing the net asset value of such Series of the Fund on that Valuation Date by the number of Units of such Series of the Fund outstanding at the close of business on that Valuation Date as at the Valuation Time. The Series Net Asset Value per Unit of each Fund and each Series Net Value per Unit is determined in Canadian dollars, other than that of Canso US Short Term and Floating Rate Fund, which is determined in U.S. dollars.

## SUBSCRIPTIONS

## **Purchase Price**

The Trustee intends to offer Units in each Series as of the Valuation Time on each Valuation Date, although it retains the right to cease distribution of Units of any or all Series at any time, in its sole discretion. Purchase orders received prior to 4:00 p.m. (Eastern Time) on a Valuation Date will be processed based on the Series Net Asset Value per Unit determined as of the Valuation Time on such Valuation Date. Purchase orders received after 4:00 p.m. (Eastern Time) on a Valuation Date will be processed based on the Series Net Asset Value per Unit as of the Valuation Time on the next Valuation Date. Each of the Funds is valued in Canadian dollars and must be purchased in Canadian dollars, other than Canso US Short Term and Floating Rate Fund, which is valued in U.S. dollars and must be purchased in U.S. dollars.

## **Minimum Initial Investment**

A minimum initial investment of Cdn. \$150,000, or in the case of Canso US Short Term and Floating Rate Fund, the U.S. dollar equivalent, is required or such lesser amount as is approved by the Trustee.

## **Subscription Procedure**

Investors may purchase Units through registered dealers including the Investment Manager or PBY Capital, each in its capacity as an exempt market dealer, and Portfolio HiWay Inc. (“PHW”), a CIRO-member investment dealer (each of the Investment Manager, PBY Capital and PHW are related to the Manager). An investor will only be permitted to purchase Units if the investor’s purchase qualifies for one of the exemptions in the section titled “Eligible Investors” on page 16. The Manager relies on the representations the investor makes in its subscription agreement to ensure that the investor’s purchase qualifies for these exemptions and to ensure that the investor is otherwise eligible to purchase Units.

Units of a Fund may be purchased at the Series Net Asset Value per Unit as at the Valuation Time on each Valuation Date. Purchase orders received prior to 4:00 p.m. (Eastern Time) on a Valuation Date will be processed based on the Series Net Asset Value per Unit determined on such Valuation Date. Purchase orders received after 4:00 p.m. (Eastern Time) on a Valuation Date will be processed based on the Series Net Asset Value per Unit as of the next Valuation Date.

The Trustee must receive payment of subscription proceeds and a signed and completed subscription agreement in the form that the Trustee approves from time to time and any additional documentation or information that may be required by no later than 4:00 p.m. (Eastern time) on the first business day after the Valuation Date. Subscriptions, once received by the Trustee, are irrevocable.

If the Trustee does not receive payment of subscription proceeds or the signed and completed subscription agreement (and any additional documentation or information required) by the time set out above, the Trustee will sell the subscriber’s Units no later than the tenth business day following the Valuation Date. If the proceeds from the sale are more than the cost of the subscriber’s purchase, the Fund will keep the difference. If the proceeds are less than the cost of

the subscriber's purchase, the Trustee will pay the shortfall and may collect the shortfall and any related cost from the dealer or broker who placed the subscriber's purchase order, or from the subscriber, if the subscriber placed the order directly with the Trustee.

By applying to invest in a Fund, the subscriber is indicating its consent to the Manager's collection, use and disclosure of its personal information in the manner described in the Canso Privacy Notice outlined in the subscription agreement.

Except as otherwise disclosed, all monies invested will be invested in Units of the relevant Series of a Fund. The Trustee reserves the right to accept or reject any subscription for Units.

### **Subscriptions Made in Cash**

The Trustee intends to minimize the impact on the Funds of cash purchases of Units. Any subscriber making a cash purchase of Units (whether directly or from a managed account, as described below) may be charged the estimated brokerage and related expenses associated with investing the cash in securities or other assets suitable for the Fund.

If an investor subscribes in cash for Units and the cash subscription exceeds 10% or more of the Net Asset Value of the Fund (before such purchase), the Manager, in its discretion, may require the subscriber to enter into a discretionary investment management agreement with the Investment Manager to allow the Investment Manager to invest the cash in securities or other assets suitable for the Fund. The various charges and expenses associated with the investment of such cash, such as brokerage fees and similar expenses will be borne by the subscriber. The fee payable to the Investment Manager will be the same as that in the Investment Management Agreement. The Trustee's reasonable fee for providing trustee services and all other reasonable expenses incurred in the administration of the subscriber's account will be deducted by the Trustee directly from the subscriber's account. This policy permits the Fund's assets to remain fully invested, as appropriate, in accordance with its investment objectives and policies, and also results in the portfolio transaction charges related to the investment of the cash being allocated to the relevant subscriber.

### **Additional Investments**

If a Unitholder initially acquired Units of a Series for not less than the Cdn. \$150,000 (or the U.S. dollar equivalent in the case of Canso US Short Term and Floating Rate Fund) minimum investment amount, then at the time of issuance of the additional investment, the Units held by the Unitholder must have an acquisition cost or a net asset value equal to at least the Cdn. \$150,000 minimum investment amount.

A Unitholder who is an Accredited Investor may make additional investments at any time in any amount as agreed from time to time by the Trustee.

At the time of making each additional investment in a Fund, the Unitholder will be deemed to have repeated to the Fund the covenants and representations contained in the subscription agreement

delivered by the Unitholder to the Fund at the time of the initial purchase and, if applicable, that the Units held by the Unitholder have an acquisition cost or Net Asset Value, whichever is applicable, at least equal to the required amount as described above.

### **Switches Between Funds**

Each Unit of a Series of a Fund will entitle the Unitholder to switch such Unit to a Series of another Canso Fund provided the eligibility requirements are met, except that switches between Canso US Short Term and Floating Rate Fund and another Canso Fund are not permitted. A switch from a Fund to another Canso Fund is treated as a redemption followed by a purchase. A redemption is a disposition for tax purposes. See “Taxation of Unitholders (Other than Registered Plans)” for the tax implications of a redemption of Units.

A Unitholder may reclassify all or some of the Unitholder’s Units of a Fund to Units of a different Series of the same Fund through the Unitholder’s dealer if the Unitholder meets the eligibility criteria for the Series into which the Unitholder is reclassifying. If a Unitholder reclassifies between Series of the same Fund, the reclassification will be treated as a redesignation of Units and will not generally result in a disposition for tax purposes.

### **REDEMPTION OF UNITS**

Units of a Fund may be redeemed at a price per Unit equal to the Series Net Asset Value of the Fund as of the Valuation Time on each Valuation Date. In normal circumstances, redemption requests received by the Trustee by the Valuation Time on the Valuation Date will be processed on that Valuation Date. In respect of Series A, Series F, Series C, Series B and Series O Units of a Fund, where the redemption request is in an amount greater than 10% of the Net Asset Value of a Fund, the redemption will be processed only upon five business days’ notice (or such shorter period as is approved by the Trustee). In respect of Series B Units, where the amount to be redeemed exceeds 2% of the Net Asset Value of a Fund and is less than 10% of the Net Asset Value of a Fund, the redemption will be processed only upon two business days’ notice (or such shorter period as is approved by the Trustee). Redemption requests must be in writing or by any other means as approved by the Trustee and must specify the Series and number of Units to be redeemed or the dollar amount to be paid. The request is irrevocable and must be signed by the Unitholder.

A redeeming Unitholder must provide all documents required by the Trustee with regard to a redemption request within 10 business days of the applicable Valuation Date. If the redeeming Unitholder fails to do so, the Trustee shall buy back the Units on the first following Valuation Date. If the cost of buying the Units is less than the redemption proceeds, the applicable Fund will keep the difference. If the cost of buying the Units is more than the redemption proceeds, the Trustee will pay the shortfall. The Trustee can collect the shortfall and any related costs from the broker or dealer who placed the redemption request, or from the redeeming Unitholder, if the Unitholder placed the redemption request directly with the Trustee.

For each of the Funds, the Trustee shall pay the redemption proceeds within a reasonable time after the relevant Valuation Date which, in normal circumstances, will be within one business day

after such date. The Unitholder receiving the redemption shall not be entitled to any interest or income earned with respect to monies pending distribution.

A redemption shall be deemed to have been made upon the mailing or delivery of a cheque or by wire or electronic transfer as the Trustee may determine to the Unitholder at the address or account listed on the register of each Fund, unless another method of payment has been agreed to by the redeeming Unitholder and the Trustee.

Notwithstanding the foregoing, the Trustee may suspend the redemption of Units of a Fund on the occurrence of certain events stipulated in the Master Declaration. The Trustee will suspend the calculation of the Net Asset Value per Unit, and the right to redeem Units, when required to do so under any applicable securities legislation or under any exemptive relief granted by Canadian securities regulatory authorities from such securities legislation. The Trustee may also suspend the calculation of the Net Asset Value per Unit, and the right to redeem Units, at such other times as it deems appropriate, provided that such suspension is permitted under applicable securities legislation or under any exemptive relief granted by Canadian securities regulatory authorities from such securities legislation.

Payment for a redemption shall be made in cash or in property or both as the Trustee shall, in its sole discretion, determine and direct, although under normal conditions distributions generally will be made in cash. Redemption proceeds for each Fund will be paid in Canadian dollars, other than Canso US Short Term and Floating Rate Fund which will be paid in U.S. dollars. To the extent reasonably possible, all distributions in kind will involve a pro-rata distribution of all the securities in a Fund's portfolio, except that no odd lots will be distributed.

Where redemptions are made in cash, the Trustee reserves the right to charge the Unitholder making such redemption the estimated brokerage and related expenses relating to such redemption.

The Manager may also cause a Fund to redeem some or all of a Unitholder's Units if their participation has the potential to cause regulatory or tax problems for the Fund.

### **Short Term Trading Fee**

Each Fund may also charge a Unitholder a fee of up to 2% of the value of the Series Net Asset Value per Unit of the Units redeemed or switched if the Unitholder engages in short-term trading. This fee is paid to the Fund and is in addition to any other fees that may apply. Short term trading is defined as the holding of a Series of Units for a period of less than thirty (30) days. Short term trading fees will not be charged in the case of certain redemptions including those related to the payment of fees on Series O Units or where the Manager, in its discretion, determines that the redemption relates to a special circumstance, such as the death of a Unitholder or a hardship situation. Short-term trading fees for each Fund are payable in Canadian dollars, except for Canso US Short Term and Floating Rate Fund which are payable in U.S. dollars.

## **COMPUTATION AND DISTRIBUTION OF INCOME AND GAINS**

Net income is computed on a quarterly basis and net realized capital gains of a Fund are computed as of the last business day in the calendar year and allocated to each Series in accordance with the

provisions of the Master Declaration. Where a Fund has validly elected to have a taxation year that ends on December 15, amounts paid or payable by the Fund to a Unitholder after December 15 and before the end of the calendar year are deemed to have been paid or payable to the Unitholder on December 15. The Canso Corporate Value Fund has submitted its election to have a taxation year that ends on December 15 of each calendar year.

Net income of a Fund is distributed to Unitholders of record of each Series of the Fund as of the close of business on the last Valuation Date of each quarter according to each Unitholder's proportionate share of the applicable Series of the Fund less any withholding tax required to be deducted in the case of non-resident Unitholders. Realized capital gains of a Fund are distributed to Unitholders of record of each Series of the Fund as of the close of business on the last Valuation Date in the calendar year, according to each Unitholder's proportionate share of the applicable Series of the Fund less any withholding tax required to be deducted in the case of non-resident Unitholders. Distributions will be reinvested in additional Units of the applicable Series of a Fund unless the Trustee has received written instructions to the contrary. On or before March 31 in each year, the Trustee will provide Unitholders with a statement including all distributions and allocations and other information which is necessary to permit Unitholders to complete their individual income tax returns for the preceding year.

### **BROKERAGE ARRANGEMENTS**

It is intended that there will be no principal broker for the purchase and sale of the securities for the portfolio of the Funds.

### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a fair summary of the principal Canadian federal income tax considerations, as of the date hereof, with respect to the acquisition, ownership and disposition of Units, generally applicable to an individual investor, other than a trust, who, for purposes of the Tax Act, is resident in Canada and holds Units directly or in a Registered Plan (as defined herein) as capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), proposals for specific amendments to the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and the current published administrative practices and policies of the Canada Revenue Agency (the "CRA"). Otherwise, this summary does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action, nor does this summary take into account provincial or foreign income tax legislation or considerations.

Each of Canso Corporate Value Fund and Canso Corporate Bond Fund currently qualifies as a mutual fund trust under the Tax Act. Each of Canso Canadian Bond Fund, Canso Short Term and Floating Rate Income Fund, Canso US Short Term and Floating Rate Fund and Canso Floating Rate Income Fund does not currently qualify as a "mutual fund trust" for tax purposes, but is a "registered investment" in respect of registered retirement savings plans, registered retirement income funds and deferred profit sharing plans under the Tax Act. The Manager expects and this summary assumes that each of the Funds will continue to qualify as a mutual fund trust and/or a registered investment (as applicable) under the Tax Act at all material times in the future.



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

## **Taxation of the Funds**

Generally, a Fund is subject to tax under Part I of the Tax Act on its taxable income for each year (including net taxable capital gains) less the portion thereof that is paid or payable to Unitholders. Provided that, in each year, the Fund distributes to Unitholders sufficient of its net income and net realized capital gains, it will not be liable for ordinary tax under Part I of the Tax Act.

In determining the income of a Fund, gains or losses on the disposition of securities held as capital property will constitute capital gains or capital losses. Securities will generally be considered to be held by a Fund as capital property unless the Fund is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised that each of the Funds will purchase portfolio securities (other than derivative instruments) with the objective of earning income thereon and will take the position that gains and losses realized on the disposition of these securities are capital gains and capital losses.

Gains and losses of the Fund from transactions in derivatives for non-hedging purposes will result in ordinary income and losses rather than capital gains and capital losses. In certain circumstances, losses of a Fund may be suspended or restricted, and therefore would not be available to shelter capital gains or income.

All of a Fund's deductible expenses, including expenses common to all Series and expenses specific to a particular Series (such as Management Fees) will be taken into account in determining the income or loss of the Fund as a whole.

One-half of the amount of any capital gain (a "taxable capital gain") realized by a Fund in a taxation year must be included in computing the Fund's income for the year, and one-half of the amount of any capital loss (an "allowable capital loss") realized by the Fund in a taxation year may be deducted against any taxable capital gains realized by the Fund in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may be deducted against taxable capital gains realized by the Fund in any of the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances described in the Tax Act.

If at any time in a year a Fund is not a mutual fund trust under the Tax Act throughout that year has a Unitholder that is a "designated beneficiary" within the meaning of the Tax Act, the Fund will be subject to a special tax at the rate of 40% under Part XII.2 of the Tax Act on its "designated income" within the meaning of the Tax Act. A "designated beneficiary" includes a non-resident of Canada and could include certain of the Funds that invest in other Funds. Designated income may include income from certain derivatives, and will include gains and losses from dispositions of taxable Canadian property. Where a Fund is subject to tax under Part XII.2, provisions in the Tax Act are intended to afford Unitholders who are not designated beneficiaries with an appropriate refundable tax credit.

Each of Canso Canadian Bond Fund, Canso Short Term and Floating Rate Income Fund, Canso US Short Term and Floating Rate Fund and Canso Floating Rate Income Fund is a “registered investment”, but not a “mutual fund trust” under the Tax Act. A Fund that is a registered investment and not a mutual fund trust under the Tax Act is subject to a special tax under Part X.2 of the Tax Act if, generally, at the end of any month, it holds property that is not a qualified investment under the Tax Act. The tax for a month is equal to 1% of the cost amount of the non-qualified investments held at the end of the month, which is reduced based on the proportion of Units held by Unitholders who are not themselves subject to the qualified investment rules. Each of Canso Canadian Bond Fund, Canso Short Term and Floating Rate Income Fund, Canso US Short Term and Floating Rate Fund and Canso Floating Rate Income Fund will restrict its investments so that it will not be liable for a material amount of tax under Part X.2 of the Tax Act.

### **Taxation of Unitholders (Other than Registered Plans)**

A Unitholder must include in computing income for tax purposes for a particular year the portion of the net income and the taxable portion of the net realized capital gains of a Fund that is paid or payable to the Unitholder in the year. A Unitholder must include such amounts in income even though they are reinvested in additional Units.

Net taxable capital gains of the Fund and taxable dividends received by the Fund on shares of taxable Canadian corporations, if any, that are paid or payable to a Unitholder may be designated by the Fund as taxable capital gains and taxable dividends earned by the Unitholder and, if so designated, will be subject to the special tax treatment applicable to income of that character. As well, the Fund may make designations in respect of its foreign source income so that, for the purposes of computing any foreign tax credit to a Unitholder, the Unitholder will generally be deemed to have paid as foreign tax the Unitholder’s proportionate share of the foreign taxes paid by the Fund. To the extent that distributions by a Fund to a Unitholder in a year exceed the Unitholder’s share of the net income and net realized capital gains of the Fund for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not be taxable to the Unitholder but will reduce the adjusted cost base of the Unitholder’s Units.

Unitholders will be taxed on distributions of income and capital gains even if the income and capital gains accrued to the Fund or were realized by the Fund before the Unitholder acquired Units and were reflected in the purchase price of the Units.

When a Unitholder disposes of Units, including on the redemption of Units, the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, less any reasonable associated costs of disposition, are greater (or less) than the adjusted cost base of the Units. One-half of a capital gain is included in determining a Unitholder’s income and one-half of a capital loss may be deducted against taxable capital gains, subject to and in accordance with the rules in the Tax Act.

Amounts designated by a Fund to a Unitholder as taxable capital gains, or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units of the Fund

may increase the Unitholder's liability for alternative minimum tax – see “Risk Factors – Tax Risk” on page 30 for more information on the recent amendments to alternative minimum tax.

### **Enhanced Tax Information Reporting**

The Funds have due diligence and reporting obligations under the Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act (collectively referred to as “FATCA”) and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act) (referred to as “CRS”). Generally, Unitholders (or in the case of certain Unitholders that are entities, the “controlling persons” thereof) will be required by law to provide their advisor or dealer with information related to their citizenship and tax residence and, if applicable, their foreign taxpayer identification number. If a Unitholder (or, if applicable, any of its controlling persons) (i) is identified as a “specified U.S. person” for FATCA purposes (including a U.S. resident or a U.S. citizen residing in Canada); (ii) is identified as a tax resident of a country other than Canada or the U.S.; or (iii) does not provide the required information and indicia of U.S. or non-Canadian status is present, information about the Unitholder (or, if applicable, its controlling persons) and their investment in the Funds will generally be reported to the CRA unless the Units are held within a Registered Plan (as defined herein). The CRA will provide that information to, in the case of specified U.S. persons or persons who have not provided the required information and for whom indicia of U.S. status is present, the U.S. Internal Revenue Service (“the “IRS”), and, in all other cases, the relevant tax authority of any country that is a signatory of the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information* or has otherwise agreed to a bilateral information exchange with Canada under CRS.

The IRS considers Canadian investment trusts to generally be classified as corporations for U.S. tax purposes. This means that any U.S. taxpayer holding the securities of a Fund is generally subject to the Passive Foreign Investment Company (“PFIC”) rules, including an annual requirement to report each PFIC investment, held directly or indirectly, on a separate PFIC form. If a prospective investor is a U.S. taxpayer, such investor is encouraged to consult their own tax advisor regarding the impact of U.S. tax rules on such investor's investment in the Funds. Prospective investors should also discuss with their tax advisor the advisability of making (or refraining from making) any election that may be available to them, such as a Qualified Electing Fund election.

### **Registered Plans**

Provided that each Fund qualifies or is deemed to qualify as a mutual fund trust and/or a registered investment for purposes of the Tax Act, Units of the Funds will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans, tax-free savings accounts and first home savings accounts (collectively “Registered Plans”). Annuitants of registered retired savings plans and registered retired income funds, subscribers of registered education savings plans, and holders of registered disability savings plans, tax-free savings accounts and first home savings accounts, should consult with their own

tax advisors as to whether Units of the Funds would be “prohibited investments” under the Tax Act in their particular circumstances.

Provided the Units are qualified investments for the Registered Plan and are not a prohibited investment, a Registered Plan that holds Units, and the holder, annuitant or subscriber of that Registered Plan, as the case may be, will generally not be subject to tax on the value of the Units, income or capital gains distributed by a Fund to the Registered Plan or a gain realized by the Registered Plan on a disposition of Units (so long as the distributions or proceeds of disposition remain in the Registered Plan). Prospective investors who choose to purchase Units of a Fund through a Registered Plan should consult their own tax advisors regarding the tax treatment of contributions to, and acquisitions of property by, such Registered Plan.

## **RISK FACTORS**

Investment in Units involves certain risk factors, including risks associated with a Fund’s investment strategies. The following risks should be carefully evaluated by prospective investors.

### ***Investment Risk***

The Net Asset Value of a Unit of a Fund is directly related to the market value of the Fund’s investments at any given time. The value of a Fund’s investments may fluctuate up and down depending on a number of factors including general economic and market conditions, the level of interest rates and material changes in issuers in which the Fund invests. In addition, local, regional or global events such as war, acts of terrorism, spread of infectious diseases or other public health issues, recessions, actual or threatened governmental tariffs or other events could have a significant negative impact on the value of securities and other financial instruments.

No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities for a Fund.

### ***Series Risk***

Although the value of each Series of Units of a Fund is calculated separately, there is a risk that the expenses or liabilities of one Series of Units may affect the value of the other Series. If one Series is unable to cover its liabilities, the other Series are legally responsible for covering the difference. The Manager and the Investment Manager believe that this risk is remote.

### ***Marketability and Transferability of Units***

There is no market for the Units and their resale or transfer is subject to restrictions imposed by the Manager and applicable securities legislation. In addition, in certain circumstances, the Manager may suspend redemption rights as described under “Redemption of Units”.

### ***Derivatives Risk***

Each Fund may use derivative instruments and may engage in various hedging and other investment strategies in an effort to hedge various market risks (such as interest rates, currency

exchange rates, and broad or specific equity market movements) or to manage the effective maturity or duration of fixed-income securities or the Fund's exposure to various securities markets. These hedging and other investment strategies of each Fund involve certain risks, including the possible default of the other party to the transaction, the lack of liquidity, the imperfect nature of the hedge or the ineffectiveness of the strategy in a particular situation, and the possible accentuation of losses or reductions in gains of the underlying portfolio securities.

### ***Currency Risk***

The assets and liabilities of each Fund are valued in Canadian dollars, other than those of Canso US Short Term and Floating Rate Fund which are valued in U.S. dollars. If a Fund valued in Canadian dollars holds a security denominated in a foreign currency, for the purposes of calculating the Net Asset Value of the Fund, the Manager converts, on a daily basis, the value of the security into Canadian dollars. Some Funds may also purchase or obtain exposure to foreign currencies as investments. Fluctuations in the value of the Canadian dollar relative to the foreign currency will impact the Net Asset Value of the Fund. If the value of the Canadian dollar has increased relative to the foreign currency, the return on the foreign security may be reduced, eliminated or made negative. The opposite can also occur; that is, a Fund holding a security denominated in a foreign currency may benefit from an increase in the value of the foreign currency relative to the Canadian dollar. In addition, movements in the exchange rate between the U.S. dollar and the Canadian dollar could increase or reduce the value of Canso US Short Term and Floating Rate Fund when translated to Canadian dollars.

### ***Fluctuations in Net Asset Value and Valuation of the Fund's Investments***

Valuation of a Fund's investments may involve uncertainties and judgemental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Fund could be adversely affected. A Fund's investments, by their very nature, may be difficult to value accurately. To the extent that the value of an investment of a Fund assigned by the Manager differs from the actual value, the Net Asset Value per Unit may be understated or overstated. In light of the foregoing, there is a risk that a Unitholder that redeems a portion of its Units on a Redemption Date will be paid an amount less than such Unitholder would otherwise be paid if the actual value of the investments of the Fund is higher than the value determined by the Manager. 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 the Fund's investments for other Unitholders if the actual value of the Fund's investments is higher than the value determined by the Manager. Further, there is a 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 the Fund's investments is lower than the value determined by the Manager.

### ***Credit Risk***

Credit risk is the risk that a Fund could lose money if an issuer or guarantor of a debt instrument becomes unwilling or unable to make timely principal and/or interest payments, or to otherwise meet its obligations. Each Fund is also subject to the risk that its investment in a debt instrument could decline because of concerns about the issuer's credit quality or perceived financial condition.

Fixed income securities are subject to varying degrees of credit risk, which are sometimes reflected in credit ratings.

### ***High-Yield Risk***

A Fund's investments in high-yield securities and unrated securities of similar credit quality (commonly known as junk bonds or below investment grade debt) may be subject to greater levels of interest rate, credit and illiquid investments risk than funds that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the Fund's ability to sell these securities (illiquid investments risk). If the issuer of a security is in default with respect to interest or principal payments, the Fund may lose its entire investment.

### ***Issuer Risk***

Changes in the financial condition of an issuer of or counterparty to a debt security, changes in specific economic or political conditions that affect a particular type of debt security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. Entities providing credit support, or a maturity-shortening structure also can be affected by these types of changes. If the structure of a security fails to function as intended, the security could decline in value. Lower-quality debt securities (those of less than investment-grade quality) tend to be particularly sensitive to these changes and involve greater risk of default or price changes due to changes in the credit quality of the issuer.

### ***Convertible Instruments Risk***

A Fund may invest in convertible instruments. A convertible instrument is a bond, debenture, note, preferred stock, or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. Convertible debt instruments have characteristics of both fixed income and equity investments. A Fund may invest in convertible instruments that have varying conversion values. If a convertible instrument held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the instrument, or convert it into the underlying stock, and will hold the stock to the extent the Manager determines that such equity investment is consistent with the investment objectives of the Fund.

### ***Counterparty and Settlement Risk***

Some of the markets in which a Fund will effect its transactions may be "over the counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This may expose the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while

replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, neither the Fund nor the Manager has an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Fund to transact with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

### ***Liquidity of Underlying Investments Risk***

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

### ***Force Majeure Risk***

Natural disasters, incidences of war, riot or civil unrest, terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses can materially adversely affect a Fund’s financial condition, liquidity or results of operations. A force majeure event can have a significant impact on the global economy and commodity and financial markets, resulting in, for example, extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices, illiquidity in the trading of securities that otherwise were liquid or even the prospect of a global recession. Such an impact can materially adversely affect the operations of third parties in which a Fund has an interest, or a Fund directly.

### ***Cybersecurity Risk***

With the increased use of technologies such as the Internet to conduct business, the Manager and the Funds have become potentially more susceptible to operational and information security risks through breaches in cybersecurity. In general, a breach in cybersecurity can result from either a deliberate attack or an unintentional event. Cybersecurity breaches may involve, among other things, infection by computer viruses or other malicious software code or unauthorized access to the Manager’s or the Funds’ digital information systems, networks or devices through “hacking” or other means, in each case for the purpose of misappropriating assets or sensitive information (including, for example, personal Unitholder information), corrupting data or causing operational disruption or failures in the physical infrastructure or operating systems that support the Manager or the Funds. Cybersecurity risks also include the risk of losses of service resulting from external attacks that do not require unauthorized access to the Manager’s or the Funds’ systems, networks or devices. Any such cybersecurity breaches or losses of service may cause the Manager or the Funds to lose proprietary information, suffer data corruption or lose operational capacity, which, in turn, could cause the Manager or the Funds to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. While the

Funds and the Manager have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for.

In addition, cybersecurity failures by or breaches of the Manager's or the Funds' third-party service providers may disrupt the business operations of the service providers and of the Manager or the Funds. These disruptions may result in financial losses, the inability of Unitholders to transact with the Funds and inability of the Funds to process transactions, the inability of the Funds to calculate its Net Asset Value, violations of applicable privacy and other laws, rules and regulations, regulatory fines, penalties, reputational damage, reimbursement or other compensatory costs and/or additional compliance costs associated with implementation of any corrective measures. Cybersecurity risks may also impact issuers of securities in which a Fund\ invests, which may cause the Fund's investments in such issuers to lose value.

### ***Tax Risk***

There can be no assurance that the CRA will agree with the tax treatment adopted by the Funds in filing their tax returns. The CRA could reassess a Fund on a basis that results in an increase in the taxable component of distributions considered to have been paid to Unitholders. A reassessment by the CRA may result in a Fund being liable for unremitted withholding tax on prior distributions to non-resident Unitholders. Such liability may reduce the Net Asset Value of the Fund.

Throughout a year in which a Fund does not qualify as a "mutual fund trust" under the Tax Act, the Fund (i) may be liable for alternative minimum tax, (ii) will not be eligible for the capital gains refund; (iii) may be subject to Part XII.2 tax under the Tax Act and (iv) may be subject to the mark-to-market rules applicable to financial institutions under the Tax Act. In any year throughout which a Fund does not qualify as a mutual fund trust, the Fund could be subject to alternative minimum tax ("AMT"), which is computed by reference to an adjusted taxable income amount. Recent amendments to the Tax Act regarding alternative minimum tax include: (i) increasing the AMT rate from 15% to 20.5%; (ii) increasing the AMT capital gains inclusion rate from 80% to 100%; (iii) disallowing 50% of a number of deductions, including interest on funds borrowed to earn income from property and non-capital loss carry-forwards; and (iv) disallowing 50% of most non-refundable tax credits. Recent amendments to the AMT also provide a new exemption from AMT for a trust that meets the definition of an "investment fund" for purposes of the loss restriction event rules in the Tax Act (as described in further detail below). No assurances can be given that a Fund has met or will continue to meet the "investment fund" definition.

If a 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 their ability to carry forward losses. Generally, a 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", as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate



modifications. Generally, a majority-interest beneficiary of a Fund will be a beneficiary who, together with the beneficial interest 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 interest in the income or capital, respectively, in the Fund. A Fund is not subject to the application of the loss restriction event rules if it has at all times met the “investment fund” definition for purposes of these rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. As described above, no assurance can be given that the Funds have met or will continue to meet the “investment fund” definition.

The foregoing summary of risk factors does not purport to be a complete explanation of all of the risks associated with an investment in the Funds. Potential investors should consult with their legal, tax and financial advisers before making a decision to invest in the Units.

### **Investment Risk Rating**

The Manager’s determination of the risk rating for the Funds is the methodology required by the Canadian Securities Administrators (CSA) for retail mutual funds and is based on the Funds’ historical volatility as measured by the 10-year standard deviation of the returns of the Funds. Just as historical performance may not be indicative of future returns, a fund’s historical volatility may not be indicative of its future volatility. 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.

The Funds are not required to make this same determination; however, the Manager has calculated a risk rating for the Funds using the same methodology as required for retail mutual funds. In accordance with the methodology described above, the risk rating of each Fund is shown in the table below.

<b>Fund Name</b>	<b>Risk Rating</b>
Canso Corporate Value Fund	Low
Canso Corporate Bond Fund	Low
Canso Canadian Bond Fund	Low
Canso Short Term and Floating Rate Income Fund	Low
Canso US Short Term and Floating Rate Fund	Low*
Canso Floating Rate Income Fund	Low

\*Since Canso US Short Term and Floating Rate Fund does not have a 10-year return history, we calculate the investment risk level of the Fund by using the actual return history of the Fund and, for the remainder of the 10-year period, the return history of the reference index, the ICE Boa 1-3 Year US Corporate & Government Index, that reasonably approximates the standard deviation of

the Fund. The reference index used tracks the performance of US dollar denominated investment grade rated corporate debt publicly issued in the US domestic market.

The risk ratings set forth in the table above do not necessarily correspond to a prospective investor's risk tolerance assessment. Prospective investors should also be aware that other types of risk, both measurable and non-measurable, may exist. Investors are advised to consult their own professional advisors for advice regarding an individual investor's personal circumstances. In providing these risk ratings, the Manager makes no representations whatsoever about their usefulness for an investor to determine if any of the Funds are suitable. The Manager reviews the investment risk level of the Funds on an annual basis and each time a material change is made to a Fund's investment strategies and/or investment objective. Details about the methodology that the Manager uses to identify the investment risk level of the Fund is available on request.

## **REPORTING AND FISCAL YEAR**

The Trustee furnishes to each Unitholder, at the time of investment in Units, a statement setting forth the number and Series of Units of a Fund held by the Unitholder. The Manager will prepare and deliver, or arrange for the preparation and delivery of, financial statements in such manner and frequency as required under securities legislation. The Manager intends to rely on Section 2.11 of National Instrument 81-106 - *Investment Fund Continuous Disclosure* and as such will not be filing its financial statements on [www.sedarplus.ca](http://www.sedarplus.ca). Requests for financial statements can be made by contacting client services via email at [clientservice@cansofunds.com](mailto:clientservice@cansofunds.com) or by telephone at 905-881-8853. The fiscal year end of each Fund is December 31, except for Canso Corporate Value Fund which has a fiscal year end of December 15.

## **AMENDMENTS TO THE MASTER DECLARATION**

The Master Declaration may be amended by the Trustee, at any time, without prior approval or notice to Unitholders holding Units of a Fund if the Trustee reasonably believes that such proposed amendment does not have the potential to materially adversely impact the financial interests or rights of Unitholders of the applicable Fund or that such proposed amendment is necessary to:

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the Fund or the distribution of its Units;
- (b) remove any conflicts or other inconsistencies that may exist between any of the terms of this Master Declaration and any provisions of any applicable laws, regulations or policies affecting the Fund, the Trustee or its agents;
- (c) make any change or correction in the Master Declaration that is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained in the Master Declaration;
- (d) facilitate the administration of the Fund as applicable or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or

its administration which might otherwise adversely affect the tax status of the Fund or its Unitholders; or

- (e) protect the Unitholders of the Fund.

The Trustee will provide no less than 21 days' notice to Unitholders affected by the proposed amendment in circumstances where:

- (a) securities legislation requires that written notice be given to Unitholders before the change takes effect; or
- (b) the change would not be prohibited by securities legislation and the Trustee reasonably believes that the proposed amendment has the potential to materially adversely impact the financial interests or rights of the Unitholders, so that it is equitable to give Unitholders advance notice of the proposed change.

### **TERMINATION OF TRUST**

The Trustee may terminate and dissolve a Fund, or a Series of Units of a Fund which the Unitholder holds, by giving the Unitholder written notice of its intention to terminate before the date on which the Fund or Series, as applicable, is to be terminated. During the period after the giving of such notice, a Unitholder's right to redemption of Units will cease and the Trustee will make appropriate arrangements for converting the assets of the Fund, or those attributable to the Series, into cash or redesignating all of the Units of a Series to Units of another Series. After payment of the liabilities of the Fund, or those attributable to the Series, the Trustee will distribute the assets of the Fund, or Series, in accordance with the Master Declaration, except where a Series is terminated through a redesignation of Units into another Series.

The Trustee will be entitled to retain out of any moneys in its hands full provision for all costs, charges, expenses, claims and demands incurred, made or reasonably anticipated by it in connection with or arising out of the termination of a Fund or Series of a Fund and the distribution of the assets attributable to Unitholders and out of the moneys so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands.

The Trustee may resign as trustee of a Fund upon 90 days' written notice to the Manager. If no successor trustee is appointed in accordance with the Master Declaration, the Fund will be terminated. On termination of a Fund, the Trustee will distribute the assets of the Fund in accordance with the Master Declaration.

### **MATERIAL CONTRACTS**

There are no material contracts other than the Master Declaration, the Management Agreements and the Investment Management Agreements for each Fund. Copies of the Master Declaration,

the Management Agreements and the Investment Management Agreements for the Funds, as amended from time to time, may be requested from the Trustee.

## **AUDITORS, REGISTRAR AND TRANSFER AGENT AND CUSTODIAN**

The auditor of all Funds except Canso Short Term and Floating Rate Income Fund and Canso US Short Term and Floating Rate Fund is Deloitte, LLP, and the auditor for Canso Short Term and Floating Rate Income Fund and Canso US Short Term and Floating Rate Fund, is Hennick Herman, LLP. The auditor of the Funds shall be determined from time to time by the Trustee. The Trustee acts as registrar and transfer agent for the Units at its office in Richmond Hill, Ontario and has engaged CIBC Mellon Global Securities Services Company to perform those services for all Funds except Canso Floating Rate Income Fund and Canso US Short Term and Floating Rate Fund, and has engaged Convexus Managed Services Inc. to perform those services for Canso Floating Rate Income Fund and Canso US Short Term and Floating Rate Fund. CIBC Mellon Global Securities Services Company (and certain of its affiliates), 320 Bay St., Toronto, Ontario, M5H 4A6, acts as custodian of the Funds for safekeeping the cash and securities of the Funds.

## **CORPORATE GOVERNANCE**

### **General**

The Manager has the authority to manage and direct the operations and affairs of the Funds, subject to applicable law and the Management Agreements. The Manager has established appropriate policies, procedures and guidelines to ensure the proper management of the Funds. The systems implemented monitor and manage the undertakings and sales practices, risks and internal conflicts of interest relating to the Funds while ensuring compliance with regulatory and corporate requirements.

### **Independent Review Committee**

The Manager has appointed an Independent Review Committee (“IRC”) for the Funds to act as an independent review committee for cross trades and in-specie trades involving the Funds and related investment funds and managed accounts of the Investment Manager pursuant to relief granted by the Canadian securities regulatory authorities. The members of the IRC are independent of the Manager, the Funds and entities related to the Manager. The cost associated with the IRC will form part of the operating expenses of each Fund. Each member of the IRC will receive an annual retainer and may receive a fee for each meeting of the IRC attended by the member, and may be reimbursed for reasonable expenses incurred.

### **Services Provided by Related Registrants**

The Manager is registered as an investment fund manager in the provinces of Ontario, Québec and Newfoundland and Labrador. The Investment Manager is registered as a portfolio manager and exempt market dealer in each of the provinces of Canada. The Funds and any related issuers that are managed by the Manager from time to time may be considered to be “connected issuers” and/or “related issuers” of the Manager, the Investment Manager, PBY Capital and PHW under applicable

securities legislation. The Investment Manager acts as the investment adviser to the Funds, and earns fees for advising the Funds. The Investment Manager acts as an exempt market dealer in connection with the marketing and sales of Series C and Series O Units. However, no commissions are paid to the Investment Manager in connection with the sale of Units of the Funds.

PBY Capital acts as an exempt market dealer in connection with the marketing and sales of Series F Units and/or Series C Units. PBY Capital will receive a distribution fee from the Manager in connection with providing its clients with ongoing advice and services in respect of the Fund and for providing the Manager with certain administrative and back office services. The Manager is wholly-owned by the Investment Manager, and the Investment Manager and PBY Capital are controlled, directly or indirectly, by the same entity. For further information, see “Dealer Commissions and Fees”. PHW acts as an investment dealer (CIR member) in connection with the marketing and sales of Series F Units, Series C Units and/or Series O Units and is related to the Manager, Investment Manager and PBY Capital.

## **CONFLICTS OF INTEREST**

This section describes the material conflicts of interest that arise or may arise between the Manager or the Investment Manager and the Funds, between the Manager’s or the Investment Manager’s registered representatives and the Funds, or between the Funds and other clients of the Manager or the Investment Manager. Canadian securities laws require the Manager and the Investment Manager to take reasonable steps to identify and respond to existing and reasonably foreseeable material conflicts of interest in a client’s best interest and tell clients about them, including how the conflicts might impact clients and how the Manager addresses them in a client’s best interest.

This section only describes the material conflicts of interest that arise or may arise in the Manager’s capacity as investment fund manager and in the Investment Manager’s capacity as portfolio manager of the Funds. For subscribers purchasing Units through the Investment Manager or PBY Capital as exempt market dealer, the material conflicts of interest associated with such entity’s activities as exempt market dealer are set out in a separate Conflicts of Interest Disclosure Brochure provided to subscribers.

### **What is a Conflict of Interest?**

A conflict of interest is any circumstance where the interests of different parties, such as the interests of a client and those of the Manager, the Investment Manager or their registered individuals, are inconsistent or divergent. A conflict could also exist between clients. The Manager and the Investment Manager seek to ensure that clients are treated fairly in the management of their accounts and in the execution of trades. A conflict of interest is considered material if, depending on the circumstances, it is likely to affect the decision-making process of either party.

### **How Do the Manager and the Investment Manager Address Conflicts of Interest?**

The Manager, the Investment Manager and their representatives always seek to resolve all material conflicts of interest in the best interest of each client, including the Funds. Where it is determined

that the Manager and the Investment Manager cannot address a material conflict of interest in a Fund's best interest, the Manager, the Investment Manager and their representatives will avoid that conflict.

Each of the Manager and the Investment Manager has implemented a policy and related procedures and provide ongoing training to its employees to assist them in identifying existing and reasonably foreseeable material conflicts of interest in a timely manner and addressing them in the Funds' best interest.

### **Material Conflicts of Interest**

A description of the material conflicts of interest that the Manager has identified in relation to its role as investment fund manager and that the Investment Manager has identified in relationship to its role as portfolio manager of the Funds, the potential impact and risk that each conflict of interest could pose, and how each conflict of interest has been or will be addressed, is set out below.

### ***Other Responsibilities and Devotion of Time***

The Manager will not be devoting its time exclusively to the affairs of the Funds. In addition, the Manager will perform similar or different services for others and may sponsor or establish other funds during the same period that it acts in relation to the Funds. The Manager, therefore, will have conflicts of interest in allocating investment opportunities, management time, services and functions among the Funds and such other persons for which it provides services. However, the Manager will undertake to act in a fair and equitable manner as between the Funds and other investment funds managed by the Manager and at all times the Manager will ensure a fair and equitable allocation of its management time, services, functions and investment opportunities between the Funds and any other such persons it provides services to.

### ***Outside Activities***

Individuals acting on behalf of the Manager and/or the Investment Manager may engage in outside activities, including acting as a director or officer for a public company or other business or non-business venture, or sitting on the board of a charity, but are prohibited from doing so if it could interfere with the proper discharge of the individual's duties to the Manager or the Investment Manager, as applicable. In certain cases, some of the directors, officers and representatives of the Manager and/or the Investment Manager may also be a director and/or officer of a related registrant and/or may sit on the board of a charity. A potential conflict can arise from a director, officer or representative of the Manager or the Investment Manager engaging in such activities as a result of compensation received, the time commitment required, the requirement to act in the best interests of the Funds (and other clients in the case of the Investment Manager), or the position held by the individual in respect of these outside activities. The potential impact and risk to the Funds and their investors (and other clients in the case of the Investment Manager) are that these outside activities may call into question the individual's ability to carry out their responsibilities to the Funds (and other clients in the case of the Investment Manager) or properly service the Funds (and other clients in the case of the Investment Manager) and/or there may be confusion which entity(ies) the individual is acting for when providing services to the Funds. In each case, the individual must request approval from the Chief Compliance Officer (the "CCO") to engage in the

outside activity and the CCO considers any conflicts of interest arising due to the nature of the relationship, compensation and time commitment.

The CCO will not approve the outside activity if the CCO determines that the outside activity will give rise to material conflicts of interest that cannot be addressed in the Funds' (and other clients in the case of the Investment Manager) best interest. No registered individual acts as a director or officer of another registered firm or of a non-registered firm that is not part of the Canso Group of Companies. Certain registered/permitted individuals at the Manager and the Investment Manager have also been granted approval to act as a director, officer and/or investment committee member of a related public company listed on the TSX-V, Canso Select Opportunities Corporation. Canso has developed policies and procedures to ensure effective supervision of outside activities of all staff regardless of registration status.

### ***Fair Allocation of Investment Opportunities***

To ensure fair allocation of investment opportunities among clients including the Funds, the Investment Manager has developed and implemented the Fair Allocation of Investment Opportunities Policy (Fair Allocation Policy). The Fair Allocation Policy addresses the potential conflict of interest between client accounts by allocating trades and distributing securities equitably, taking into account a number of relevant factors. When allocating securities that have been aggregated for the purposes of trading or settlement efficiencies (bulk, block or bunched trades), care is taken to equitably share trading opportunities and expenses between client accounts. If pro-rata distribution is not practical due to security availability or costs, allocation is done based on an established methodology. The Deputy Chief Investment Officer supervises the trade allocation process and submits quarterly supervisory attestations to the CCO conforming compliance with the Fair Allocation Policy. In addition, performance meetings are held weekly to review and compare performance returns of individual accounts within each mandate. Any performance dispersion stemming from unfair allocation of trades are flagged for review. If trade orders are filled at different times, these partial fills are allocated to client accounts as equitably as possible, taking into account trading costs, commissions and account size. If a pro-rata distribution would result in such a small allocation being made to an account such that it would not affect account performance, such accounts may be excluded from the allocation so that other accounts can benefit from a reasonable allocation. If a trading program continues over a longer period, the Investment Manager reviews the trading program to ensure that the allocations are fair and not biased towards large or small accounts. Partial fills are allocated to ensure that all account sizes have reasonably uniform positions over time. New issues are allocated to avoid preference to any account over time.

### ***Fair Valuation***

Because the Manager's fees are based on the value of the assets in the accounts of clients including the Funds, there is a potential conflict of interest in valuation because a higher value of the assets results in higher fees paid to the Manager. Overstating the value of the assets can also create improved performance. To ensure fair valuation of portfolio securities, the Manager has developed and implemented a Pricing Policy and Valuations Procedure (Pricing and Valuations Policy) setting its pricing for bonds and equities as well as securities traded in foreign currencies and provides guidelines for pricing illiquid securities. The Manager has established a pricing committee which meets monthly to review and approve security pricing based on an

approved valuation methodology to ensure fair valuation for portfolio securities. The CCO attends the monthly pricing committee meetings and meeting minutes are maintained.

Also, the Funds' administrator or other service provider engaged to calculate the Net Asset Value of the Funds may consult from time to time with the Manager, and defer to the Manager's expertise, when valuing a specific security to which the general valuation rules cannot or should not be applied. This can create a conflict of interest for the Manager, as the Manager's remuneration is dependent upon the Net Asset Value of the Funds. However, the Manager must discharge its duties according to a standard of care that requires it to act in the best interests of the Funds, and will be held accountable under the Management Agreements if it fails to do so.

### ***NAV Error Correction***

Correcting a net asset value (NAV) error in a Fund's account can create a potential conflict of interest if the Manager has a choice in correcting the error in a manner that is advantageous to the Manager. The Manager avoids this conflict by strictly following the IFIC guidelines on NAV errors. This means that if a NAV error results in a loss to the Fund, the Fund is always made whole by the Manager and in cases where the error favours the Fund, the Fund retains the benefit and the Manager bears the loss. All errors are documented in an error log as a control measure and as a measure to improve business processes. Annually, a brief account of NAV errors is included in the CCO's report to the Board of Directors of the Manager (the "Board").

### ***Best Execution***

The Investment Manager has developed and implemented policies and procedures for best execution (Best Execution Policy) to ensure that client trades are directed to brokers based on their execution quality and not for any collateral benefits received by the Investment Manager or its staff. The Investment Manager continuously monitors trade execution offered at different trading venues and maintains a list of approved brokers who are selected for their trade execution quality. The Investment Manager categorizes brokers as Tier 1 and Tier 2 brokers and it conducts ongoing due diligence on Tier 2 brokers. Trading with a Canso affiliated broker-dealer is prohibited. Portfolio returns are reviewed by the portfolio managers and the Chief Investment Officer and any outliers are discussed and reviewed. Daily Trade Execution Logs are maintained documenting the terms of the trade and Portfolio Manager approval. In addition, the Head of Trading submits to the CCO quarterly attestations confirming compliance with the Best Execution Policy.

### ***Use of Client Brokerage Commission/Soft Dollars***

The Investment Manager does not direct any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of goods or services by the dealer or a third party.

### ***Trades Between Client Accounts (Cross-Trades)***

Cross trades may give rise to conflicts of interest as the Investment Manager is responsible for determining the terms of the trade, and in particular the price, for both accounts and the terms of



the trade may benefit one account to the detriment of the other account. In addition, there are significant regulatory restrictions surrounding cross trades.

The Investment Manager has always been of the view that cross trades are in the client's best interest and has received a regulatory exemption permitting the Investment Manager to engage in cross trades between investment funds managed by the Manager (the "**Canso Funds**") and investment funds managed by Lysander Funds Limited (the "**Lysander Funds**") and separately managed accounts of the Investment Manager. This conflict is addressed by the Investment Manager by requiring cross trades to be executed at the current market price as defined in applicable Canadian securities legislation through a third-party dealer, deemed in the best interests of all parties to the trade, and allocated in accordance with the Fair Allocation of Investment Opportunities Policy. Clients provide prior written consent to engage in cross trades. The process is overseen by Compliance and approved by an Independent Review Committee (IRC) for the Canso Funds and the Lysander Funds, as applicable. The Canso Funds' IRC was established by the Manager for the sole purpose of overseeing this potential conflict.

### ***In Specie Transactions***

In specie transactions involve the payment for purchases or receipt of redemption proceeds for units of an investment fund through delivery of securities. In specie transactions may give rise to conflicts of interest between the interests of the Manager and the Fund or the Unitholder. In addition, there are significant regulatory restrictions applicable to in specie transactions although the Manager has received exemptive relief to permit in specie transactions between managed accounts of the Investment Manager and a Fund or between two Funds (the "In Specie Relief").

To manage these conflicts, the Investment Manager will, prior to engaging in in specie transactions involving a managed account client of the Investment Manager or the Fund:

- ensure the purchase or sale is consistent with the investment objectives of the managed account client of the Investment Manager or the Fund, as the case may be;
- ensure the managed account client of the Investment Manager has agreed to in specie transactions either generally or in the context of a specific transaction; and
- abide by the conditions of the In Specie Relief.

### ***Allocation of Fund Expenses***

Allocating expenses between one or more Canso Funds and the Manager can create a potential conflict of interest as the Manager, as fund manager, could allocate expenses in a manner that favours its interest over that of the Canso Fund(s). To avoid this conflict, the Manager prohibits certain shared expenses which are difficult to allocate, such as rent or salaries, to be allocated to the Canso Fund(s). The Manager also reviews the fees charged to an investor and the Canso Fund(s) to ensure that there is no duplication of fees charged to a fund and an investor for the same service. The Manager's finance staff reviews and approves all expenses for proper allocation between the Manager and the Canso Fund(s).

### ***Performance Fees***

A performance fee, which is a payment made to the manager or portfolio manager of a fund for generating positive returns, can create an incentive for the portfolio manager to allocate investments to the funds that pay performance fees (instead of other funds that it manages that do not pay performance fees) that it thinks will result in positive returns and thus generate more fees. In this way, a performance fee can cause the portfolio manager to favour one fund over others. In addition, the portfolio manager may invest in riskier investments with the intention to increase the performance fee in the short-term.

In order to mitigate this conflict, investment decisions made by the Investment Manager must be backed by a thorough investment analysis. In addition, the Investment Manager does not engage in short-term, speculative trading as part of its investment strategies. Any Canso Fund that earns a performance fee has detailed disclosure on the calculation of the fee in the Offering Memorandum of the Canso Fund so that investors can make an informed decision prior to making their initial investment. The Manager and the Investment Manager control the conflicts of interest associated with performance fees through the fair allocation of investment opportunities across the family of Canso Funds. See “Fair Allocation of Investment Opportunities” above.

### ***Management Fee Distributions***

Management Fee Distributions have the potential to create a conflict of interest as they may favour one client over another by effectively creating preferential management fee rates. To manage this conflict of interest, the Manager has implemented internal policies and procedures that set forth the factors that the Manager will consider to determine when Management Fee Distributions will be applied to ensure they are implemented in a fair and consistent manner.

### ***Employee Personal Trading Activities***

Employee personal trading can create conflicts of interest because employees with knowledge of the Investment Manager’s trading decisions and trading programs could use that information for their own benefit. To manage this conflict, the Investment Manager has developed and implemented an Employee Personal Trading Policy (Personal Trading Policy) that prohibits employees of the Investment Manager from buying or selling individual securities in their personal accounts or family accounts under their authority and control. All employees limit their personal investment purchases strictly to participation in the Canso Funds, or third-party pooled or mutual funds, or exchange-traded funds. Employees maintain their personal trading accounts at PHW, a specified affiliate of the Investment Manager. Similarly, in order to avoid any conflict of interest, the purchase of assets from a client outside the normal course of business is prohibited. Employees are required to attest to their compliance with the Personal Trading Policy on a quarterly basis.

### ***Gifts and Entertainment***

Each of the Manager and the Investment Manager has developed and implemented a Gift and Entertainment Policy (Gift Policy) prohibiting any employee to offer, solicit or accept any gift, benefit, compensation or consideration that could reasonably be expected to compromise their independence or objectivity. Compliance pre-approval is required for attendance at business events hosted by investment dealers and any gifts received by employees are to be notified to the

CCO and recorded by Compliance. Each of the Manager and the Investment Manager has established a mechanism for its employees to report gifts and entertainment to the CCO via an automated compliance system. In addition, employees are required to attest to their compliance with the Gift Policy on a quarterly basis.

### ***Seed Capital Investment and Withdrawals***

A fund manager is often the entity that provides the initial investment in a new fund launch, which is called the seed capital. Such capital can be substantial, such that its withdrawal at a later date can be detrimental to the remaining unitholders of the fund. The Manager avoids this conflict by prohibiting the redemption of any seed capital in a Canso Fund. Furthermore, as part of its firm culture, management actively invests in the Canso Funds alongside its clients and encourages all employees to do so as well.

### ***Changes in Service Providers***

The Manager may be tempted to hire a service provider such as a sub-adviser, which is less expensive, which results in a higher fee for the Manager. Alternatively, the Manager may decide to terminate a contract with a third party and provide the services in-house for a fee so that the Manager or an affiliate of the Manager makes the profit. If these changes are being done solely to increase fees to the Manager, the Canso Funds and the Unitholders may be disadvantaged.

Any change in a service provider to the Canso Funds, or any change in a service provider's fees, which in either case provides additional financial benefit to the Manager or an affiliate of the Manager must be approved by the Board. The Board must be provided with documentation to demonstrate that the change is not being made primarily to advance the interests of the Manager.

### ***Fund-of-Fund Investments***

A Canso Fund may invest in another Canso Fund (a Fund-of-Fund Investment), including a Canso Fund that is less liquid. A Fund-on-Fund Investment may give rise to potential conflicts of interests as someone might consider that the investment is being done solely because of the fact that the funds are managed by the same portfolio manager or for liquidity management purposes in the underlying fund. To manage such conflicts, the Investment Manager is required to document its suitability analysis as to why the investment action is suitable for the investing fund in the transaction.

In addition, the Investment Manager has rules for Fund-of-Fund Investments, which it follows, including: i) the Investment Manager does not charge any duplicative fees (i.e. fees charged for the same service); ii) the Investment Manager actively manages the top funds and underlying funds; and iii) the transaction represents the business judgement of "responsible persons" uninfluenced by considerations other than the best interests of the funds.

For Fund-of-Fund Investments that involve underlying funds with illiquid assets where there is no independent pricing or quotes, the Investment Manager determines the price of the assets in accordance with the Investment Manager's Pricing and Valuations Policy. In addition, in connection with a Fund-of-Fund Investment, the Investment Manager may engage the Canso

Funds' IRC to determine whether the potential conflict of interest matter is managed in a fair and reasonable way for all holders of the Canso Funds.

## **LEGAL MATTERS**

### **General**

The foregoing summary is subject to any express provisions of the securities legislation of each offering jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

### **Transfer and Resale Restrictions**

The Units are being offered on a private placement basis in reliance upon prospectus exemptions under applicable securities legislation in each of the provinces and territories of Canada. Resale of the Units will be subject to restrictions under applicable securities legislation, which will vary depending upon the relevant jurisdiction. Generally, the Units may be resold only pursuant to an exemption from the prospectus requirements of applicable securities legislation, pursuant to an exemption order granted by appropriate securities regulatory authorities or after the expiry of a hold period following the date on which a Fund becomes a reporting issuer under applicable securities legislation. It is not anticipated that the Fund will become a reporting issuer. In addition, Unitholders reselling Units may have reporting and other obligations. Accordingly, Unitholders are advised to seek legal advice with respect to such restrictions. Resale of Units is also restricted under the terms of the Master Declaration. Transfers will generally only be permitted in exceptional circumstances. Accordingly, each prospective investor must be prepared to bear the economic risk of the investment for an indefinite period.

Each purchaser of Units will be required to deliver to the Fund a subscription agreement in which such purchaser will represent to the Fund that such purchaser is entitled under applicable provincial securities laws to purchase such Units without the benefit of a prospectus qualified under such securities laws.

### **Cooling-off Period**

Securities legislation in certain provinces may give a purchaser certain rights of rescission, against the registered dealer who sold Units to them, but those rights must be exercised within a certain time period as little as forty-eight (48) hours following the purchase of Units.

### **Statutory Caution**

The foregoing disclosure of investment objectives and strategies may constitute “forward-looking information” for the purpose of applicable securities legislation, as it contains statements of the intended course of conduct and future operations of the Funds. These statements are based on

assumptions made by the Investment Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Investment Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Investment Manager 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 its actual course of conduct. Investors are urged to read "Risk Factors" on page 27 for a discussion of other factors that will impact the operations and success of the Funds.

**FOR ALBERTA RESIDENTS PURCHASING UNITS IN RELIANCE ON THE  
PROSPECTUS EXEMPTION IN SECTION 2.10 (MINIMUM AMOUNT EXEMPTION)  
OF NATIONAL INSTRUMENT 45-106**

**CERTIFICATE**

This Offering Memorandum does not contain a misrepresentation.

July 31, 2025

**CANSO CORPORATE VALUE FUND  
CANSO CORPORATE BOND FUND  
CANSO CANADIAN BOND FUND  
CANSO SHORT TERM AND FLOATING RATE INCOME FUND  
CANSO US SHORT TERM AND FLOATING RATE FUND  
CANSO FLOATING RATE INCOME FUND**

**by its Trustee and Manager  
CANSO FUND MANAGEMENT LTD.**

*"Jason Bell" (signed)*

Jason Bell  
President

*"Shirley Sumsion" (signed)*

Shirley Sumsion  
Corporate Secretary

**On behalf of the Board of Directors of  
CANSO FUND MANAGEMENT LTD.**

*"John Carswell" (signed)*

John Carswell  
Director

*"Heather Mason-Wood" (signed)*

Heather Mason-Wood  
Director

## SCHEDULE “A”

### PURCHASERS’ RIGHTS OF ACTION

Securities legislation in certain of the provinces and territories of Canada provides purchasers or requires purchasers to be provided with a remedy for rescission or damages where an offering memorandum or any amendment to it contains a Misrepresentation. As used herein, “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this Offering Memorandum not misleading in light of the circumstances in which it was made. A “material fact” means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Units. These remedies, or notice with respect thereto, must be exercised, or delivered, as the case may be, by the purchaser within the time limit prescribed by the applicable securities legislation.

The following is a summary of the rights of rescission or damages, or both, available to purchasers under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. Purchasers should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of these rights or consult with a legal adviser.

#### *Rights for Purchasers in Ontario*

If this Offering Memorandum, together with any amendment hereto, is delivered to a purchaser resident in Ontario and contains a Misrepresentation, without regard to whether the Misrepresentation was relied upon by the purchaser, the purchaser 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) 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. 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;
4. in no case shall 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:
  - (i) 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
  - (ii) 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 purchased Units using the “Accredited Investor” exemption and is:

- (a) a Canadian financial institution (as defined in National Instrument 14-101) 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.

#### *Rights for Purchasers in Alberta*

The rights herein for purchasers in Alberta are only available to investors who purchase under the minimum amount investment exemption.

If this Offering Memorandum, together with any amendment hereto, is delivered to a purchaser resident in Alberta 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, every person performing a function or occupying a position with respect to the Fund which is similar to that of a director at the date this Offering Memorandum was delivered to the purchaser and every person who signed this Offering Memorandum for damages or, alternatively, while still the owner of the 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 investor 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) this 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 Executive Director of the Alberta Securities Commission (the "ASC") and the Fund that it was delivered without the person's or company's knowledge or consent, (ii) after the sending of this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Executive Director of the ASC and the Fund of the withdrawal and the reason for it, or (iii) 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 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 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;
4. no person or company (but excluding the Fund) will be liable with respect to any part of this 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 Units as a result of the Misrepresentation; and
6. in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

1. this Offering Memorandum contains, proximate to that information:
  - (a) 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
  - (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

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

#### *Rights for Purchasers in Saskatchewan*

If this Offering Memorandum, together with any amendment hereto, is 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, every promoter and every person performing a function or occupying a position with respect to the Fund which is similar to that of a director at the date this Offering Memorandum was delivered to the purchaser, every person or company who signed this Offering Memorandum 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 shall 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 purchaser purchased the Units with knowledge of the Misrepresentation;
3. no person or company (excluding the Fund) will be liable if the person or company proves that (i) this Offering Memorandum was delivered without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company immediately gave reasonable general notice to the Fund that it was delivered without the person's or company's knowledge, (ii) after the filing of this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation, the person or company withdrew the person's or company's consent to this 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 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 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 this 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 (but excluding the Fund) will be liable with respect to any part of this 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 failed to conduct a reasonable investigation sufficient to provide reasonable

grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation;

5. in an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied on; and
6. in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

1. this Offering Memorandum contains, proximate to that information:
  - (a) 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
  - (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

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 herein, 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 Manager or agent through whom the Units are being purchased indicating the purchaser's intention not to be bound by the purchase agreement.

#### *Rights for Purchasers in Manitoba*

In the event that 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, every person performing a function or occupying a position with respect to the Fund which is similar to that of a director at the date of this Offering Memorandum and every person or company who signed this Offering Memorandum, 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 (but excluding the Fund) will be liable if the person or company proves that (i) this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or 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 this 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 this 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 this 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 (excluding the Fund) will be liable 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, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed that there had been a Misrepresentation;
  - 5. in the case of an action for damages, no person or company will be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation;
  - 6. in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

- 1. this Offering Memorandum contains, proximate to that information:
  - (a) 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

- (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- 2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

*Rights for Purchasers in New Brunswick*

If this Offering Memorandum, together with any amendment thereto, 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, every person occupying a position or performing a function with respect to the Fund which is similar to that of a director at the date of this Offering Memorandum and every person who signed this Offering Memorandum 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. no person or company (but excluding the Fund) will be liable if the person or company proves that (i) this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or 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 this 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 this 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 this 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 (excluding the Fund) will be liable 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, an expert's report, opinion or statement, unless the person or company failed to conduct such reasonable investigation as to provide

reasonable grounds for a belief that there had been no Misrepresentation, or believed that there had been a Misrepresentation;

5. 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
6. in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser.

A person is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

1. this Offering Memorandum contains, proximate to that information:
  - (a) 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
  - (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

#### *Rights for Purchasers in Nova Scotia*

In Nova Scotia, in the event that this Offering Memorandum, together with any amendment hereto 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, every person acting in a capacity with respect to the Fund which is similar to that of a director at the date of this Offering Memorandum 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 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 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) this 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 this Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in this Offering Memorandum, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) 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 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 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;

4. no person or company (but excluding the Fund) will be liable with respect to any part of this 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 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 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 purchaser.

A person is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

1. this Offering Memorandum contains, proximate to that information:
  - (a) 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
  - (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

These rights are intended to correspond with the rights against a seller of Units provided in the Nova Scotia Act and the securities regulations thereto and are subject to defences contained

therein.

*Rights for Purchasers in Prince Edward Island*

If this Offering Memorandum, together with any amendment hereto, 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, every person acting in a capacity with respect to the Fund which is similar to that of a director at the date of this Offering Memorandum 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 shall 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 (but excluding the Fund) will be liable if it proves that (i) this 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 promptly gave reasonable general 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 this Offering Memorandum, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) 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 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 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;
4. no person or company (but excluding the Fund) will be liable with respect to any part of this 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. no person or company will be liable for a Misrepresentation in forward-looking information if:
  - (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 person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward looking information;
6. if a Misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, this Offering Memorandum, the Misrepresentation is deemed to be contained in this Offering Memorandum;
7. 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
8. in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser.

*Rights for Purchasers in Newfoundland and Labrador*

If this Offering Memorandum, together with any amendment hereto, delivered to a purchaser resident in Newfoundland and Labrador contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the Misrepresentation and will have a right of action for damages against the Fund, every person acting in a capacity with respect to the Fund which is similar to that of a director at the date of this Offering Memorandum and a person or company who signed this Offering Memorandum, or alternatively, while still the owner of the purchased Units, a right for rescission against the Fund, provided that:

1. no action shall 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 is 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 it proves that (i) this 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) on becoming aware of any Misrepresentation in this Offering Memorandum, the person or company withdrew the person's or company's consent to this 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 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 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 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;
4. no person or company (but excluding the Fund) will be liable with respect to any part of this 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 the defendant proves do not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and
6. in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser.

A person is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

1. this Offering Memorandum contains, proximate to that information:
  - (a) 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
  - (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
2. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

*Rights for Purchasers in the Yukon, Northwest Territories and Nunavut*

If this Offering Memorandum, together with any amendment hereto, delivered to a purchaser resident in the Yukon, Northwest Territories or Nunavut contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will have, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund and against every person performing a function or occupying a position with respect to the Fund which is similar to that of a director at the date of this Offering Memorandum or, alternatively, while still the owner of the Units, for rescission against the Fund (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

1. no person or company will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
2. no person (excluding the Fund) will be liable if the person proves that (i) this Offering Memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the person's knowledge or consent, and (ii) on becoming aware of any Misrepresentation in this Offering Memorandum, the person withdrew the person's consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
3. no person (excluding the Fund) will be liable with respect to any part of this Offering Memorandum unless the person (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. no person will be liable for a Misrepresentation in forward-looking information if:
  - (a) this Offering Memorandum contains, proximate to the forward-looking information, (A) 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 (B) 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 person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
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;
6. in no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser; and
7. no action shall 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 purchase of the Units; 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 Misrepresentation, or (ii) three years after the date of the purchase of Unit.

## **SCHEDULE “B”**

### **FUND SPECIFIC INFORMATION**

#### **CANSO CORPORATE VALUE FUND**

##### **Investment Objective of the Fund**

The Fund seeks to achieve above average income returns through a diversified portfolio comprised primarily of debt and money market securities. The Fund may occasionally invest in equity securities. The Fund will attempt to manage the allocation among securities to lower the risk of capital loss as the Investment Manager deem appropriate.

##### **Investment Policies of the Fund**

The Fund's portfolio securities will, under normal circumstances, be invested in fixed income securities. The Fund may hold cash or cash equivalents or invest in bonds or money market instruments for liquidity or defensive purposes.

It is expected that investments of the Fund will be concentrated in Canada, and the maximum foreign exposure will be such as to permit the eligibility of Units of the Fund as an investment under applicable Canadian pension fund legislation. Regard will be paid to the provisions of such legislation relating to permitted investments of Canadian pension funds.

The Fund generally invests in securities of established companies traded “over-the-counter” in the bond market. It also may invest in debt securities convertible into common stock, and convertible and non-convertible preferred stock, and fixed-income securities of governments, government agencies, supranational agencies and companies when the Investment Manager or a sub-adviser believes the potential return will equal or exceed that available from investments in equity securities.

The Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or “over-the-counter”) on currencies, securities, or related futures and enter into repurchase agreements. The Fund may also purchase foreign currencies in the form of bank deposits.

The Fund may invest a portion of its assets in any other pooled funds or public mutual funds created and managed or advised by the Manager or its affiliates from time to time (the “Underlying Funds”). Where the Fund invests in an Underlying Fund, there are fees and expenses payable by the Underlying Fund in addition to the fees and expenses payable by the Fund, however, there will be no duplication of the Management Fee paid. As well, the Manager will not vote the securities

of the Underlying Fund held by the Fund. The Fund will invest in units of the Underlying Funds in order to help achieve the investment objective of the Fund. Appropriate underlying funds will provide diversification of the Fund's investments and provide exposure to areas of investment not easily obtainable directly by the Fund.

#### **Details of Management Agreement and Investment Management Agreement**

The Trustee on behalf of the Fund entered into an Amended and Restated Management Agreement with the Manager on May 31, 2009, as may be amended. The Investment Manager entered into an Investment Management Agreement with the Manager on March 5, 2008, as may be amended.

Unitholders of the Fund may obtain, free of charge, a copy of any Underlying Fund offering memorandum or simplified prospectus, and annual and semi-annual financial statements, or the Management Agreement or Investment Management Agreement by contacting:

Client Service Group  
Canso Fund Management Ltd.  
100 York Blvd., Suite 550  
Richmond Hill, ON L4B 1J8

Phone: (905) 881-8853  
Fax: (905) 881-1466  
E-mail: [clientservice@cansofunds.com](mailto:clientservice@cansofunds.com)

## **FUND SPECIFIC INFORMATION**

### **CANSO CORPORATE BOND FUND**

#### **Investment Objective of the Fund**

The Fund seeks to achieve a total return greater than the return achieved by a representative Canadian fixed income index, such as the FTSE Canada Corporate Bond Index.

#### **Investment Policies of the Fund**

The Fund's portfolio positions will, under normal circumstances, be invested in fixed income securities of Canadian issuers, but will occasionally be invested in corporate securities such as unit trusts. The Fund may hold cash or cash equivalents or invest in short term bonds or money market instruments for liquidity or defensive purposes. It also may invest in debt securities convertible into common stock. It may invest in foreign fixed-income securities of governments, government agencies, supranational agencies and companies when the Investment Manager or the sub-adviser believes the potential return will equal or exceed that available from investments in Canadian securities.

The Fund will not be leveraged.

The Fund investment positions will permit the eligibility of Units of the Fund as an investment under applicable Canadian pension fund legislation.

The Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities.

The Fund may invest up to 10% of its total assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or over-the-counter) on currencies, securities, or related futures and enter into repurchase agreements. The Fund may also purchase foreign currencies in the form of bank deposits.

The Fund may invest a portion of its assets in any other pooled funds or public mutual funds created and managed or advised by the Manager or its affiliates from time to time (the "Underlying Funds"). Where the Fund invests in an Underlying Fund, there are fees and expenses payable by the Underlying Fund in addition to the fees and expenses payable by the Fund, however, there will be no duplication of the Management Fee paid. As well, the Manager will not vote the securities of the Underlying Fund held by the Fund. The Fund will invest in units of the Underlying Funds in order to help achieve the investment objective of the Fund. Appropriate underlying funds will

provide diversification of the Fund's investments and provide exposure to areas of investment not easily obtainable directly by the Fund.

### **Details of Management Agreement and Investment Management Agreement**

The Trustee on behalf of the Fund entered into an Amended and Restated Management Agreement with the Manager on August 30, 2001, as may be amended. The Investment Manager entered into the Investment Management Agreement with the Manager on June 12, 2008, as may be amended.

Unitholders of the Fund may obtain, free of charge, a copy of any Underlying Fund offering memorandum or simplified prospectus, and annual and semi-annual financial statements, or the Management Agreement or Investment Management Agreement by contacting:

Client Service Group  
Canso Fund Management Ltd.  
100 York Blvd., Suite 550  
Richmond Hill, ON L4B 1J8

Phone: (905) 881-8853  
Fax: (905) 881-1466  
E-mail: [clientservice@cansofunds.com](mailto:clientservice@cansofunds.com)



## **FUND SPECIFIC INFORMATION**

### **CANSO CANADIAN BOND FUND**

#### **Investment Objective of the Fund**

The Fund seeks to achieve a total return greater than the return achieved by a representative Canadian fixed income index, such as the FTSE Canada Universe Bond Index.

#### **Investment Policies of the Fund**

The Fund's portfolio positions will, under normal circumstances, be invested in fixed income securities of Canadian issuers, but will occasionally be invested in corporate securities such as unit trusts. The Fund may hold cash or cash equivalents or invest in short term bonds or money market instruments for liquidity or defensive purposes. It also may invest in debt securities convertible into common stock. It may invest in foreign fixed-income securities of governments, government agencies, supranational agencies and companies when the Investment Manager or the Sub-adviser believes the potential return will equal or exceed that available from investments in Canadian securities.

The Fund will not be leveraged.

The Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities.

The Fund may invest up to 10% of its total assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or over-the-counter) on currencies, securities, or related futures and enter into repurchase agreements. The Fund may also purchase foreign currencies in the form of bank deposits.

The Fund may invest a portion of its assets in any other pooled funds or public mutual funds created and managed or advised by the Manager or its affiliates from time to time (the "Underlying Funds"). Where the Fund invests in an Underlying Fund, there are fees and expenses payable by the Underlying Fund in addition to the fees and expenses payable by the Fund, however, there will be no duplication of the Management Fee paid. As well, the Manager will not vote the securities of the Underlying Fund held by the Fund. The Fund will invest in units of the Underlying Funds in order to help achieve the investment objective of the Fund. Appropriate underlying funds will provide diversification of the Fund's investments and provide exposure to areas of investment not easily obtainable directly by the Fund.

## **Details of Management Agreement and Investment Management Agreement**

The Trustee on behalf of the Fund entered into an Amended and Restated Management Agreement with the Manager on May 31, 2009, as may be amended. The Investment Manager entered into an Investment Management Agreement with the Manager on October 25, 2016, as may be amended.

Unitholders of the Fund may obtain, free of charge, a copy of any Underlying Fund offering memorandum or simplified prospectus, and annual and semi-annual financial statements, or the Management Agreement or Investment Management Agreement by contacting:

Client Service Group  
Canso Fund Management Ltd.  
100 York Blvd., Suite 550  
Richmond Hill, ON L4B 1J8

Phone: (905) 881-8853  
Fax: (905) 881-1466  
E-mail: [clientservice@cansofunds.com](mailto:clientservice@cansofunds.com)

## **FUND SPECIFIC INFORMATION**

## **CANSO SHORT TERM AND FLOATING RATE INCOME FUND**

### **Investment Objective of the Fund**

The Fund seeks to achieve a total return greater than the return achieved by a representative Canadian fixed income index, such as the FTSE Canada Short Term Corporate Bond Index.

### **Investment Policies of the Fund**

The Fund's portfolio positions will, under normal circumstances, be invested in fixed income securities of Canadian issuers, but will occasionally be invested in corporate securities such as unit trusts. The Fund may hold cash or cash equivalents or invest in short term bonds or money market instruments for liquidity or defensive purposes. It also may invest in debt securities convertible into common stock. It may invest in foreign fixed-income securities of governments, government agencies, supranational agencies and companies when the Investment Manager or the Sub-adviser believes the potential return will equal or exceed that available from investments in Canadian securities.

The Fund will never be leveraged.

The Fund investment positions will permit the eligibility of Units of the Fund as an investment under applicable Canadian pension fund legislation.

The Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities.

The Fund may invest up to 10% of its total assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or over-the-counter) on currencies, securities, or related futures and enter into repurchase agreements. The Fund may also purchase foreign currencies in the form of bank deposits.

The Fund may invest a portion of its assets in any other pooled funds or public mutual funds created and managed or advised by the Manager or its affiliates from time to time (the "Underlying Funds"). Where the Fund invests in an Underlying Fund, there are fees and expenses payable by the Underlying Fund in addition to the fees and expenses payable by the Fund, however, there will be no duplication of the Management Fee paid. As well, the Manager will not vote the securities of the Underlying Fund held by the Fund. The Fund will invest in units of the Underlying Funds in order to help achieve the investment objective of the Fund. Appropriate underlying funds will provide diversification of the Fund's investments and provide exposure to areas of investment not easily obtainable directly by the Fund.

## **Details of Management Agreement and Investment Management Agreement**

The Trustee on behalf of the Fund entered into an Amended and Restated Management Agreement with the Manager on April 30, 2013, as may be amended. The Investment Manager entered into an Investment Management Agreement with the Manager on January 1, 2011, as may be amended.

Unitholders of the Fund may obtain, free of charge, a copy of any Underlying Fund offering memorandum or simplified prospectus, and annual and semi-annual financial statements, or the Management Agreement or Investment Management Agreement by contacting:

Client Service Group  
Canso Fund Management Ltd.  
100 York Blvd., Suite 550  
Richmond Hill, ON  
L4B 1J8  
Phone: (905) 881-8853  
Fax: (905) 881-1466  
E-mail: [clientservice@cansofunds.com](mailto:clientservice@cansofunds.com)

## **FUND SPECIFIC INFORMATION**

### **CANSO US SHORT TERM AND FLOATING RATE FUND**

#### **Investment Objective of the Fund**

The investment objective of the Fund is to achieve long term capital growth primarily through investments in U.S. dollar denominated short term and floating rate debt and money market securities.

#### **Investment Policies of the Fund**

The Fund's portfolio positions will, under normal circumstances, be invested primarily in Canadian and U.S. government and corporate bonds and other fixed income securities. Fixed income securities include bonds, debentures, notes, Mortgage Backed Securities, Asset Backed Securities, loans or other evidences of indebtedness. The performance benchmark for the Fund is the ICE BofA 1-5 Year US Corporate & Government Index.

The Fund may hold cash or cash equivalents or invest in short term bonds or money market instruments for liquidity or defensive purposes. It also may invest in debt securities convertible into common stock. It may invest in foreign fixed-income securities of governments, government agencies, supranational agencies and companies when the Investment Manager or the Sub-adviser believes the potential return will equal or exceed that available from investments in Canadian securities.

The Fund will never be leveraged.

The Fund investment positions will permit the eligibility of Units of the Fund as an investment under applicable Canadian pension fund legislation.

The Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities.

The Fund may invest up to 10% of its total assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or over-the-counter) on currencies, securities, or related futures and enter into repurchase agreements. The Fund may also purchase foreign currencies in the form of bank deposits.

The Fund may invest a portion of its assets in any other pooled funds or public mutual funds created and managed or advised by the Manager or its affiliates from time to time (the "Underlying Funds"). Where the Fund invests in an Underlying Fund, there are fees and expenses payable by

the Underlying Fund in addition to the fees and expenses payable by the Fund, however, there will be no duplication of the Management Fee paid. As well, the Manager will not vote the securities of the Underlying Fund held by the Fund. The Fund will invest in units of the Underlying Funds in order to help achieve the investment objective of the Fund. Appropriate underlying funds will provide diversification of the Fund's investments and provide exposure to areas of investment not easily obtainable directly by the Fund.

### **Details of Management Agreement and Investment Management Agreement**

The Trustee on behalf of the Fund entered into a Management Agreement with the Manager on December 15, 2020, as may be amended. The Investment Manager entered into an Investment Management Agreement with the Manager on December 15, 2020, as may be amended.

Unitholders of the Fund may obtain, free of charge, a copy of any Underlying Fund offering memorandum or simplified prospectus, and annual and semi-annual financial statements, or the Management Agreement or Investment Management Agreement by contacting:

Client Service Group  
Canso Fund Management Ltd.  
100 York Blvd., Suite 550  
Richmond Hill, ON  
L4B 1J8  
Phone: (905) 881-8853  
Fax: (905) 881-1466  
E-mail: [clientservice@cansofunds.com](mailto:clientservice@cansofunds.com)

**FUND SPECIFIC INFORMATION**  
**CANSO FLOATING RATE INCOME FUND**

**Investment Objective of the Fund**

The investment objective of the Fund is to provide total returns consisting principally of interest income by investing primarily in floating rate and other short term debt securities of Canadian and foreign issuers.

**Investment Policies of the Fund**

The Fund's portfolio positions will, under normal circumstances, be invested primarily in floating rate and other short term debt securities of Canadian and foreign issuers. Eligible securities are identified as bonds, debentures, notes, Mortgage Backed Securities, Asset Backed Securities, loans or other evidences of indebtedness. The performance benchmark for the Fund is the FTSE Canada Floating Rate Note Index.

The Fund may hold cash or cash equivalents or invest in short term bonds or money market instruments for liquidity or defensive purposes. It also may invest in federal or provincial government issues.

The Fund will never be leveraged.

The Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities.

The Fund may invest up to 10% of its total assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or over-the-counter) on currencies, securities, or related futures and enter into repurchase agreements. The Fund may also purchase foreign currencies in the form of bank deposits.

The Fund may invest a portion of its assets in any other pooled funds or public mutual funds created and managed or advised by the Manager or its affiliates from time to time (the "Underlying Funds"). Where the Fund invests in an Underlying Fund, there are fees and expenses payable by the Underlying Fund in addition to the fees and expenses payable by the Fund, however, there will be no duplication of the Management Fee paid. As well, the Manager will not vote the securities of the Underlying Fund held by the Fund. The Fund will invest in units of the Underlying Funds in order to help achieve the investment objective of the Fund. Appropriate underlying funds will provide diversification of the Fund's investments and provide exposure to areas of investment not easily obtainable directly by the Fund.

## **Details of Management Agreement and Investment Management Agreement**

The Trustee on behalf of the Fund entered into a Management Agreement with the Manager on May 9, 2022, as may be amended. The Investment Manager entered into an Investment Management Agreement with the Manager on May 9, 2022, as may be amended.

Unitholders of the Fund may obtain, free of charge, a copy of any Underlying Fund offering memorandum or simplified prospectus, and annual and semi-annual financial statements, or the Management Agreement or Investment Management Agreement by contacting:

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Phone: (905) 881-8853  
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E-mail: [clientservice@cansofunds.com](mailto:clientservice@cansofunds.com)