

The trust units in this confidential offering memorandum ("**Offering Memorandum**") are being offered on a private placement basis. This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may lawfully be offered for sale. This Offering Memorandum is not, and under no circumstance is it to be construed as, a prospectus or an advertisement for a public offering of these securities.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered in this Offering Memorandum, nor has it reviewed this Offering Memorandum, and any representation to the contrary is an offence. This is a risky investment. See "Risk Factors". No person has been authorized to give any information or to make any representations about the Fund not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon by any investor.



Series A, Series F and Series I Units of:

GUARDIAN STRATEGIC INCOME FUND

**Guardian Capital LP
Suite 3100, Commerce Court West
P.O. Box 201, 199 Bay Street
Toronto, Ontario, Canada M5L 1E8**

CONFIDENTIAL OFFERING MEMORANDUM

November 2, 2015

Guardian Strategic Income Fund (the "**Fund**") is an open-end investment fund established under the laws of the Province of Ontario. Series A, Series F and Series I Units (each a "**Series**", and collectively, the "**Units**") of the Fund are offered under this Offering Memorandum. Units are offered for sale at their respective Series net asset value per Unit (the "**Series Net Asset Value Per Unit**") determined at the time they are issued. Series A, Series F and Series I Units are offered in minimum initial subscription amounts of \$25,000 to investors who qualify as "accredited investors". Investors (other than individuals) that are not "accredited investors" may also purchase Units if they are purchasing at least \$150,000. For greater certainty, an individual (i.e. a natural person) may only directly purchase Units if he or she is an "accredited investor". **There is no minimum or maximum number of Units that may be sold as part of this offering. Amounts received by the Fund under this offering may not be sufficient to accomplish our proposed objective.** Investors must pay the full subscription price at the time of purchase. Units will be offered on a continuous basis from the date of this Offering Memorandum and may be purchased on each Valuation Date, at the applicable Series Net Asset Value Per Unit. See "Purchases of Units".

An investment in Units is subject to certain risks and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There is no market through which Units may be sold and none is expected to develop. See "Risk Factors". There are also important tax consequences associated with an investment in Units. See "Canadian Federal Income Tax Considerations".

Investors have two (2) Business Days to cancel their agreement to purchase Units. If there is a misrepresentation in this Offering Memorandum, investors have the right either to sue for damages, or to cancel the purchase agreement. See "Purchasers' Rights".

The Fund and the Units described in this Offering Memorandum are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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INTRODUCTION AND SUMMARY

Prospective investors are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Fund. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the “Glossary of Terms”.

This Offering Memorandum contains information about the Fund and the risks of investing in the Fund. It also contains selected important information to help investors make an informed decision and to help them understand their rights as investors in the Fund.

The manager and investment advisor of the Fund is Guardian Capital LP, which is referred to in this Offering Memorandum as the “**Manager**”. RBC Investor Services Trust is the trustee, custodian, record-keeper, administrator and valuation agent of the Fund and is referred to as the “**Trustee**”.

Additional information about the Fund is available in the Fund’s most recent financial statements available from time to time. Investors can obtain copies of the Fund’s constating document and financial statements at their request and at no cost, by calling the Manager toll-free at 1-866-718-6517 or by contacting the Manager at fundinfo@guardiancapital.com. These documents are also available from investors’ dealers.

The Fund	Guardian Strategic Income Fund (the “ Fund ”) is an open-end investment fund established under the laws of the Province of Ontario on May 27, 2013 and governed by a trust agreement dated as of May 27, 2013 (the “ Trust Agreement ”), between the Manager and the Trustee.
Investment Summary	<p>The Fund offers an alternative to traditional long only fixed income investing, providing a low volatility solution to enhance diversification, preserve capital and to protect against and profit from changes in interest rates and credit spreads.</p> <p>The values of long only fixed income portfolios are increasingly vulnerable to losses should rates increase or credit spreads widen. Many traditional bond strategies are inflexible and structurally unable to reduce duration or manage credit exposure adequately when conditions change. Focusing within credit sectors and applying a long/short strategy adds flexibility and, combined with the Manager’s macroeconomic and rigorous issuer credit analysis, provides the Manager with the necessary tools to prudently respond to changing market conditions.</p> <p>The Fund is dedicated to investing in an actively managed portfolio of credit investments and paying a sustainable distribution while preserving investor capital by introducing tools to protect the Fund against, and profit from, changes to market conditions.</p>
Investment Objectives	<p>The investment objectives of the Fund are:</p> <ol style="list-style-type: none"> 1. To generate a sustained monthly, cash distribution. 2. To generate capital gains and preserve capital through strategies that profit, when appropriate, from rising or falling interest rates and widening or tightening credit spreads. 3. To maintain low volatility and low correlation with traditional equity and fixed income markets.
Investment Strategies	The Fund will seek to achieve its investment objectives by primarily investing in or selling short securities of issuers located primarily

	<p>within North America. The strategy of the Fund will be driven by ongoing credit research and macro-economic analysis performed by the Manager. Fund composition will vary depending on market conditions and various phases of the economic and credit cycle.</p> <p>The Fund will principally hold non-investment grade bonds, broadly diversified by issuer and industry, but may also invest in other securities including, but not limited to, floating rate bank loans, convertible bonds, equities, warrants, real estate investment trusts, exchange traded funds (“ETFs”) and collateralized debt and loan obligations. The Fund may also invest in credit, interest rate and index swaps or employ income generating option strategies. The Fund may also engage in strategies relating to special situations such as reorganizations, restructurings, distressed situations, mergers or acquisitions. The Fund may also use leverage in order to hedge or enhance returns.</p> <p>The Manager may employ hedging strategies through all phases of the credit cycle, designed to protect the Fund from adverse effects stemming from changes in general interest rates, foreign currency moves and changes in credit spreads.</p> <p>See “Investment Strategies”.</p>
Leverage	<p>The Fund may utilize various forms of leverage, including borrowings under loan facilities, margin purchases, short selling and the use of derivative instruments, provided that the aggregate leverage determined on a daily basis shall not normally exceed 2.0:1, calculated as the total market value of long positions plus the absolute total market value of short positions divided by the Fund’s Net Asset Value. Although not part of its general strategy, the Manager may exceed 2.0:1 for short periods, if the Manager feels that reducing leverage in the short term may disadvantage Unitholders. However, at no time will aggregate leverage exceed 2.5:1.</p>
Foreign Currency Hedging	<p>The Fund will have foreign currency exposure, particularly to the U.S. dollar. The Manager may, subject to its views on relative currency values, seek to protect investment returns from currency fluctuations, by hedging foreign currency exposure.</p>
Interest Rate Hedging	<p>The Manager may engage in interest rate hedging strategies, as appropriate, to achieve its investment objectives. These strategies may include short selling or the use of derivative instruments as permitted within the investment restrictions of the Fund.</p>
Use of Derivatives	<p>The Manager may use derivative instruments to reduce or hedge against various risks, including currency exchange risk associated with foreign investments, and as a substitute for purchasing or selling securities directly to obtain investment exposures consistent with the Fund’s investment objectives, strategies and risk management.</p>
The Manager	<p>The Manager is responsible for the overall undertaking of the Fund, including providing or arranging for the provision of investment advisory, administration and fund accounting services.</p> <p>The Manager is an indirect, wholly-owned subsidiary of Guardian Capital Group Limited, a diversified financial services company with</p>

deep roots in Canada, the shares of which are listed on the Toronto Stock Exchange (“**TSX**”). Guardian Capital Group Limited has been an active participant in the investment community for more than 50 years and currently maintains assets under management in excess of \$25 billion. In that half-century, Guardian Capital Group Limited has earned a reputation for solid performance through strong alliances and deep fundamental understanding of financial markets.

The Manager is the investment management firm through which Guardian Capital Group Limited manages institutional client assets. These include defined benefit and defined contribution pension plans, corporate insurance assets, foundations and endowments. The Manager’s investment capabilities encompass Canadian, U.S., international and global mandates in equity and fixed income markets. The Manager also manages portfolios for retail intermediary clients that include sub-advisory relationships with mutual funds, insurance companies, banking institutions, closed-end funds, separately managed accounts and unified managed accounts. Please refer to the website of the Manager at www.guardiancapital.com

The Manager’s successes to date have been derived in large part from its strong experienced roster of investment professionals working in a team environment. The Fund’s individual portfolio managers, Stephen Kearns and Derrick Knie, are seasoned credit investment professionals, having more than a combined 30 years of credit analysis and portfolio management experience.

The following is a brief biography of the individuals related to the Manager that control the portfolio management of the Fund:

Stephen Kearns, MBA, CFA

Stephen Kearns joined Guardian Capital LP in 1993 as Assistant Portfolio Manager within the fixed income team, and is now a Managing Director with the firm. His responsibilities include high yield and investment grade fixed income management as well as liability driven portfolio management. Prior to joining the Manager, Mr. Kearns spent several years in corporate finance at Montreal Trust and National Bank of Canada. He graduated with a Bachelor of Science (Chemistry) degree in 1985 and obtained his MBA degree in 1989, both from the University of Western Ontario. Mr. Kearns has been a CFA Charterholder since 1995.

Derrick Knie, MFin, CFA

Derrick Knie joined Guardian Capital LP in 2010. His focus is on credit analysis of high-yield bonds, with a secondary emphasis on the corporate credits in the Manager’s Core Fixed Income strategy. Prior to joining the Manager, Mr. Knie held positions with Standard & Poor’s, Laketon Investment Management, Legg Mason, and most recently was with Dundee Securities. He holds a Master of Finance (M.Fin) degree from the University of Toronto’s Rotman School of Management, and is a CFA Charterholder.

	See “Management of the Fund”.
Units of the Fund	<p>Series A Units - Designed for qualified investors who are not eligible to purchase Series F or Series I Units and who make a minimum investment (based on Unit issue price) of \$25,000 (or such other minimum as may be required, as described below) in the Fund.</p> <p>Series F Units – Restricted to investors who invest in the Fund through service and fee arrangements or wrap programs with eligible dealers and are subject to an annual asset-based fee rather than a commission charged on each transaction, as a result of which their dealer is prepared to make this Series of Units available for such investors, and to other investors approved by the Manager, for whom the Manager does not incur any distribution costs. Available to qualified investors who make a minimum investment (based on Unit issue price) of \$25,000 (or such other minimum as may be required, as described below). There are no sales charges or service fees in connection with Series F Units (see “Fees and Expenses” below).</p> <p>Series I Units – Designed for qualified institutional investors, the Series I Units are purchased in accordance with agreements between such investors and the Manager, which provide for the fees, expenses and other terms to which such Units are subject. There are no sales charges or service fees in connection with Series I Units.</p> <p>The Manager may add additional series of units of the Fund at any time without prior notice to or approval of holders of Units (the “Unitholders”).</p>
Price of Units	<p>Units of each Series will be offered at the applicable Series Net Asset Value Per Unit which will be calculated in Canadian dollars at the close of business on the last Business Day of each week (each, a “Valuation Day”). At the option of the Manager, Series Net Asset Value Per Unit may also be calculated on certain Additional Valuation Days (as defined under “Distribution Policy”), but Units are not offered for sale, nor may Units be redeemed, on such Additional Valuation Days. See “Purchases of Units” and “Valuation”.</p>
Minimum Investment	<p>Units are offered on a continuous basis to “accredited investors” in accordance with applicable securities legislation in the various provinces and territories of Canada to an unlimited number of subscribers. The minimum initial investment amount for accredited investors is \$25,000 for Series A Units, Series F Units and Series I Units. Subsequent investments are subject to a minimum investment of \$5,000. The Manager has the discretion to accept initial or subsequent investments of lesser amounts.</p> <p>For more information about who qualifies as an accredited investor, please see the Certificate of Accredited Investor that forms part of the subscription agreement (the “Subscription Agreement”) accompanying this Offering Memorandum. Investors should contact their accountant, lawyer, or dealer for advice if they are</p>

	<p>uncertain as to whether they qualify as an accredited investor.</p> <p>Investors (other than individuals) that are not “accredited investors” may also purchase Units if they are purchasing at least \$150,000. For greater certainty, an individual (i.e. a natural person) may only directly purchase Units if he or she is an “accredited investor”.</p>
<p>Purchases of Units</p>	<p>Purchases of Units may be made on each Valuation Day.</p> <p>The Units are being offered using the mutual fund order entry system FundSERV. A subscription for Units may be made directly to the Trustee or from a distributor on the FundSERV network under the Manufacturer Code allocated to the Manager (“GCG”) under the following order codes:</p> <ul style="list-style-type: none"> (a) Series A Units – “GCG502”. (b) Series F Units – “GCG602”. (c) Series I Units – “GCG412”. <p>When purchasing, each investor must complete a Subscription Agreement (including, for subscribers as accredited investors, the Certificate of Accredited Investor) in order to purchase Units and deliver the completed Subscription Agreement to the Trustee, either directly (in jurisdictions where the Manager is registered to sell Units) or through dealers or other persons permitted by applicable securities laws to sell Units, accompanied by a cheque, bank draft or, in the discretion of the Manager, wire transferred funds, in an amount equal to the purchase price. Purchase orders must be submitted by the investment advisor (through a registered dealer) into FundSERV prior to 4:00 p.m. (Eastern Time) on the Valuation Day on which the investor wishes to purchase Units. Orders received after that time will be executed at the Series Net Asset Value Per Unit determined on the next Valuation Day.</p> <p>The Manager may accept or reject a subscription for Units, whether made through the Manager or FundSERV, within two (2) Business Days of receiving it. If the subscription is accepted the investor (or the investor’s dealer) will be sent a confirmation within seven (7) days after the applicable Valuation Day, which is proof of the transaction. If the order is not accepted, the subscription funds will be returned, without interest.</p> <p>See “Purchases of Units”.</p>
<p>Redemptions</p>	<p>Redemptions of Units can be made on each Valuation Day at the Series Net Asset Value Per Unit and can be submitted into FundSERV through a registered dealer, provided the Unitholder provides notice of redemption prior to 4:00 p.m. (Eastern Time) on the day which is five (5) Business Days prior to the Valuation Day on which the investor wishes to redeem Units (each a “Redemption Date”), and payment of the redemption proceeds will be made using the FundSERV network. Orders received after that time will be executed at the Series Net Asset Value Per Unit determined on the next Valuation Day.</p> <p>If the Manager has received requests to redeem 10% or more of the outstanding Units of the Fund, or of any Series of Units of the</p>

	<p>Fund, on a Valuation Day, payment of the proceeds may be deferred for up to ten (10) Business Days after such Valuation Day. The foregoing period may, in the sole discretion of the Manager, be reduced.</p> <p>An early redemption fee of up to 5% may be charged on Units of any Series redeemed within ninety (90) Business Days of purchase. Such fee will be retained by the Fund.</p>
Suspension of Redemptions	The Fund may suspend the calculation of Series Net Asset Value and the redemption of Units in certain circumstances. See “Redemptions”.
Valuation	The net asset value (“ Net Asset Value ”) of the Fund and of each Series of Units of the Fund (the “ Series Net Asset Value ”) is determined as at the close of business on every Valuation Day in accordance with the Trust Agreement. The Series Net Asset Value Per Unit of any Series of Units on a Valuation Day is obtained by dividing the aggregate fair market value of the assets of the Fund less the aggregate amount of its liabilities, in each case attributable to that Series of Units, by the total number of Units of the Series outstanding at the close of business on the Valuation Day. See “Valuation”.
Distributions	<p>The Fund intends to make monthly distributions to Unitholders of record on the last Valuation Day of each month, which will be reinvested at the Series Net Asset Value Per Unit calculated on such Valuation Day (or paid in cash, at the option of the Unitholders). The Fund will annually determine and announce each April an indicative distribution rate for the following twelve months based upon the prevailing market conditions and the estimate of distributable cash flow for the year.</p> <p>The Fund will also make such additional distributions during the year, consisting of such additional amounts of income and capital gains as have been earned by the Fund during the year, as calculated on behalf of the Manager by the Trustee. See “Distribution Policy”.</p>
Fees and Expenses Payable by the Fund	<p>The operating expenses for which the Fund will be responsible are the following:</p> <ul style="list-style-type: none"> (a) the Management Fee; (b) the Performance Fee; (c) the Administration Fee; (d) interest and borrowing costs; (e) brokerage commissions; (f) costs associated with selling securities short; (g) the costs of complying with any new regulatory or legal requirements imposed upon the Fund; and (h) taxes of any kind to which the Fund may be subject, including HST or any other taxes payable on any of these expenses.
Management Fees	The Manager will receive management fees from the Fund (the “ Management Fee ”) (i) in respect of the Series A Units, equal to

	<p>2.0% per annum of the Series Net Asset Value of the Series A Units, calculated weekly and paid monthly in arrears, plus applicable taxes plus (ii) in respect of the Series F Units, equal to 1.0% per annum of the Series Net Asset Value of the Series F Units, calculated weekly and paid monthly in arrears, plus applicable taxes. In addition, the Manager may be entitled to be paid a management fee in respect of the Series I Units, which fee will be negotiated directly between the Manager and purchasers of Series I Units. See “Fees and Expenses”.</p> <p>To encourage large investments in the Fund and to be able to offer fees which are competitive for investments of that size, and in certain other circumstances, the Manager may from time to time reduce the Management Fee and/or the Performance Fee that it otherwise would be entitled to receive with respect to such an investor’s investment in the Fund.</p>
<p>Performance Fee</p>	<p>The Manager will receive a performance fee (the “Performance Fee”) payable in arrears, calculated and accrued on each Valuation Day, and payable, if applicable, on the last Valuation Day of each calendar quarter and upon the redemption of Series A, Series F or Series I Units.</p> <p>In general, the Performance Fee will be payable provided that the investment performance of the Units is in excess of 5.75% per annum during the period from the occurrence of the last High Water Mark until the Valuation Day as of which the Performance Fee is being calculated, and the Performance Fee will amount to 15% of such excess performance.</p> <p>The Manager may make such adjustments to the Adjusted Series Net Asset Value per Unit and/or the Accrued Hurdle Amount per Unit as are determined by the Manager to be necessary to account for any Unit subdivisions (splits) or consolidations, or any other event or matter that would, in the opinion of the Manager, reasonably impact upon the computation of the Performance Fee. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.</p> <p>See “Fees and Expenses – Performance Fee”.</p>
<p>Administration Fee</p>	<p>The Manager is responsible for the payment of all of the variable operating expenses of the Fund (“Variable Operating Expenses”), including the costs of transfer agency, Unitholder recordkeeping, accounting and pricing fees, Trustee fees and expenses, audit and legal fees and expenses, safekeeping and custodial fees and expenses, the costs of financial reporting and other types of communications required to be prepared for the Fund and the Unitholders in compliance with applicable laws, regulatory filing and other fees with respect to the Fund, reasonable out of pocket costs, other expenses necessary for the operation of the Fund, and HST payable on any of these variable operating expenses. The Variable Operating Expenses exclude any operating costs of the Fund as described under “Fees and Expenses – Fees and Expenses Payable by the Fund”.</p>

	<p>In return for the payment of the Variable Operating Expenses, the Manager receives from the Fund an administration fee (“Administration Fee”), which will be calculated at an annual rate of 0.25% of the Net Asset Value of the Fund, calculated weekly and payable monthly, on the last Valuation Day of each month, plus applicable taxes.</p> <p>See “Fees and Expenses – Administration Fee”.</p>
<p>Dealer Compensation</p>	<p>Sales Commission - When an investor purchases Series A Units, the investor may be required to pay the investor’s dealer a sales commission at the time of purchase. Such commission may be up to 5% of the amount invested, which is negotiable between the investor and the dealer.</p> <p>No deferred sales charge option is available.</p> <p>There are no sales charges on Series F Units.</p> <p>Service Fee - As consideration for arranging for a financial service, the Manager pays to each registered dealer a service fee (the “Service Fee”) equal to 1.00% per annum of the Series Net Asset Value of the Series A Units held by clients of such registered dealer, calculated weekly and payable on the last Valuation Day of each month. There is no service fee applicable to the Series F or the Series I Units. The Service Fee is a direct expense of the Manager and is not charged separately to the Fund. See “Dealer Compensation”.</p> <p>Conversion Fees – Unitholders may have to pay a fee to their dealers when they convert from one Series of Units to the other Series of Units of the Fund.</p> <p>Other Dealer Compensation - The Manager may elect to share certain other costs with dealers under certain circumstances. See “Dealer Compensation”.</p>
<p>Canadian Federal Income Tax Considerations</p>	<p>The Fund intends to distribute a sufficient amount of its income for each taxation year so that it will generally not be liable for income tax under the Tax Act. A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year. Distributions by the Fund to a Unitholder in excess of the Unitholder’s share of the Fund’s net income and net realized capital gains will constitute a return of capital which will generally not result in an income inclusion but will reduce the adjusted cost base of the Unitholder’s Units. To the extent the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to such negative amount. Upon the disposition of Units held as capital property, a Unitholder will realize a capital gain or capital loss to the extent the proceeds of disposition (net of any reasonable costs of disposition) exceed (or are exceeded by) the aggregate adjusted cost base of the Units disposed of. Prospective investors should consult their own tax advisors with respect to the income tax</p>

	consequences of investing in Units, based upon their own particular circumstances. See “Canadian Federal Income Tax Considerations”.
Eligibility for Investment	<p>Provided that the Fund is a “registered investment” or qualifies as a “mutual fund trust” as defined in the Tax Act at a particular time, Units of the Fund will be qualified investments under the Tax Act at such time for RRSPs, RRIFs, deferred profit sharing plans, registered education savings plans, registered disability savings plans and TFSAs (collectively, “Registered Plans”) at such time.</p> <p>Investors planning to hold their Units in an RRSP, RRIF or TFSA, should consult their own tax advisor to determine whether the Units would be “prohibited investments” for such accounts. The Units will not be “prohibited investments” provided that the holder or annuitant, as the case may be: (i) deals at arm’s length with the Fund, and (ii) does not have a “significant interest” in the Fund (within the meaning of the Tax Act). In general terms “significant interest” means the ownership of 10% or more of the value of a trust’s outstanding units or interests by the holder or annuitant, either alone or together with persons and partnerships with whom the holder or annuitant does not deal at arm’s length. In addition, the Units will not be a prohibited investment if the Units are “excluded property” as defined in the Tax Act for a trust governed by an RRSP, RRIF or TFSA.</p>
Risk Factors	There are risks associated with an investment in the Fund, as a result of, amongst other considerations, the proposed nature and operations of the Fund. An investment in the Fund involves a degree of risk and is not intended as a complete investment program and such an investment should be made only after obtaining both investment and tax advice. The purchase of Units should be considered only by investors who do not require immediate liquidity of their investment and who can reasonably afford a substantial impairment in or loss of their entire investment. See “Risk Factors”.
Fiscal Year End	December 31.
Termination of the Fund	The Fund does not have a fixed termination date.
Reports	If requested, Unitholders will be sent audited annual financial statements within ninety (90) days of year end and unaudited semi-annual interim financial statements within sixty (60) days after June 30 of each year. Unitholders will receive the applicable required tax form(s) no later than March 31 of each year.

GLOSSARY OF TERMS

“**Administration Fee**” has the meaning ascribed thereto under “Fees and Expenses – Administration Fees”;

“**Accrued Hurdle Amount**” has the meaning ascribed thereto under “Fees and Expenses – Performance Fees”;

“**Additional Distribution**” has the meaning ascribed thereto under “Distribution Policy”;

“**Additional Valuation Day**” has the meaning ascribed thereto under “Distribution Policy”;

“**Adjusted Series Net Asset Value per Unit**” has the meaning ascribed thereto under “Fees and Expenses – Performance Fees”;

“**Business Day**” means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading;

“**ETFs**” means exchange traded funds;

“**Fee Distribution**” has the meaning ascribed thereto under “Fees and Expenses – Fee Rebates”;

“**Fund**” means Guardian Strategic Income Fund, an open-end investment trust established under the laws of the Province of Ontario;

“**High Water Mark**” has the meaning attributed thereto under “Fees and Expenses – Performance Fees”;

“**HST**” means the taxes imposed under Part IX of the *Excise Tax Act* (Canada);

“**Hurdle Amount per Unit**” has the meaning ascribed thereto under “Fees and Expenses – Performance Fees”;

“**Hurdle Rate**” has the meaning ascribed thereto under “Fees and Expenses – Performance Fees”;

“**IRS**” means the U.S. Internal Revenue Service;

“**Manager**” means Guardian Capital LP, an indirect, wholly-owned subsidiary of Guardian Capital Group Limited;

“**Management Fee**” has the meaning attributed thereto under “Fees and Expenses – Management Fee”;

“**Manitoba Act**” means the *Securities Act* (Manitoba);

“**Misrepresentation**” has the meaning attributed thereto under “Purchasers’ Rights”;

“**NI 45-106**” means National Instrument 45-106, *Prospectus Exemptions* of the Canadian Securities Administrators;

“**NI 81-102**” means National Instrument 81-102, *Mutual Funds* of the Canadian Securities Administrators;

“**Net Asset Value**” means the net asset value of the Fund;

“**New Brunswick Act**” means the *Securities Act* (New Brunswick);

“**Performance Fee**” has the meaning attributed thereto under “Fees and Expenses – Performance Fees”;

“Redemption Date” has the meaning ascribed thereto under “Redemptions”;

“Registered Plans” means RRSPs, RRIFs, TFSAs, deferred profit sharing plans, registered education savings plans and registered disability savings plans;

“RRIF” means a registered retirement income fund as defined in the Tax Act;

“RRSP” means a registered retirement savings plan as defined in the Tax Act;

“Saskatchewan Act” means *The Securities Act, 1998* (Saskatchewan);

“Series A Units” means the Series A units of the Fund;

“Series F Units” mean the Series F units of the Fund;

“Series I Units” means the Series I units of the Fund;

“Series Net Asset Value” means the net asset value of each Series of Units of the Fund;

“Series Net Asset Value Per Unit” means the respective Series Net Asset Value per Unit calculated, for each Series of Units, by dividing the aggregate value of the assets of the Fund less the aggregate amount of its liabilities, in each case attributable to that Series only, by the total number of Units of the Series outstanding at the time the calculation is made on the Valuation Day;

“Service Fee” has the meaning ascribed thereto under “Dealer Compensation”;

“Subscription Agreement” means a subscription agreement for Units of the Fund;

“Tax Act” means the *Income Tax Act* (Canada), as now or hereafter amended, and any successor statutes, and includes regulations promulgated thereunder;

“Tax Proposals” has the meaning ascribed thereto under “Canadian Federal Income Tax Considerations”;

“TFSA” means a tax-free savings account as defined in the Tax Act;

“Trust Agreement” means the trust agreement dated as of May 27, 2013 between the Manager and the Trustee, as modified, amended, supplemented, restated and replaced from time to time;

“Trustee” means RBC Investor Services Trust;

“TSX” means the Toronto Stock Exchange;

“Units” means the Series A Units and/or the Series F Units and/or the Series I Units issued by the Fund;

“Unitholder” or **“Unitholders”** means a holder or holders of the Units;

“Valuation Day” means the last Business Day of each week;

“Variable Operating Expenses” has the meaning ascribed thereto under “Fees and Expenses – Administration Fee”.

THE FUND

Guardian Strategic Income Fund (the “**Fund**”) is an open-end investment trust established under the laws of the Province of Ontario and governed by the Trust Agreement. Guardian Capital LP is the Fund’s Manager. The head office of the Manager and the Fund is located at Suite 3100, Commerce Court West, P.O. Box 201, 199 Bay Street, Toronto, Ontario M5L 1E8.

An unlimited number of Series of Units of the Fund may be established from time to time without notice to, or approval of, Unitholders. Currently, Series A, Series F and Series I Units are offered under this Offering Memorandum.

Regulatory Requirements

Units are being offered on a continuous basis to an unlimited number of subscribers who are either: (i) purchasing under the “accredited investor” exemption under National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators (“**NI 45-106**”); or (ii) Investors (other than individuals) that are not “accredited investors” may also purchase Units if they are purchasing at least \$150,000. For greater certainty, an individual (i.e. a natural person) may only directly purchase Units if he or she is an “accredited investor”. The criteria for eligibility as an “accredited investor” under NI 45-106 are set out in the Certificate of Accredited Investor included in the Subscription Agreement.

The minimum initial investment amount is detailed under “Purchases of Units” and will generally be \$25,000 for investors who qualify as accredited investors, and will generally be \$150,000 for other investors.

INVESTMENT SUMMARY

The Fund offers an alternative to traditional long only fixed-income investing providing a low volatility solution to enhance diversification, preserve capital and protect against and profit from changes in interest rates and credit spreads.

The values of long only fixed income portfolios are increasingly vulnerable to losses should interest rates increase or credit spreads widen. Many traditional bond strategies are inflexible and structurally unable to reduce duration or manage credit exposure adequately when conditions change. Focusing within credit sectors and applying a long/short strategy adds flexibility and, combined with the Manager’s macroeconomic and rigorous issuer credit analysis, provides the Manager with the necessary tools to prudently respond to changing market conditions.

The Fund is dedicated to investing in an actively managed portfolio of credit investments and paying a sustainable distribution while preserving investor capital by introducing tools to protect the Fund against, and profit from, changes to market conditions. The Fund seeks to provide an attractive level of total return primarily through current yield and, secondarily, through capital appreciation.

The Manager believes that the current investment environment presents significant challenges for income-focused investors. Interest rates around the world are at multi-decade lows, and traditional government or other investment grade bonds offer unattractive returns for savers, especially after adjusting for inflation and taxes. In addition, should interest rates rise from current ultra-low levels, investors in traditional fixed income securities may suffer significant capital loss. Non-investment grade (‘high yield’) bond funds offer better value, but are susceptible to credit risk, which without dynamic hedging capabilities can result in significant volatility and capital loss at certain points in the economic/credit cycle. Nevertheless, investors still need reliable, sustainable yield with capital preservation, and demographic trends in North America suggest those needs and desires will only increase in the decades ahead.

The Fund seeks to provide an attractive level of total return primarily through current yield and, secondarily, through capital appreciation, by investing primarily in a broad, diversified, dynamically managed portfolio of credit investments.

The Manager believes that an income-oriented portfolio that can employ both long and short strategies, either opportunistically (security-specific) or tactically (driven by changes in the economic or investment credit cycle), can create value while providing sustainable attractive monthly cash distributions, generated from both income and capital gains, while maintaining a Series Net Asset Per Unit with low volatility.

INVESTMENT OBJECTIVES

The investment objectives of the Fund are:

1. To generate a sustained monthly, cash distribution.
2. To generate capital gains and preserve capital through strategies that profit, when appropriate, from rising or falling interest rates and widening or tightening credit spreads.
3. To maintain low volatility and low correlation with traditional equity and fixed income markets.

INVESTMENT STRATEGIES

The Fund will seek to achieve its investment objectives by investing primarily in or selling short securities of issuers located primarily within North America. The strategy of the Fund will be driven by ongoing credit research and macro-economic analysis performed by the Manager. Fund composition will vary depending on market conditions and various phases of the economic and credit cycle.

The Fund will principally hold non-investment grade bonds, broadly diversified by issuer and industry, but may also invest in other securities including, but not limited to, floating-rate bank loans, convertible bonds, equities, warrants, real estate investment trusts, ETFs, and collateralized debt and loan obligations. The Fund may also invest in credit, interest rate and index swaps or employ income generating option strategies. The Fund may also employ strategies relating to special situations such as reorganizations, restructurings, distressed situations, mergers, or acquisitions. The Fund may also use leverage in order to hedge or enhance returns.

The Manager may employ hedging strategies through all phases of the credit cycle designed to protect the Fund from adverse effects stemming from changes in general interest rates, foreign currency moves and changes in credit spreads.

Non-investment grade bonds have provided very attractive risk-adjusted returns over the long run, and the Manager believes this asset class will remain an attractive alternative in the years ahead. With higher coupons and shorter duration than traditional bonds and lower volatility than equities, non-investment grade bonds have shown very low correlation of returns with any other asset class (including investment grade bonds). As a result, non-investment grade bonds can enhance overall portfolio diversification, reduce volatility and increase investment returns in the long run.

**Because they do not behave like other asset classes,
High Yield Bonds add value through income and asset diversification.**

High Yield Bonds – Low Correlation with Other Assets

**Correlations of Monthly Returns
(to December 2014)**

	Canada* 1997-2014	USA* 1985-2014
High Yield*	1.00	1.00
Investment Grade Corps	0.24	0.50
10 Year Gov't Bonds	-0.01	0.04
90-Day T Bills	-0.10	0.01
Large Cap. Stocks	0.27	0.58
Small Cap. Stocks	0.29	0.61
REITs**	0.29	0.54
MSCI World	0.42	0.57
Gold		0.04

* Merrill Lynch Canadian Issuers High Yield Index, U.S. High Yield Index
** From Dec 1994-Dec 2014. (MSCI REIT Index)
From Dec 1997-Dec 2014 (SPTX Capped REIT Index)

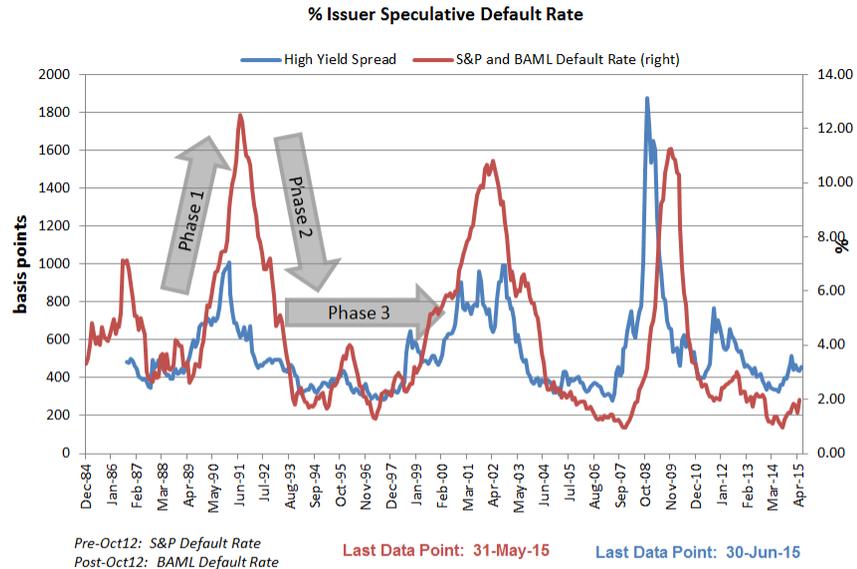
The Manager believes that the credit cycle moves through three broad phases, each with unique characteristics. The first phase is usually associated with an economy that is slowing or in recession. These episodes generally represent poor returns for non-investment grade investors and occur when credit spreads and default rates move appreciably higher. In that environment, non-investment grade credit risk exposure is best reduced or avoided, although these periods often present opportunities in government or investment grade bonds as interest rates tend to fall. During this phase, the Fund is best positioned to be short credit and long investment grade bonds in order to generate positive returns.

The Manager believes the second and third phases of the cycle generate much stronger returns for non-investment grade investors, and a well-diversified, actively managed portfolio can generate attractive income and capital gains. Historically, non-investment grade debt has generated among the best risk-adjusted returns of all asset classes during these phases. Specifically, phase two is usually reflective of a recovering economy, with corporate earnings and cash flow on the rise, falling default rates and improving credit spreads. Both income and capital gains are strong and non-investment grade bonds generally perform well, even though interest rates may be rising (and government bond values falling). By selling short government bonds and adding non-investment grade bonds, the Manager can take advantage of both moves.

Phase three of the cycle can last several years in duration and represents a stable economy, neither deteriorating nor growing too quickly. The default environment is benign and income from non-investment grade debt is steady and predictable. In this phase the Manager may choose to use leverage cautiously to maximize income. A conservatively managed, well-diversified portfolio of non-investment grade bonds tends to outperform other asset classes.

Manage through all 3 phases of the credit cycle

- Phase 1 (widening) and 2 (tightening) are usually short, setting up an extended phase 3 (income generation).
- Focus on capital preservation in Phase 1.
- Collect strong income and capital gains in Phase 2 and 3.



Period	Environment
Phase 1	Deteriorating
Phase 2	Recovery
Phase 3	Stable

Through all three phases of the credit cycle, however, individual bonds can rise or fall due to changes in an issuer's credit outlook. When the outlook deteriorates, bond prices can fall significantly due to the asymmetrical pattern of returns for individual bonds (profit is generally limited to coupon payments but losses can be larger if an issuer defaults). The Manager believes that through rigorous credit analysis, opportunities for selling short bonds issued by companies with deteriorating fundamentals can be identified, thereby offering the potential for gains as well as limiting the overall credit risk exposure of the Fund. Alternatively, the Manager may choose to sell short the equity securities of a company to hedge positions in the same company's bonds. This can be an effective strategy because deteriorating fundamentals often destroy the value of a company's equity faster and further than bonds, which tend to be protected by legal covenants and/or have a senior claim on company assets.

The Manager may choose to sell short government or other investment grade bonds. Following several decades of falling interest rates, bond yields are at record lows in North America and many other countries. In recent years central banks have implemented unprecedented bond buying programs in an effort to move rates even lower in order to stimulate sluggish economies. Should economies continue to recover, and central banks stop or reverse these programs, the Manager believes government and other investment grade bonds will realize significant capital losses as interest rates rise, and short positions in government securities will generate gains. Non-investment grade debt generally have higher coupons and shorter durations than government bonds, thereby reducing the impact of movements in interest rates. At the same time, non-investment grade bonds should perform well when economies improve, as default rates and credit spreads remain stable.

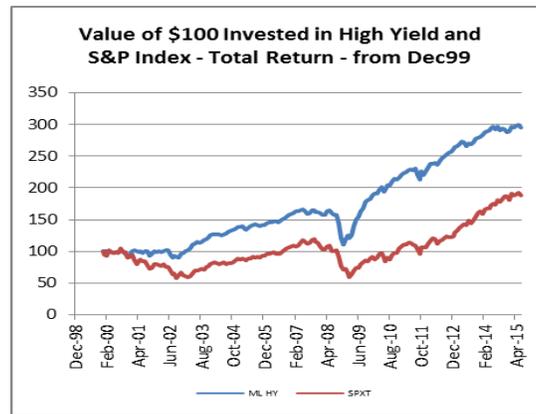
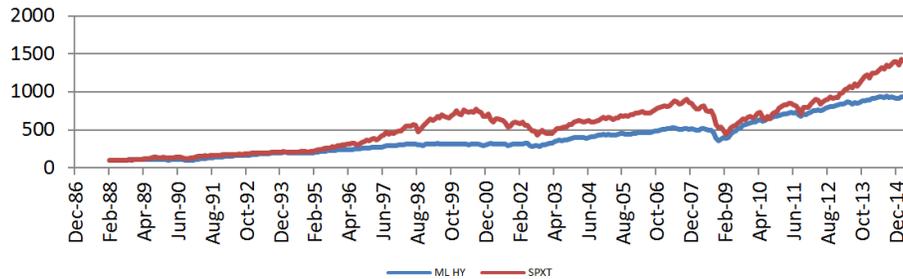
While at all times adhering to its proven investment process, the Manager may also employ the following techniques to execute its strategies: take long or short positions in floating rate bank loans, convertible bonds, equities, warrants, real estate investment trusts, ETFs, and collateralized debt and loan obligations. The Fund may hold long or short positions in securities expected to benefit from special situations such as reorganizations, restructurings, mergers, acquisitions or bankruptcies. The Fund may

also invest in credit, interest rate and index derivatives to reduce credit risk or gain exposure to certain market sectors (i.e., investment grade or non-investment grade debt) or individual company credit. The Fund may use option strategies to generate income, hedge or gain exposure to investments, and may invest in forward currency exchange contracts, currency futures or options as a hedge against foreign currency (primarily CAD/USD) fluctuations.

A Closer Look at High Yield

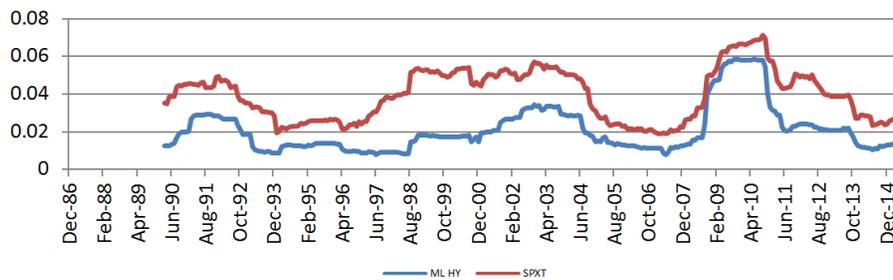
Equity-like returns with much lower volatility.

Value of \$100 Invested in High Yield and S&P Index - Total Return



Equity investors would have been better off in High Yield since 2000!

2yr Rolling Volatility of Monthly Total Returns



All data to June 30/15
Source: [BofA](#) Merrill, S&P

INVESTMENT PROCESS

The Manager's investment strategies for the Fund are designed to produce attractive risk-adjusted returns throughout the full credit cycle.

- The portfolio selection process begins by constructing a “top-down” based macroeconomic analysis considering the state and outlook of the economy, credit cycle, market and sector conditions (i.e., the environment). Overall valuations, fundamentals and technicals assist in forming the framework, and provide sector and security candidates and portfolio inclusion.
- A portfolio risk-based allocation is determined factoring in credit quality, liquidity, yield, and capital appreciation potential.
- The process continues, moving to a “bottom-up” bond selection exercise, following a rigorous fundamental quantitative and qualitative individual security, company and scenario assessment and analysis, ensuring that only those securities for which the Manager has the strongest conviction are selected for portfolio inclusion.
- Investment selection will focus on a relative value approach, low turnover, higher quality and diversification.
- The Manager will follow a tactical approach, ensuring the Fund is subject to continuous macro and security analysis to determine whether the original top-down or bottom-up basis for inclusion remains intact or more attractive alternatives exist.

Investment by the Manager

The Fund will not purchase securities from, or sell securities to, the Manager or any of its affiliates or any individual who is a partner, director or officer of any of them, any employee of the Manager or any portfolio managed by the Manager, except as permitted by applicable securities law.

Leverage

The Fund may utilize various forms of leverage, including borrowings under loan facilities, margin purchases, short selling and the use of derivative instruments, provided that the aggregate leverage determined on a daily basis shall not normally exceed 2.0:1, calculated as the total market value of long positions plus the absolute total market value of short positions, divided by the Fund's Net Asset Value. Although not part of its general strategy, the Manager may exceed 2.0:1 for short periods, if the Manager feels that reducing leverage in the short term may disadvantage Unitholders. However, at no time will aggregate leverage exceed 2.5:1.

Foreign Currency Hedging

The Fund will have foreign currency exposure, particularly to the U.S. dollar. The Manager may, subject to its views on relative currency values, seek to protect investment returns from currency fluctuations, by hedging foreign currency exposure.

Interest Rate Hedging

The Manager may engage in interest rate hedging strategies, as appropriate, to achieve its investment objectives. These strategies may include short selling or the use of derivative instruments including bond futures, interest rate swaps, options and/or futures as permitted within the investment restrictions of the Fund.

Use of Derivatives

The Manager may invest in or use derivative instruments to reduce or hedge against various risks, including currency exchange risk associated with foreign investments, and as a substitute for purchasing or selling securities directly to obtain investment exposure consistent with the Fund's investment objectives, strategies and risk management. The derivatives that the Manager may use include, but are not limited to, options, swaps, futures, forwards and ETFs.

Repurchases/Reverse Repurchases and Securities Lending

In order to generate additional returns, the Fund may lend its securities to securities borrowers acceptable to the Fund, pursuant to the terms of a securities lending agreement between the Fund and any such borrower under which: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund, equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Fund will receive collateral security. If a securities lending agent is appointed for the Fund, such agent will be appointed in compliance with NI 81-102 and be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

The Fund may, from time to time, engage in repurchase and reverse repurchase transactions as a way for the Fund to earn interest on cash balances. In a repurchase transaction, the Fund sells a security to a party for cash and agrees to buy the same security back from the same party for cash, at a later date. In a reverse repurchase transaction, the Fund buys a security at one price from a party and agrees to sell the same security back to the same party at a higher price.

RISK MANAGEMENT

Risk management is an integral component of the Manager's investment process. The risk management program seeks to mitigate losses during periods of systematic shock and idiosyncratic risk. The Manager understands that risk is a necessary component of superior performance but believes that it must be prudently managed through the enforcement of strict disciplines. The Manager's approach to risk management consists of a company-wide oversight process that meshes with a portfolio construction mindset that seeks to balance the potential for outperformance with the risks inherent in generating these returns.

The Manager has an independent Risk Management Officer who reviews various elements of the Manager's operations. In addition, the Manager's independent Compliance Department is actively engaged in monitoring portfolios and policy development. The Manager's compliance program focuses on the following major areas:

- Compliance with portfolio mandates;
- Regulatory compliance;
- Conflicts of interest, including personal trading;
- Investment management and trading, including securities allocation, security crossing and security trading;
- Brokerage, including broker selection, directed commissions and soft dollars; and
- Proxy voting.

In addition, one of the key elements of the Manager's risk control is its Quarterly Governance Oversight Report. This report is reviewed formally each quarter by senior management of the Manager. The report details key control measures within the company.

At the Fund level, the Manager will ensure that the strategy is properly diversified and that no single issue has a disproportionate contribution to overall portfolio risk. Each security is carefully assessed to determine suitability for Fund inclusion, either as a long or short position, both initially and ongoing. This includes a detailed assessment, performed by the Manager, of each issuer, a careful review of the terms of each issue and, once in the Fund, a continuous monitoring of the issuer. The Manager does not simply rely on credit ratings of external providers, but independently does the work required to reach the Manager's own conclusions on an issuer's ability to meet its financial obligations. The Fund will be well diversified by number of issues, issuers, sectors, region and currency. Leverage, shorting and currency risks are integrated into the portfolio construction process. The Fund will also be regularly stress-tested to assess resilience under various economic scenarios. Finally, the Manager's Chief Investment Officer will regularly review the Fund's risk exposure using a combination of qualitative and quantitative techniques.

INVESTMENT RESTRICTIONS

Investment Restrictions of the Fund

The investment restrictions of the Fund, which are set forth in the Trust Agreement, provide that:

- (a) The maximum individual issuer holding (long or short) will not exceed 10% of total assets (with the exception of U.S. or Canadian Government bonds, futures contracts, index tracking derivatives or ETFs);
- (b) No more than 15% of net long positions will be represented by securities with issuances with less than \$100 million outstanding;
- (c) No short positions will be represented by securities with issuances with less than \$100 million outstanding;
- (d) The Fund will not directly purchase physical commodities, real estate or make loans exclusive of the purchase of debt securities for investment purposes or for a fully secured securities lending program;
- (e) Not more than 30% of the total assets of Fund will be invested in securities of issuers which are included in the same industry (as determined by the Global Industry Classification Standard), with the exception of U.S. or Canadian Government bonds, futures contracts, index tracking derivatives or ETFs;
- (f) The Manager will not purchase securities of any issuer if after such purchase the Fund would hold more than 10% of the outstanding voting securities of that issuer, and will not invest for the purpose of exercising control over management of any issuer;
- (g) The Fund will not make or hold any investments in entities that would be "foreign affiliates" of the Fund for purposes of the Tax Act;
- (h) The Fund will not make or hold any investments in securities of a non-resident trust (or a partnership which holds such an interest) other than "exempt foreign trusts" as defined in section 94 of the Tax Act;
- (i) The Fund will not make or hold any investments that could require the Fund to include any material amount in its income pursuant to the offshore investment fund property rules in section 94.1 of the Tax Act;

- (j) The Fund will not acquire any interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act; and
- (k) The Fund will not acquire or hold any property at a particular time that is not a “prescribed investment” referred to in subparagraph 204.4(2)(d)(ii) of the Tax Act if the Fund is, or is deemed to be, a “registered investment” as defined in subsection 248(1) of the Tax Act but is not a “mutual fund trust” at such time as defined in the Tax Act.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of the Fund will not be considered a violation of the investment restrictions (except for the restrictions in paragraphs (f), (g), (h), (i) and (j) above which must be complied with at all times and which may necessitate the selling of investments from time to time). If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund’s holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with. Unitholder approval is required to change the investment objectives or investment restrictions.

MANAGEMENT OF THE FUND

The Manager

The Manager is a limited partnership formed under the laws of Ontario. The principal office of the Manager is at Suite 3100, Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1E8.

The Manager is responsible for the overall undertaking of the Fund pursuant to the Trust Agreement, including providing or arranging for the provision of investment advisory, administration and fund accounting services.

The Manager is an indirect, wholly-owned subsidiary of Guardian Capital Group Limited, a diversified financial services company with deep roots in Canada. Guardian Capital Group Limited has been an active participant in the investment community for more than 50 years and currently maintains assets under management in excess of \$25 billion. In that half-century, Guardian Capital Group Limited has earned a reputation for solid performance through strong alliances and deep fundamental understanding of financial markets. The Manager is the investment management firm through which Guardian Capital Group Limited manages institutional client assets. These include defined benefit and defined contribution pension plans, corporate insurance assets, foundations, endowments and third-party mutual funds. The Manager’s investment capabilities encompass Canadian, U.S., international and global mandates in equity and fixed income markets. The Manager also manages portfolios for retail intermediary clients that include sub-advisory relationships with mutual funds, insurance companies, banking institutions, closed-end funds, separately managed accounts and unified managed accounts.

The Manager is registered in Ontario as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer, and has equivalent registrations under the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Manager is also registered in Ontario in the categories of commodity trading counsel and commodity trading manager under commodity futures legislation, as well as in Ontario, Quebec and Newfoundland and Labrador as an investment fund manager.

Pursuant to the Trust Agreement, the Manager may resign upon 90 days' written notice to the Trustee and Unitholders. The Manager must appoint a successor, which appointment must be approved by a majority of the Unitholders unless the successor is an affiliate of the Manager. If no successor Manager is appointed, or if Unitholders fail to approve a successor, the Trust Agreement will be terminated. The Trust Agreement will also be terminated if (i) the Manager is in material default of its obligations under the Trust Agreement for 120 days from the date the Trustee provides notice of such default; (ii) the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding up, whether compulsory or voluntary; (iii) the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or (iv) the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

Pursuant to the Trust Agreement, the Manager has authority to manage the undertaking and affairs of the Fund, including providing to the Fund all necessary investment management and all clerical, administrative and operational services. The Manager may delegate its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund and to exercise the degree of care, diligence and skill of a reasonable prudent professional portfolio manager in comparable circumstances.

The Trust Agreement provides that the Manager and its affiliates, subsidiaries and agents and their respective directors, officers and employees and other persons have a right of indemnification from the Fund for all legal fees, judgments and amounts paid in settlement incurred in carrying out their duties under the Trust Agreement, unless there has been negligence, wilful misconduct or lack of good faith on the part of the Manager or such other persons, or a claim is made as a result of a misrepresentation contained in this Offering Memorandum and upon rights of action granted to investors. In addition, the Trust Agreement contains provisions limiting the liability of the Manager and its appointees.

Manager and Fund Management

The Manager's successes to date have been derived in large part from its strong experienced roster of investment professionals working in a team environment. The Fund's individual portfolio managers, Stephen Kearns and Derrick Knie, are seasoned credit investment professionals, having more than a combined 30 years of credit analysis and portfolio management experience.

Biographies

The following is a brief biography of the individuals related to the Manager who provide the portfolio management of the Fund:

Stephen Kearns, MBA, CFA

Stephen Kearns joined Guardian Capital LP in 1993 as Assistant Portfolio Manager within the fixed income team, and is now a Managing Director with the firm. His responsibilities include high yield and investment grade fixed income management as well as liability driven portfolio management. Prior to joining the Manager, Mr. Kearns spent several years in corporate finance at Montreal Trust and National Bank of Canada. He graduated with a Bachelor of Science (Chemistry) degree in 1985 and obtained his MBA degree in 1989, both from the University of Western Ontario. Mr. Kearns has been a CFA Charterholder since 1995.

Derrick Knie, MFin, CFA

Derrick Knie joined Guardian Capital LP in 2010. His focus is on credit analysis of high-yield bonds, with a secondary emphasis on the corporate credits in the Manager's Core Fixed Income strategy. Prior to joining the Manager, Mr. Knie held positions with for Standard & Poor's, Laketon Investment Management, Legg Mason, and most recently was with Dundee Securities. He holds a Master of Finance

(M.Fin) degree from the University of Toronto's Rotman School of Management, and is a CFA Charterholder.

Director and Officers of the Manager

The Board of Directors of Guardian Capital Inc., the general partner of the Manager, currently consists of three members. The directors do not have a fixed term of office. The names, municipality of residence and offices with the Manager of each director of Guardian Capital Inc., and other senior personnel who are most significantly involved with the Fund's operations, are set out below.

<u>Name</u>	<u>Municipality of Residence</u>	<u>Role with the Manager</u>
George Mavroudis	Toronto, Ontario	Chief Executive Officer and Director
Denis Larose	Toronto, Ontario	Chief Investment Officer
C. Verner Christensen	Toronto, Ontario	Senior Vice President, Secretary and Director
Matthew D. Turner	Toronto, Ontario	Chief Compliance Officer and Director
Donald Yi	Richmond Hill, Ontario	Chief Financial Officer
Peter A. Hargrove	Aurora, Ontario	Managing Director, Head of Fixed Income
Stephen Kearns	Oakville, Ontario	Managing Director, Fixed Income
Derrick Knie	Toronto, Ontario	Portfolio Manager, Fixed Income Investments

The Trustee

RBC Investor Services Trust is the Trustee of the Fund pursuant to the provisions of the Trust Agreement. The Trustee is entitled to fees payable by the Manager, on behalf of the Fund, for its services as agreed between the Trustee and the Manager from time to time, as well as to the reimbursement of expenses. The office of the Trustee is located at 155 Wellington Street West, 2nd Floor, Toronto, Ontario, M5V 3L3.

Pursuant to the Trust Agreement, the Trustee has full, absolute and exclusive power, control and authority over the property of the Fund and over the undertaking and affairs of the Fund. The Trustee is required to exercise its power and discharge its duties honestly and in good faith and must exercise the degree of care, diligence and skill that a reasonably prudent Canadian trust company would exercise in comparable circumstances. The Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice. The Trustee, or any successor appointed pursuant to the terms of the Trust Agreement, may resign upon 90 days' written notice to the Manager during which period the Manager is required to arrange for the appointment of a successor trustee. The Manager will give Unitholders at least 21 days prior notice before the effective date of appointment of the successor trustee. If no successor trustee is appointed, the Fund will be terminated and the net assets of the Fund will be distributed to Unitholders.

The Trust Agreement provides that the Trustee and its affiliates, subsidiaries and agents and their respective directors, officers and employees and other persons have a right to indemnification from the Fund for claims arising out of the execution of its duties as trustee except in cases of negligence, wilful misconduct or lack of good faith on the part of the Trustee. In addition, the Trust Agreement contains provisions limiting the liability of the Trustee.

The Trustee also acts as recordkeeper and valuation agent for the Fund.

The Custodian

The Trustee will act as custodian of the Fund's assets.

Prime Broker

Scotia Capital Inc., or such other party as the Manager may retain, will hold certain of the Fund's assets, on behalf of the Trustee, under a Prime Broker Agreement between Scotia Capital Inc. and the Manager.

UNITS OF THE FUND

The Trust Agreement permits the Fund to have one or more series of units and to issue an unlimited number of units of each Series. Series A Units, Series F Units and Series I Units are offered under this Offering Memorandum. Each Series is targeted to a specific type of investor, as described below.

Although the money investors pay to purchase Units is tracked on a Series-by-Series basis in the Fund's administrative records, the assets of each Series are combined into a single pool to create one portfolio for investment purposes for the Fund.

The Manager, in its discretion, determines the number of Series of Units and establishes the attributes of each Series, including investor eligibility, the designation and currency of each Series, the initial closing date and initial offering price for the first issuance of Units of the Series, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Series, sales or redemption charges payable in respect of the Series, redemption rights, convertibility among Series and any additional Series-specific attributes. The Manager may add additional series of units at any time without prior notice to or approval of Unitholders.

All Units of the same Series have equal rights and privileges. Each whole Unit of a particular Series is entitled to one vote at meetings of Unitholders of the Fund where all Series vote together, or to one vote at meetings of Unitholders where that particular Series of Unitholders of the Fund votes separately as a Series.

All Units of the same Series are entitled to participate pro rata: (i) in any payments or distributions made by the Fund to the Unitholders of the same Series; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Series of net assets of the Fund attributable to the Series remaining after satisfaction of outstanding liabilities of such Series. Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Manager.

Series A Units

Series A Units are designed for qualified investors who are not eligible to purchase Series F or Series I Units and who acquire a minimum investment (based on Unit issue price) of \$25,000 (or such other minimum as may be required, as described below) in the Fund.

Investors pay a sales commission negotiated with their dealer of up to 5% of the amount invested. Dealers also receive a Service Fee from the Manager and may charge a conversion fee to investors when they convert from one Series of Units to another Series of Units.

Series F Units

Series F Units are available to qualified investors who make a minimum investment (based on Unit issue price) of \$25,000 (or such other minimum as may be required, as described below).

The purchase of Series F Units is restricted to investors who have entered into service and fee arrangements or wrap programs with eligible dealers and are subject to an annual asset-based fee rather than a commission charged on each transaction, as a result of which their dealer is prepared to make this Series of Units available for such investors, and other investors approved by the Manager for whom the Manager does not incur any distribution costs.

There are no sales charges or service fees in connection with Series F Units, and the management fee is lower than for Series A Units (see “Fees and Expenses” below).

Series I Units

Designed for qualified institutional investors, the Series I Units are purchased in accordance with agreements between such investors and the Manager, which provide for the fees, expenses and other terms to which such Units are subject. There are no sales charges or service fees in connection with Series I Units.

Minimum Investment

Units are being offered on a continuous basis to “accredited investors” in accordance with applicable securities legislation in the various provinces and territories of Canada to an unlimited number of subscribers. The minimum initial investment amount for accredited investors is \$25,000 for Series A Units, Series F Units and Series I Units. Subsequent investments are subject to a minimum investment of \$5,000. The Manager has the discretion to accept initial or subsequent investments of lesser amounts.

For more information about who qualifies as an accredited investor, please see the Certificate of Accredited Investor which forms part of the Subscription Agreement. Investors should contact their accountant, lawyer, or dealer for advice if they are uncertain whether they qualify as an accredited investor.

Investors (other than individuals) that are not “accredited investors” may also purchase Units if they are purchasing at least \$150,000. For greater certainty, an individual (i.e. a natural person) may only directly purchase Units if he or she is an “accredited investor”.

FEES AND EXPENSES

The following details all fees and expenses that are paid directly by the Fund before the Series Net Asset Value Per Unit is calculated and which, therefore, if they pertain to the Series of Units which an investor holds, indirectly reduce the value of the investor’s investment, and all fees and expenses payable directly by investors.

Fees and Expenses Payable by the Fund

The operating expenses for which the Fund will be responsible are the following:

- (a) the Management Fee;
- (b) the Performance Fee;
- (c) the Administration Fee;
- (d) interest and borrowing costs;
- (e) brokerage commissions;
- (f) costs associated with selling securities short;
- (g) the costs of complying with any new regulatory or legal requirements imposed upon the Fund;
and
- (h) taxes of any kind to which the Fund may be subject, including HST or any other taxes payable on any of these expenses.

Management Fee

The Manager will receive management fees (the “**Management Fee**”) from the Fund (i) in respect of the Series A Units equal to 2.0% per annum of the Series Net Asset Value of the Series A Units, calculated weekly and paid monthly in arrears, plus applicable taxes plus (ii) in respect of the Series F Units equal to 1.0% per annum of the Series Net Asset Value of the Series F Units, calculated weekly and paid monthly in arrears, plus applicable taxes. In addition, the Manager may be entitled to be paid a management fee

in respect of the Series I Units, which fee will be negotiated directly between the Manager and the purchasers of the Series I Units.

Performance Fee

The Manager will receive a performance fee (the “**Performance Fee**”) payable in arrears, calculated and accrued on each Valuation Day, and payable, if applicable, on the last Valuation Day of each calendar quarter and upon the redemption of Series A, Series F or Series I Units.

In general, the Performance Fee will be payable provided that the investment performance of the Units is in excess of 5.75% per annum during the period from the occurrence of the last “High Water Mark”, as defined below, until the Valuation Day as of which the Performance Fee is being calculated, and the Performance Fee will amount to 15% of such excess performance.

Despite the generality of the preceding paragraph, the Performance Fee, calculated separately for the Series A, the Series F and the Series I Units, will be the products of each of the two formulas outlined below (the “**Performance Fee Formulas**”).

(X) Calculated on each Valuation Day:

The accumulated Performance Fee to be accrued on a Valuation Day (X) = $[\.15 \times (A - B - C)] \times [D - E]$

If the product of the Performance Fee Formula (X) is negative, the accumulated Performance Fee at such time on such Series shall be zero. On the last Valuation Day of each calendar quarter, the product (X) is due and payable to the Manager.

(Y) Calculated on each Valuation Day when there is a redemption of Series A, Series F or Series I Units:

The Performance Fee payable on redemption of Units (Y) = $[\.15 \times (A - B - C)] \times [F]$

If the product of the Performance Fee Formula (Y) is negative, the Performance Fee payable at such time on such Series shall be zero.

For both the (X) and the (Y) formulas, where:

A means the **Adjusted Series NAV per Unit**, which is equal to the Series Net Asset Value per Unit on the Valuation Day, before giving effect to the accrual of the Performance Fee, if any, plus the aggregate per Unit amount of distributions paid or payable in respect of the Series since the date of the last High Water Mark;

B means the **High Water Mark**, which is equal to the Series Net Asset Value per Unit on the most recent Valuation Day on which an (X) Performance Fee became payable (or the Series Net Asset Value per Unit on the date Units of the Series were first issued, where no (X) Performance Fee has previously been paid on such Series);

C means the **Accrued Hurdle Amount per Unit** on a Valuation Day, which is equal to the accumulated “Hurdle Amount per Unit” since the last High Water Mark. The “Hurdle Amount per Unit” is calculated on each Valuation Day and is equal to the product of: (a) the Hurdle Rate, equal to 5.75%, (prorated for the number of days since the last Valuation Day) and (b) the High Water Mark;

D means the number of Units of the Series outstanding on the last Valuation Day of the previous calendar quarter;

E means the accumulated number of Units of the Series which have been redeemed since the last Valuation Day of the previous calendar quarter, if any, to a maximum of D; and

F means the number of Units of the Series which are redeemed, if any, to a maximum of D, on the Valuation Day on which the Performance Fee is being calculated.

The Manager may make such adjustments to the Adjusted Series Net Asset Value per Unit and/or the Accrued Hurdle Amount per Unit as are determined by the Manager to be necessary to account for any Unit subdivisions (splits) or consolidations, or any other event or matter that would, in the opinion of the Manager, reasonably impact upon the computation of the Performance Fee. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.

Administration Fee

The Manager is responsible for the payment of all of the variable operating expenses of the Fund ("**Variable Operating Expenses**"), including the costs of transfer agency, Unitholder recordkeeping, accounting and pricing fees, Trustee fees and expenses, audit and legal fees and expenses, safekeeping and custodial fees and expenses, the costs of financial reporting and other types of communications required to be prepared for the Fund and the Unitholders in compliance with applicable laws, regulatory filing and other fees with respect to the Fund, reasonable out of pocket costs, other expenses necessary for the operation of the Fund, and HST payable on any of these variable operating expenses. The Variable Operating Expenses exclude any operating costs of the Fund which are identified above under "Fees and Expenses Payable by the Fund".

In return for the payment of the Variable Operating Expenses, the Manager receives from the Fund an administration fee ("**Administration Fee**"), which will be calculated at an annual rate of 0.25% of the Net Asset Value of the Fund, calculated weekly and payable monthly, on the last Valuation Day of each month, plus applicable taxes.

Fee Rebates

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

Fees and Expenses Payable Directly by Investors

Sales Commission

When an investor purchases Series A Units, the investor may be required to pay the investor's dealer a sales commission at the time of purchase. Such commission may be up to 5% of the amount invested, which is negotiable between the investor and the dealer.

There are no sales charges on Series F Units. Instead, investors will be required to pay their dealer a negotiated advisory or asset-based fee in addition to the Series F Management Fee.

Early Redemption Fees

An early redemption fee of up to 5% may be charged if investors redeem Units of any Series within ninety (90) days from the date of purchase. This fee is charged by, and retained on behalf of, the Fund.

Conversion Fees

Unitholders may have to pay a fee to their dealers when they convert from one Series of Units to another Series of Units of the Fund.

NSF Fees

The Manager will charge investors an NSF fee should any cheques or purchase orders be returned because of insufficient funds in the investors' account. The fee will be \$25 for each returned item.

DEALER COMPENSATION

Sales Commission - When an investor purchases Series A Units, the investor may be required to pay the investor's dealer a sales commission at the time of purchase. Such commission may be up to 5% of the amount invested, which is negotiable between the investor and the dealer. No deferred sales charge option is available.

Service Fee – As consideration for arranging for a financial service, the Manager pays to each registered dealer a service fee (the "**Service Fee**") equal to 1.00% per annum of the Series Net Asset Value of the Series A Units held by clients of such registered dealer, calculated weekly and payable on the last Valuation Day of each month. There is no service fee applicable to the Series F or Series I Units. The Service Fee is a direct expense of the Manager and is not charged separately to the Fund.

Conversion Fees - Investors may have to pay a fee to their dealer when they convert from one Series of Units to another Series of Units of the Fund.

Other Dealer Compensation

The Manager may share with dealers their eligible costs in marketing Units of the Fund. For example, the Manager may pay a portion of the costs of a dealer in advertising the availability of the Fund through the financial advisers of that dealer.

The Manager may also pay part of the costs of a dealer in running a seminar to inform investors about the Fund or about the general benefits of investing in the Fund. The Manager may also pay part of the costs of some dealers to hold educational seminars or conferences for their financial advisers to teach them about, among other things, new developments in the fund industry, financial planning or new financial products.

The Manager may also arrange for seminars for financial advisers where the Manager informs them about new developments in the Fund or the Manager's products and services and fund industry matters.

The Manager may also provide dealers with non-monetary benefits of a promotional nature and engage in business promotion activities that result in dealers receiving non-monetary benefits.

Any such other dealer compensation is a direct expense of the Manager and is not charged separately to the Fund.

PURCHASES OF UNITS

Units of each Series will be offered at the applicable Series Net Asset Value Per Unit which will be calculated in Canadian dollars at the close of business on the last Business Day in each week (each, a “**Valuation Day**”). Units may not be purchased on any Additional Valuation Day (as defined under “Distribution Policy”).

The Units are being offered using the mutual fund order entry system FundSERV. A subscription for Units may be made directly through the Trustee or from a distributor on the FundSERV network under the Manufacturer Code allocated to the Manager (“GCG”) under the following order codes:

- (a) Series A Units – “GCG502”.
- (b) Series F Units – “GCG602”.
- (c) Series I Units – “GCG412”.

When purchasing, each investor must complete a Subscription Agreement (including, for subscribers as accredited investors, the Certificate of Accredited Investor) in order to purchase Units, and deliver the completed Subscription Agreement to the Trustee, either directly (in jurisdictions where the Manager is registered to sell Units) or through dealers or other persons permitted by applicable securities laws to sell Units, accompanied by a cheque, bank draft or, in the discretion of the Manager, wire transferred funds, in an amount equal to the purchase price. Purchase orders must be submitted by the investment advisor (through a registered dealer) into FundSERV prior to 4:00 p.m. (Eastern Time) on the Valuation Day on which the investor wishes to purchase Units. Orders received after that time will be executed at the Series Net Asset Value Per Unit determined on the next Valuation Day.

Where the purchase order is submitted by a registered dealer over the mutual fund order entry system FundSERV, the dealer must provide the original supporting documents for the purchase to the Manager (or its appointee) on or before the applicable Valuation Day.

The Manager may accept or reject a subscription for Units, whether made through the Manager or FundSERV, within two (2) Business Days of receiving it. If the subscription is accepted the investor (or the investor’s dealer) will be sent a confirmation within seven (7) days after the applicable Valuation Day, which is proof of the transaction. If the order is not accepted, the subscription funds will be returned, without interest.

Series A, Series F and Series I Units are offered in minimum initial subscription amounts of \$25,000. Investors (other than individuals) that are not “accredited investors” may also purchase Units if they are purchasing at least \$150,000. For greater certainty, an individual (i.e. a natural person) may only directly purchase Units if he or she is an “accredited investor”. Any subsequent purchase must be of at least \$5,000. Subject to applicable securities restrictions, these minimum amounts may be waived or changed by the Manager in its discretion.

The Fund does not issue certificates on the purchase of Units, but each investor will receive a confirmation of the transaction. A record of the number of Units each investor owns and their value will appear on the investor’s account statements.

Series A Units

Investors may be charged a sales charge when they purchase Series A Units. Such sales charge is negotiable between the investor and the investor’s dealer and may be up to 5% of the amount invested.

Please refer to “Fees and Expenses Payable Directly by Investors”. The amount of compensation paid by the Manager to the investor’s dealer is referred to under “Dealer Compensation”.

Series F Units

Series F Units are only available with confirmation from the investor's dealer organization that the investor is enrolled in an eligible fee for service program and is subject to an annual advisory or asset-based fee, rather than commissions for each transaction. Therefore, no direct sales charges are payable on the purchase of Series F Units and the Manager does not pay the investor's dealer direct compensation for the sale of Series F Units. The Fund may also issue Series F Units to other investors for whom the Manager does not incur any distribution costs.

The Manager is able to reduce its management fee rate on the Series F Units because its costs are lower and because investors who purchase Series F Units will already have entered into a separate agreement to pay account fees to their dealer organization for their individual investment program.

If the Manager becomes aware that a Unitholder is no longer eligible to hold Series F Units, the Fund may convert the Series F Units for Series A Units, after giving the Unitholder thirty (30) days' notice. The Fund will not make the change if the Unitholder or the Unitholder's dealer notifies the Manager during the notice period that a Unitholder is once again eligible to hold Series F Units. When changing from Series F Units to Series A Units, the Unitholder's dealer may charge the Unitholder a sales charge.

Series I Units

Series I Units are designed for qualified institutional investors, and are purchased in accordance with agreements between such investors and the Manager. The management fee pertaining to the Series I Units is negotiated directly between the Manager and the investors, and is reflected in such agreements.

REDEMPTIONS

Redemptions of Units can be made on each Valuation Day at the Series Net Asset Value Per Unit and can be submitted into FundSERV through a registered dealer, provided that such notice of redemption is provided prior to 4:00 p.m. (Eastern Time) on the day which is five (5) Business Days prior to the Valuation Day on which the investor wishes to redeem Units (each a "**Redemption Date**"), and payment of the redemption proceeds will be made using the FundSERV network. Orders received after that time will be executed at the Series Net Asset Value Per Unit determined on the next Valuation Day. Units may not be redeemed on any Additional Valuation Day (as defined under "Distribution Policy").

If the Manager has received requests to redeem on a Valuation Day 10% or more of the outstanding Units of the Fund or of any Series of Units of the Fund, payment of the redemption proceeds may be deferred for up to ten (10) Business Days after such Valuation Day. The foregoing period may, in the sole discretion of the Manager, be reduced.

Payment for any Units redeemed (including by reason of a mandatory redemption as described below or upon termination of the Fund), less all taxes required to be withheld and any applicable early redemption fees (where Units are redeemed within ninety (90) days of purchase) will be made by the Fund within three (3) Business Days of the determination of the redemption price.

Generally, there are no redemption charges payable when a Unitholder redeems Units of the Fund. However, because frequent trading in and out of the Fund may harm the Fund's performance, since the Fund must keep a higher level of cash equivalents in its portfolio in order to fund more redemptions than would otherwise be required, and transaction costs may be incurred by the Fund, an early redemption fee of 5% may be charged on Units of any Series redeemed within ninety (90) Business Days of purchase. Such short-term trading fee is charged by the Fund, and the proceeds of such charge are retained by the Fund.

If the aggregate value of Series A or Series F Units of the Fund in an investor's account is reduced below \$15,000 by the investor, the Fund may redeem all Units held by the investor after fifteen (15) Business

Days' written notice, provided that the investor may, within such notice period, increase the investment in Units of the applicable Series of the Fund to a level which meets the minimum requirement.

The Fund may suspend the calculation of the Series Net Asset Value Per Unit of each Series and the redemption of its Units in the following cases:

- (a) for any period when normal trading is suspended on any stock exchange, options exchange or futures exchange on which securities are listed and traded, or on which permitted derivatives are traded, which represent more than 25% in value or underlying market exposure of the total assets of the Fund, without allowance for liabilities (provided that such securities or derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund); or
- (b) for any period in which the Manager determines in its sole discretion that conditions exist which render impractical the sale of Fund assets or impair the ability to determine the value of any of the Fund's assets.

If the right of redemption is suspended, an investor may either withdraw the redemption request or receive payment based on the Series Net Asset Value Per Unit next determined after the end of the suspension. The Fund is not permitted to issue Units during any period when the right to redeem Units is suspended.

The Fund may, in the Manager's sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by the Fund in the taxation year in which the redemption occurred.

Information Investors will Receive on Purchases and Redemptions

The Fund will send investors a confirmation statement for their initial purchase. Similarly, the Fund will send investors confirmations of additional purchases, conversions or redemptions of Units. If an investor's account is held on the Fund records in the name of a dealer, the investor's dealer will provide the investor with these materials.

VALUATION

How the Fund's Units are Priced

The Net Asset Value of the Fund and of each Series of Units is determined in Canadian dollars as at the close of business on every Valuation Day and Additional Valuation Day by the Trustee or its appointee in accordance with the Trust Agreement. The Fund calculates a separate Series Net Asset Value Per Unit for each Series of Units of the Fund by dividing the aggregate fair market value of the assets of the Fund less the aggregate amount of its liabilities, in each case attributable to that Series only, by the total number of Units of the Series outstanding at the time the calculation is made on the Valuation Day.

The Series Net Asset Value Per Unit will fluctuate with the value of the Fund's investments and its expenses.

Valuation Principles

The fair market value of the assets and the amount of the liabilities of the Fund are calculated in such manner as the Trustee in its sole discretion determines from time to time, subject to the following:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof unless the Trustee determines that any such deposit or call loan is not

worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the reasonable value thereof;

- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the final trading price or the average of the bid and ask prices on a Valuation Day at such times as the Trustee, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security which is listed on any recognized exchange shall be determined by the closing sale price on a Valuation Day or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange, provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security or other asset, including derivatives, for which a market quotation is not readily available shall be its fair market value as determined by the Trustee;
- (e) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same Series, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (f) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (g) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value of the Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (h) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at the close of business on the Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (i) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (j) all fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds by

applying the rate of exchange obtained from the best available sources to the Trustee, including, but not limited to, the Trustee or any of its affiliates;

- (k) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis, and for the purpose of calculating the Series Net Asset Value per Unit, the liabilities of a Series of Units of the Fund shall comprise the liabilities of the Fund that are allocated to that particular Series, plus the proportionate share of any liabilities of the Fund that are not allocated to any particular Series; and
- (l) the value of any security or property to which, in the opinion of the Trustee, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Trustee from time to time provides.

DISTRIBUTION POLICY

The Fund intends to make monthly distributions to Unitholders of record at 5:00 p.m. (Toronto time) on the last Valuation Day of each month, which will be reinvested at the Series Net Asset Value Per Unit calculated on such Valuation Day (or paid in cash at the option of the Unitholders). The Fund will not have a fixed monthly distribution. The Fund will annually determine and announce each April an indicative distribution rate for the following twelve months based upon the prevailing market conditions and the estimate of distributable cash flow of the year.

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including the taxable amount of net realized capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. To ensure that the Fund will generally not be liable for income tax (other than any refundable taxes) under Part I of the Tax Act, the Trust Agreement provides that, if necessary, an additional distribution (the “**Additional Distribution**”) will be automatically payable in each year to Unitholders of record on the last Business Day of the year, or such other Business Day on which the Manager may decide to calculate the Net Asset Value of the Fund (each, an “**Additional Valuation Day**”). The Additional Distribution may be necessary where the Fund realizes income for tax purposes that exceeds the monthly distributions paid or made payable to the Unitholders during the year. If the Fund pays an Additional Distribution, such Additional Distribution will be automatically reinvested in additional Units, or paid to the Unitholder in cash, at the option of the Unitholder. See “Canadian Federal Income Tax Considerations”. In addition, the Fund may make such other distributions as may be deemed advisable by the Manager from time to time.

Each Unitholder will be mailed annually information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of the preceding taxation year of the Fund. See “Canadian Federal Income Tax Considerations”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust that is not a Registered Plan) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm’s length, and is not affiliated, with the Fund, and holds Units as capital property. Generally, Units will be considered to be capital property to a purchaser provided the purchaser does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that the Fund qualifies as a “mutual fund trust” under the Tax Act as described below, certain purchasers who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities” owned or subsequently owned by them, treated as capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. This summary does not apply to a Unitholder

that has or will enter into a “derivative forward agreement”, as that term is defined in the Tax Act, with respect to Units.

This summary is based on the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (“**Tax Proposals**”) and the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) published in writing by it prior to the date hereof. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations. There can be no assurance that any Tax Proposals will be enacted in the form publicly announced or at all.

This summary is based on the assumptions that (i) none of the issuers of the securities held by the Fund will be a foreign affiliate of the Fund or of any Unitholder; (ii) none of the securities held by the Fund will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; and (iii) none of the securities held by the Fund will be an interest in an “offshore investment fund property” that would require the Fund to include material amounts in income in respect of such interest pursuant to section 94.1 of the Tax Act, or an interest in a trust (or a partnership which holds such an interest) that would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust (or a partnership that holds such an interest) other than an “exempt foreign trust” as defined in section 94 of the Tax Act. This summary also assumes that the Fund will comply with its investment restrictions at all relevant times.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor’s particular circumstances, including the province or territory in which the investor resides or carries on business. This summary does not address the deductibility of interest on any funds borrowed by an investor to purchase Units. **This summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

(a) Status of the Fund

This summary is based on the assumptions that the Fund will qualify, at all times, as a “unit trust” and a “mutual fund trust” within the meaning of the Tax Act. To qualify as a mutual fund trust, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. If the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially and adversely different.

This summary is also based on the assumption that Units of the Fund will at no time be listed or traded on a stock exchange or other “public market”, as described in the definition of “SIFT Trust” contained in subsection 122.1(1) of the Tax Act.

(b) Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year computed in Canadian dollars, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes sufficient distributions in each year of its income, including its net realized capital gains as described under “Distribution Policy”, it will generally not be liable in such year for income tax under Part I of the Tax Act.

The Fund will generally be required to include in computing its income for a taxation year the amount of interest that accrues or is deemed to accrue to it on debt obligations held by it to the end of the taxation year or that becomes receivable or is received by it before the end of that year, to the extent such amounts have not otherwise been included in the Fund's income for the year or a preceding taxation year. Upon the actual or deemed disposition of indebtedness, the Fund will be required to include in computing its income for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund's income for that or another taxation year and such interest will not be included in the proceeds of disposition for purposes of computing any capital gain or loss.

Any losses of the Fund may not be allocated to Unitholders but may be carried forward and deducted in computing the taxable income of the Fund in accordance with the detailed rules of the Tax Act. In certain circumstances, losses of the Fund may be suspended or restricted, and therefore be unavailable to shelter income or capital gains of the Fund.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (a "**capital gains refund**"). The capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year arising on the sale of Fund investments to fund redemptions of Units.

The Tax Act contains rules (the "**derivative forward agreement rules**") regarding certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The derivative forward agreement rules are broad in scope and could apply to other agreements or transactions (including certain options and certain forward currency contracts). If the derivative forward agreement rules were to apply in respect of derivatives to be utilized by the Fund, the gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

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

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act. The Fund may deduct the costs and expenses of the Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days.

(c) Taxation of Unitholders

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year, whether paid in cash or additional Units. The non-taxable portion of the Fund's net realized capital gains paid or payable and designated to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as, losses of the Unitholders.

The Fund will make designations so that foreign-source income and net realized taxable capital gains will, to the extent of amounts distributed, be considered to have been received as such by Unitholders. Where foreign source income has been so designated, the Unitholder will be treated as having paid the Unitholder's proportionate share of foreign tax paid, or deemed to be paid, by the Fund on that income and may be entitled to claim a foreign tax credit.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (net of any reasonable costs of disposition) exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base to a Unitholder of a Unit, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all identical Units owned by the Unitholder as capital property that were acquired before that time.

One-half of any capital gain ("taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or taxable capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

(d) Taxation of Registered Plans

Amounts of income and capital gains distributed by the Fund to a Registered Plan and capital gains realized on the disposition of Units held in a Registered Plan are generally not taxable under Part I of the Tax Act while retained in a Registered Plan, provided that the Units are qualified investments under such Registered Plan. See "Eligibility for Investment". Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

(e) Taxation Implications of the Fund's Distribution Policy

The Series Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time the Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired, notwithstanding that such amounts will have been reflected in the price paid by the Unitholder for the Units. Since the Fund makes monthly distributions, as described under "Distribution Policy", the consequences of acquiring Units late in a calendar year will generally depend on the amount of the monthly distributions throughout the year and whether an Additional Distribution is necessary late in the calendar year to ensure that the Fund will not be liable for income tax on such amounts under the Tax Act.

(f) Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States on February 5, 2014 (the "IGA"), and related Canadian legislation, the Fund and the Manager are required to report certain information with respect to Unitholders who are United States residents, United States citizens (including United States citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding certain tax deferred plans such as registered retirement savings plans), to the CRA. It is expected that the CRA will then exchange the information with the United States Internal Revenue Service.

(g) Eligibility for Investment

Provided that the Fund is a “registered investment” or qualifies as a “mutual fund trust” as defined in the Tax Act at a particular time, Units of the Fund will be qualified investments under the Tax Act for Registered Plans at such time.

Investors planning to hold their Units in an RRSP, RRIF or TFSA, should consult their own tax advisor to determine whether the Units would be “prohibited investments” for such accounts. The Units will not be “prohibited investments” provided that the holder or annuitant, as the case may be: (i) deals at arm’s length with the Fund, and (ii) does not have a “significant interest” in the Fund (within the meaning of the Tax Act). In general terms, “significant interest” means the ownership of 10% or more of the value of a trust’s outstanding units or interests by the holder or annuitant, either alone or together with persons and partnerships with whom the holder or annuitant does not deal at arm’s length. In addition, the Units will not be a prohibited investment if the Units are “excluded property” as defined in the Tax Act for a trust governed by an RRSP, RRIF or TFSA.

RISK FACTORS

An investment in the Fund involves significant risks. Investors should consider the following risk factors in evaluating the merits and suitability of an investment in the Fund. The following risks do not purport to be a summary of all risks associated with an investment in the Fund. Rather, the following are only certain risks to which the Fund is subject. Investors are urged to consult with their dealer and tax advisers to discuss these and other possible risks and the suitability of an investment in a Fund.

Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the undertaking, financial condition, liquidity or results of operations of the Fund and the ability of the Fund to make distributions on the Units, could be materially adversely affected.

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of potentially having no distribution being paid in any period. As the value of the Units of the Fund will be based upon the value of the Fund, risks relating to the Fund will affect investors in the Fund. In addition to the conditions set out elsewhere in this Offering Memorandum, the following are certain risk factors and considerations related to the Fund which prospective investors should consider before purchasing Units.

General Risks of Investing in Debt Securities

Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. The net asset value of the Fund will fluctuate with interest rate changes and the corresponding changes in the value of the securities in the Fund. The value of debt securities is also affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer’s creditworthiness. Corporate debt securities may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Certain of the debt securities that may be included in the Fund from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets have experienced a significant re-pricing beginning in 2008 that has contributed to a reduction in liquidity and the availability of credit, enhancing the likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt.

Risks of Investing in High Yield Debt and Other High Yield Securities

High yield debt and other high yield securities involve greater risks than investment grade securities, including risks of default in the payment of interest and principal, lower recovery rates on a security that is

in default and greater price changes due to such factors as general economic conditions and the issuer's creditworthiness. Such securities can be regarded as predominantly speculative, and involve certain risk exposure to adverse conditions and may be subject to substantial price volatility, especially during times of economic change. Lower rated debt may be less liquid than investment rated securities. During periods of thin trading, the spread between bid and ask prices is likely to increase significantly and the Manager may have difficulty selling such securities. There are no formal exchanges on which such high yield debt trades. Accordingly, there may be limited liquidity for holders of such high yield debt.

Fluctuation in Value of Fund Securities

The Series Net Asset Value per Unit of the Units will vary according to the value of the securities included in the Fund. The value of the securities included in the Fund will be influenced by factors which are not within the control of the Fund or the Manager, including the financial performance of the respective issuers, operational risks relating to the specific business activities of the respective issuers, quality of assets owned by the respective issuers, commodity prices, risks associated with issuers operating outside of Canada, exchange rates, interest rates, environmental risks, political risks, issues relating to government regulation, credit markets and other financial market conditions. As a result of its exposure to the Fund, the Fund will also be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change.

Recent Global Financial Developments

Global financial markets have experienced continued volatility due to unresolved negotiations relating to general concerns about weakening economic growth in the Eurozone, credit risk of other larger European nations and their financial institutions, and concerns over large sovereign debt refinancing requirements in the coming months. Despite improving U.S. economic data, Chinese growth has continued to decelerate and further deterioration in the European economy could eventually negatively affect growth in the U.S. Longer term, the sovereign debt problems in larger economies, including the U.S. may have a material impact on global growth and financial markets. Monetary policy may not be effective in restoring growth to developed economies or dampening inflation in emerging markets. The global economy may experience an extended period of weak growth or perhaps even a global recession. Despite the long/short strategies employed to preserve capital and dampen volatility, there is no assurance that the global economic environment may not adversely affect the prospects of the Fund and the value of the securities held.

Composition of Fund

The composition of the securities included in the Fund taken as a whole may vary widely from time to time and may be concentrated by industry or geography, resulting in the securities included in the Fund being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Fund will suffer a loss because of declines in the prices of securities in those sectors or industries.

Use of a Prime Broker to Hold Assets

Some or all of the assets of the Fund may be held in one or more margin accounts with a Prime Broker due to the fact that the Fund will sell securities short. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the assets of the Fund in such accounts, which may result in a potential loss of such assets. As a result, the assets of the Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets of the prime broker to

satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded, and which would adversely affect the total return to the Fund.

Securities Lending, Repurchase and Reverse Purchase Transactions

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral proves to be insufficient to reconstitute the portfolio of loaned securities.

From time to time, the Fund may engage in repurchase transactions and reverse purchase transactions. The Fund will receive collateral in connection with a repurchase agreement. Nevertheless, the Fund will be exposed to the risk of loss should the other party default under the repurchase or reverse repurchase agreements or go bankrupt. Should this occur in the context of a reverse repurchase transaction, the Fund may be left holding the securities and may not be able to sell the securities at the same price at which the Fund purchased the securities. In a repurchase transaction, the Fund could incur a loss if the value of the securities sold or loaned has increased more than the value of the cash and collateral held.

Use of Leverage

The Fund may utilize a loan facility or other forms of leverage in order to implement its investment strategy. While leverage may increase the potential for total returns, it may also potentially increase losses. If income and appreciation on investments made with borrowed funds are less than the cost of leverage, the value of the Fund's net assets will decrease. Any event which adversely affects the value of an investment held by the Fund will be magnified to the extent leverage is employed. Many leveraged transactions involve the posting of collateral. Increases in the amount of margin or similar payments could result in the need for trading at times or prices that are disadvantageous to the Fund and which could result in a loss for the Fund.

Reliance on the Manager

The Manager will manage the Fund in a manner consistent with the investment objectives and the investment restrictions of the Fund. The officers and employees of the Manager who will be primarily responsible for the management of the Fund have extensive experience in managing investment portfolios, however, there is no certainty that such key officers and employees will continue to be employees of the Manager until the termination of the Fund.

Taxation of the Fund

If the Fund does not qualify as, or ceases to qualify as, a "mutual fund trust" under the Tax Act, the income tax considerations described under the heading "Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

Conflicts of Interest

The Manager and its principals may provide investment advisory and portfolio management services to other investment funds, other clients or for their own accounts, and may make investment decisions for such accounts which may be similar to or different from those made by the Fund. The officers of the Manager will devote such time to the affairs of the Fund as the Manager, in its discretion, determines to be necessary for the conduct of the undertaking of the Fund.

Credit Risk

Credit risk is the possibility that a borrower will not be able to repay the loan, either on time or at all. Companies and governments that borrow money, and the debt securities they issue, are rated by

specialized rating agencies. High-quality securities have high ratings, such as A1 or better. Some Fund investments may be unrated or have a credit rating below investment grade. These investments offer a better potential return than higher-grade instruments, but have the potential for substantial loss. In other words, both the risks and potential rewards are greater.

Derivatives Risk

If and when the Fund invests in a derivative, it enters into a contract with a “counterparty”, the value of which will be based on the performance of some underlying security, index, currency or other instrument. Some of the common risks associated with using derivatives include: the use of derivatives for hedging may not be effective; there is no guarantee a market will exist when the Fund wants to buy or sell a derivative contract; the counterparty to the derivative contract may not be able to meet its obligations, the exchanges on which some derivatives are traded may set daily trading limits on futures contracts, preventing the Fund from closing a contract; if an exchange halts trading in a certain stock option, the Fund may not be able to close its position in an option; and the price of a derivative may not accurately reflect the value of the underlying security or index.

Foreign Currency Risk

The Canadian dollar value of the Fund’s investments in foreign securities is affected by changes in the value of the Canadian dollar relative to the currencies in which those securities are denominated.

Foreign Security Risk

The Fund may invest a substantial portion of its assets in foreign securities. The value of foreign securities may be influenced by foreign government policies, lack of information about foreign companies, political or social instability and the possible levy of foreign withholding tax. There may be lower standards of government supervision and regulation in foreign financial markets. Foreign stock markets may also be less liquid and more volatile. In addition, the securities markets of many countries have at times in the past moved relatively independently of one another due to different economic, financial, political and social factors. This may reduce gains which a Fund has derived from movements in a particular market. The Fund that holds foreign securities may have difficulty enforcing legal rights in jurisdictions outside Canada.

Interest Rate Risk

Fixed-income securities, which include bonds, treasury bills and commercial paper, pay a fixed rate of interest. The value of fixed-income securities will rise and fall as interest rates change. For example, when interest rates fall the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing interest rates. Conversely, if interest rates rise, the value of an existing bond will fall.

Investment Risk

An investment in the Fund should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with such investment. Investors should review closely the investment objective and investment strategies to be utilized by the Fund as outlined herein, and familiarize themselves with the risks associated with such an investment.

Large Transaction Risk

Any large transaction made by an institutional or individual investor could significantly impact the Fund’s cash flow. If the investor buys large amounts of Units of the Fund, that Fund could temporarily have a high cash balance. Conversely, if the investor redeems a large amount of Units of the Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This large cash

inflow or unexpected sale may have an adverse impact on the performance of the Fund and indirectly the Unitholder's investment.

Liquidity Risk

Liquidity is an indicator of how easily an investment may be converted into cash. An investment may be less liquid if it is not widely traded or if there are restrictions on the exchange where the trading takes place. Certain securities in which the Fund invests may be unlisted, distressed or otherwise illiquid. The valuation of these securities is subject to a significant amount of subjectivity and discretion and there is no guarantee that fair value will be realized by the Fund on the sale of these securities. Investments with low liquidity can have significant changes in market value.

Marketability and Transferability of Units

There is not now, and there is not likely to develop, any market for the resale of the Units. The Units have not been qualified for sale by prospectus under the securities laws of any of the provinces or territories of Canada. Units may not be transferred, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Manager.

Not a Public Mutual Fund

The Fund is not a retail mutual fund and, therefore, is not subject to the restrictions and provisions contained in National Instrument 81-102 - *Mutual Funds*, including Unitholder voting rights.

Fund Turnover/Operating Deficits

The Fund trades securities actively and incurs significant brokerage fees and expenses. These and certain other expenses of operating the Fund (including Management Fees and the Administration Fee payable to the Manager) are paid out of the capital of the Fund reducing its investments and potential for profitability. See "Fees and Expenses".

Regulatory Risk

Changing government regulations may significantly affect Fund valuation. Restrictions to ownership, environmental laws, taxation, deregulation, monopoly grants, and subsidies imposed or removed are just a few examples of regulatory risk.

Series Risk

Units of the Fund are issued on a multiple Series basis and track expenses and fees of each Series separately. However, if for any reason the Fund cannot pay the expenses and fees of one Series using its proportionate share of assets, those fees and expenses will continue to be liabilities of the Fund as a whole. Accordingly, the investment performance, expenses or liabilities of one Series may affect the value of the Units of another Series.

Short Selling Risk

Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by the Fund and make a profit for the Fund, and securities sold short may instead appreciate in value. The Fund may also experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose collateral it has deposited with the lender. When the Fund engages in short selling it will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The Fund will

also deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

To deliver securities to a purchaser when it sells short, the Fund must arrange to borrow the securities, and, as a result, the Fund becomes obligated to replace the securities borrowed at the market price at the time of replacement, whatever that price may be. A short sale, therefore, involves the theoretically unlimited risk of loss occasioned by an increase in the market price of the security between the date of the short sale and the date on which the Fund covers its short position. In addition, borrowing of securities entails the payment of a borrowing fee (which may increase during the borrowing period) and the payment of any dividends or interest payable on the securities until they are replaced. The Fund, when engaged in short selling, will be required to maintain cash cover for its short positions, and other investments may need to be sold quickly (and at potentially unattractive prices) to maintain sufficient cash cover.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the securities included in the Fund. Unitholders will not own the securities held by the Fund by virtue of owning Units.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the Fund, the Units or Unitholders.

Investment Risk Rating

The Manager has identified the investment risk level of the Fund as an additional guide to help prospective investors decide whether the Fund is right for the investor. The Manager's determination of the investment risk rating for the Fund is guided by the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the "**Task Force**"). The Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of a fund's relative volatility and related risk. However, the Manager and the Task Force recognize that other types of risk, both measurable and non-measurable, may exist and you should be aware that a Fund's historical performance may not be indicative of future returns and that a Fund's historical volatility may not be indicative of its future volatility. The Task Force recommends that, in addition to considering the standard deviation of fund performance, fund managers should also consider other qualitative factors, such as investment style and security selection process. As a result, the Manager determined the risk rating of the Fund by using the following process:

- Performing a detailed review of the Fund to identify and assess all relevant risk factors;
- Calculating historical volatility risk for the Fund by determining the standard deviation of the Fund's historical returns;
- Determining the risk classification for the Fund using the Task Force's guidelines; and
- Determining whether the risk classification assigned to the Fund as described above is appropriate for the Fund and whether any adjustment is required in light of the qualitative factors identified above.

The core high yield strategy used within the Fund by the investment advisor has historically had low volatility. The Manager has also considered qualitative factors in addition to volatility which may lead the

Fund to have higher risk characteristics. These include the Fund's ability to short securities, use derivatives and utilize leverage. In accordance with the methodology described above, including consideration of these qualitative factors, the Manager has rated the Fund's investment risk as Medium.

THE FOREGOING RISK FACTORS DO NOT COMPLETELY EXPLAIN THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS SHOULD, THEREFORE, READ THIS ENTIRE OFFERING MEMORANDUM, AND CONSULT THEIR OWN ADVISERS BEFORE INVESTING IN THE FUND.

The Manager does not guarantee that any portion of an investor's original investment in the Fund will be returned to the investor. Unlike bank accounts or GICs, Units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

CONFLICTS OF INTEREST

The Manager and its affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services of the Manager are not exclusive and nothing in the agreements entered into with the Fund prevents the Manager or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies and policies are similar to those of the Fund or for their own account) or from engaging in other activities. Investment decisions on behalf of the Fund will be made independently of those made for the Manager's other clients and independently of their own investments. It is expected that the Manager will, at least to some extent, make the same investment for the Fund, as applicable, and for one or more of its other clients. If the Fund or one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will be affected on an equitable basis.

REPORTING TO UNITHOLDERS AND MEETINGS OF UNITHOLDERS

Reporting to Unitholders

The fiscal year end of the Fund is December 31. If requested, Unitholders will be sent audited annual financial statements within ninety (90) days of year-end and unaudited semi-annual interim financial statements within sixty (60) days after June 30 of each year, or as otherwise required by law. Unitholders will receive the applicable required tax form(s) no later than March 31 of each year.

The Manager will keep or will cause to be kept adequate books and records reflecting the activities of the Fund.

Meetings of Unitholders

The Fund will not hold regular meetings of Unitholders; however, the Manager or the Trustee may convene a meeting of Unitholders, or a Series of Unitholders, as it considers appropriate or advisable from time to time. The Trustee must also call a meeting of Unitholders or of a Series of Unitholders at the request of the Manager or on the written request of Unitholders holding not less than 50% of the outstanding Units (or of a Series with respect to a Series meeting) in accordance with the Trust Agreement, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting.

Units of a Series shall vote separately as a Series if the notice calling the meeting so provides.

Not less than twenty-one (21) days' notice will be given of any meeting of Unitholders. The quorum at any meeting is two or more Unitholders present in person or by proxy representing not less than 10% of the Units, or Units of a Series, as applicable, then outstanding. If no quorum is present at such meeting when called, the meeting will be adjourned by the Manager to a date and time determined by the Manager, and

at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum, if notice of the adjourned meeting is given.

Any consent of Unitholders under the Trust Agreement must be given by not less than 50% of the Units or Units of a Series, as applicable, voted in respect of the matter.

AMENDMENTS TO THE TRUST AGREEMENT AND TERMINATION OF THE FUND

The Trust Agreement may be amended, deleted, expanded or varied by the Manager, with the approval of the Trustee, upon notice to Unitholders if the amendment is, in the opinion of either the Trustee or the Manager, not a material change, is not one of the matters specified in the Trust Agreement as requiring Unitholder approval or that affects the pecuniary value of the interests of any Unitholder, or restricts any protection provided for the Trustee or increases the responsibilities of the Trustee. In addition, the Manager and the Trustee may make certain amendments such as those relating to errors or amendments or which enhance the rights of Unitholders without any prior notice to or approval of Unitholders.

The Series attributes set by the Manager may be amended without notice to Unitholders if the amendment, in the opinion of the Manager, is for the protection of or benefit to Unitholders of that Series.

Amendments which require Unitholder approval include changes to the fundamental investment objectives or restrictions of the Fund, or if the auditor of the Fund is changed.

There is no fixed termination date for the Fund. The Fund may be terminated on the occurrence of certain events stipulated in the Trust Agreement. The Manager may resign as manager of the Fund, or the Trustee may resign as trustee of the Fund, and in either case if no successor is appointed, the Fund will be terminated. On termination of the Fund, the Trustee will distribute the net assets of the Fund in cash or in kind in accordance with the Trust Agreement.

AUDITORS

The auditors of the Fund are PricewaterhouseCoopers LLP, or such other party as the Manager may retain.

PRIME BROKER

Scotia Capital Inc., or such other party as the Manager may retain, will hold certain of the assets of the Fund.

LEGAL COUNSEL

McCarthy Tétrault LLP will act as the legal counsel of the Fund.

TRUSTEE

RBC Investor Services Trust is the trustee of the Fund.

CUSTODIAN, RECORD KEEPER AND VALUATION AGENT

RBC Investor Services Trust, or such other party as the Manager may retain, will act as custodian, recordkeeper and valuation agent of the Fund.

MATERIAL CONTRACTS

The only material contract of the Fund is the Trust Agreement. Copies of the Trust Agreement will be made available to Unitholders upon request and may be inspected at the principal office of the Fund during normal business hours.

PURCHASERS' RIGHTS

Each purchaser should refer to provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor. The applicable contractual and statutory rights are summarized below. Purchasers of Units in the Provinces of Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan have statutory rights of action that are described below. Purchasers of Units in the Provinces of Alberta, British Columbia, and Québec will be entitled to contractual rights of action for damages or rescission similar to the statutory rights provided to purchasers in the Province of Ontario. These rights are in addition to, and do not derogate from, any other right or remedy that purchasers may have at law.

The following summary is subject to the express provisions of the relevant provincial securities legislation and the regulations, rules and policy statements thereunder and reference should be made thereto for the complete text of such provisions. Purchasers of the Units should consult their own legal counsel and advisers in their jurisdiction of residence for full particulars of their rights.

For the purposes of the following, in the Province of Manitoba, "**Misrepresentation**" means:

- (a) an untrue statement of a material fact;
- (b) an omission to state a material fact that is required to be stated; or
- (c) an omission to state a material fact that is necessary to be stated in order for a statement not to be misleading.

For the purposes of the following, in the Provinces of New Brunswick, Newfoundland, Nova Scotia, Ontario and Saskatchewan, "**Misrepresentation**" means:

- (a) an untrue statement of a material fact; or
- (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

For the purposes of the following, in the Province of Prince Edward Island, "**Misrepresentation**" means:

- (a) an untrue statement of a material fact;
- (b) an omission to state a material fact that is required to be stated; or
- (c) an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it was made.

Two Day Cancellation Right

You can cancel your agreement to purchase Units. To do so, you must send a notice to the Manager by midnight on the second **Business Day** after you sign the Subscription Agreement.

Statutory Rights for Purchasers in Ontario

Purchasers resident in Ontario who purchase Units offered by this Offering Memorandum, and any amendment thereto, during the period of distribution will have a statutory right of action for damages, or,

while still the owner of the Units, for rescission, against the Fund in the event that this Offering Memorandum, or any amendment thereto, contains a Misrepresentation without regard to whether the purchaser relied on the Misrepresentation. This statutory right of action is subject to, among other things, the following:

- (a) if a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Fund;
- (b) no action may be commenced to enforce a right of action for rescission 180 days after the date on which payment for the Units is made by the purchaser;
- (c) for purchasers resident in Ontario, no action may be commenced to enforce a right of action for damages after the earlier of (i) 180 days after the purchaser of the Units first had knowledge of the facts giving rise to the cause of action and (ii) three years after the date on which payment for the Units is made by the purchaser;
- (d) the Fund will not be liable if it proves that the purchaser purchased Units of the Fund with knowledge of the Misrepresentation;
- (e) in the case of 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 Misrepresentations relied upon;
- (f) in no case will the amount recoverable in such action exceed the price at which the Units were sold to the purchaser; and
- (g) if the offering memorandum is delivered to a purchaser to whom securities are distributed, the right of action is applicable unless the purchaser is:
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under Section 473(i) of that Act;
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
 - (iii) an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
 - (iv) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
 - (v) a subsidiary of any person referred to in paragraphs (i), (ii), (iii), and (iv), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary.

Statutory Rights for Purchasers in Saskatchewan

The Securities Act, 1988 (Saskatchewan), as amended, (the “**Saskatchewan Act**”) provides that, subject to certain limitations, where this Offering Memorandum, together with any amendment, and advertising or sales literature relating to the offering of Units contains a Misrepresentation, a purchaser who purchases Units has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund, the promoter and directors of the manager of the Fund, every person or company whose consent has been filed with this Offering Memorandum or amendment but only with

respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or amendment, and every person who or company that sells Units on behalf of the Fund under this Offering Memorandum or amendment or in the offering with respect to which the advertising or sales literature was disseminated.

Alternatively, the purchaser may elect to exercise a right of rescission against the Fund.

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

- (a) if the purchaser elects to exercise its rights of rescission against the issuer, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;
- (c) no person or company, other than the issuer, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a Misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the Misrepresentation.

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

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Similar rights of action for damages and rescission are provided in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has a right of action for damages against the individual who made the verbal statement.

The Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold by a vendor who is trading in Saskatchewan in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan, Securities Division.

The Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom this Confidential Offering Memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan Act.

No action may be commenced to enforce any of the foregoing rights:

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

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

Statutory Rights for Purchasers in Manitoba

The *Securities Act* (Manitoba) (the "**Manitoba Act**") provides that if the purchaser is resident in Manitoba and if an offering memorandum, together with any amendment thereto, contains a Misrepresentation, each purchaser in Manitoba to whom the offering memorandum has been sent or delivered and who purchases Units, will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has a right of action for damages against the issuer, and, subject to certain additional defenses, against any person or company who signed the offering memorandum and any amendment thereto, but may elect instead to exercise a right of rescission against the issuer, in which case the purchaser will have no right of action for damages against the issuer or any other person or company who signed the offering memorandum, provided that, among other limitations:

- (a) in an action for rescission or damages, no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, the Trust will not be held 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
- (c) in no case will the amount recoverable under the right of action described above exceed the price at which the Units were offered.

In addition, no person or company other than the issuer is liable if the person or company proves that:

- (a) the offering memorandum or any amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or any amendment thereto and before the purchase of the Units by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum, or any amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or any amendment thereto purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum or any amendment thereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

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

In addition, no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date 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 date on which the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) two years after the date of the transaction that gave rise to the cause of action.

Statutory Rights for Purchasers in New Brunswick

The *Securities Act* (New Brunswick) (the "**New Brunswick Act**") provides that, subject to certain limitations, where the offering memorandum or any amendment thereto, which is provided to a purchaser of the Units contains Misrepresentation, a purchaser who purchases the Units shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and the purchaser has, subject to certain defenses, a right of action for damages against the issuer or may elect to exercise a right of rescission against the seller, in which case he shall have no right of action for damages, provided that:

- (a) in an action for rescission or damages, the defendant will not be liable if it proves that the purchaser purchased the security with knowledge of the Misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the Misrepresentation relied upon; and
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which the security was offered.

Pursuant to section 161 of the New Brunswick Act, no action shall be commenced to enforce a right of rescission unless such action is commenced not later than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for rescission, such action shall be commenced before the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

Statutory Rights for Purchasers in Nova Scotia

Where an offering memorandum or any amendment thereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, a purchaser to whom the offering memorandum has been delivered and who purchases a security referred to therein shall be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and the purchaser has a right of action for damages against the issuer or other seller and, subject to certain additional defenses, against directors of the seller and persons who have signed the offering memorandum, but may elect to exercise a right of rescission against the seller, in which case he shall have no right of action for damages against the seller, directors of the seller or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) in an action for rescission or damages, the defendant will not be liable if it proves that the purchaser purchased the security with knowledge of the Misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the Misrepresentation relied upon; and
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which the security was offered.

In addition no person or company other than the issuer is liable if the person or company proves that:

- (a) the offering memorandum or the amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum, or amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum, or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting: (i) to be made on the authority of an expert; or (ii) 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 (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum or amendment to the offering memorandum (A) did not fairly represent the report, opinion or statement of the expert; or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Statutory Rights for Purchasers in Prince Edward Island

If an offering memorandum delivered to a purchaser resident in Prince Edward Island contains a Misrepresentation, a purchaser will be deemed to have relied upon that Misrepresentation and will have a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, every person who signed the offering memorandum and, if applicable, the selling security holder on whose behalf the distribution is made.

Alternatively, where the purchaser purchased the securities from the issuer, the purchaser may elect to exercise a right of rescission against the issuer or, if applicable, the selling security holder on whose behalf the distribution is made.

A person, other than the issuer and the selling security holder, is not liable for damages if the person proves that:

- (a) the offering memorandum was sent 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 issuer that it was sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (i) there had been a Misrepresentation, or
 - (ii) the relevant part of the offering memorandum:
 - A) did not fairly represent the report, statement or opinion of the expert, or
 - B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

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

- (a) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (b) no person or company, other than the issuer, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a Misrepresentation;

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

All or any one or more of the persons who are found to be liable or who accept liability for damages are jointly and severally liable except that the issuer and every director of the issuer at the date of the offering memorandum who is not a selling security holder, is not liable if the issuer does not receive any proceeds from the distribution of the securities and the Misrepresentation was not based on information provided by the issuer, unless the Misrepresentation:

- (a) was based on information that was previously publicly disclosed by the issuer;
- (b) was a Misrepresentation at the time of its previous public disclosure; and
- (c) was not subsequently publicly corrected or superseded by the issuer before completion of the distribution of the securities being distributed.

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

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

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Statutory Rights for Purchasers in Newfoundland and Labrador

The *Securities Act* (Newfoundland and Labrador) provides that where an offering memorandum contains a Misrepresentation, a purchaser to whom the offering memorandum has been delivered and who purchases a security referred to therein shall, without regard to whether the purchaser relied on the Misrepresentation if it was a Misrepresentation, at the time of purchase and the purchaser has a right of action for damages against the issuer and, subject to certain additional defenses, against directors of the issuer and persons who have signed the offering memorandum, but may elect to exercise a right of rescission against the issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person.

A defendant:

- (a) is not liable if the purchaser had knowledge of the Misrepresentation;
- (b) in an action for damages, is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the Misrepresentation relied upon; and
- (c) in an action for damages, the amount recoverable under the right of action shall not exceed the price at which the security was offered.

In addition, no person or company, other than the issuer, is liable if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the issuer that it was sent without the person's or company's knowledge or consent;
- (b) on becoming aware of any Misrepresentation in the offering memorandum, the person or company proves they withdrew the person's or company's consent to the offering memorandum, and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert, the person or company proves they had no reasonable grounds to believe and did not believe that there had been a Misrepresentation or the relevant part of the offering memorandum did not fairly represent the 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, or
- (d) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert 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 there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

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

Pursuant to section 138 of the *Securities Act* (Newfoundland and Labrador), no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

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

General

The foregoing summaries are subject to the express provisions of the relevant provincial securities legislation and the regulations, rules and policy statements thereunder and reference should be 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.

NOTICE TO INVESTORS REGARDING FORWARD-LOOKING INFORMATION

This Offering Memorandum contains "forward-looking information" within the meaning of the *Securities Act* (Ontario) which may be material. "Forward-looking information" includes disclosure regarding possible

events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Sentences and phrases containing words such as “believe”, “estimate”, “anticipate”, “plan”, “predict”, “goals”, “targets”, “projects”, “believes”, “may”, “hope”, “can”, “will”, “shall”, “should”, “expect”, “intend”, “is designed to”, “continues”, “with the intent”, “potential”, “strategy” and the negative of these words, or variations of them, or comparable terminology that does not relate strictly to historical or current facts, are all indicative of forward-looking information. Readers are cautioned that actual results may vary from the forward-looking information contained in this Offering Memorandum.

There are material risk factors that could cause actual results to differ materially from the forward-looking information. These risks are described under the heading “Risk Factors”.

Any forward-looking information contained in this Offering Memorandum about prospective results of operations, financial position or cash flows that is based upon assumptions about future economic conditions and courses of action is presented for the purpose of assisting prospective purchasers of Units in making their investment decision regarding this offering, and may not be appropriate for other purposes.

The Manager and the Funds disclaim any obligation to update any of the forward-looking information contained in this Offering Memorandum.

PROCEEDS OF CRIME (MONEY LAUNDERING) LEGISLATION

As required by the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the Manager and the dealer through which a Unitholder purchases Units are obligated to implement specific measures to detect and deter money laundering and the financing of terrorist activity. As such, Unitholders will have to provide additional information, as noted in the Subscription Agreement. If the Manager or such dealer is aware or suspects that a Unitholder may be engaged in money laundering, then the Manager or such dealer is required to report the matter to the Financial Transactions and Reports Analysis Centre of Canada. This reporting shall not be treated as a breach of privacy laws or otherwise as it is required by law.

FURTHER INFORMATION

Investors requiring further information or an opportunity to review the material contracts of the Fund are invited to contact the Manager toll-free at 1-866-718-6518 or by email at fundinfo@guardiancapital.com.

CERTIFICATE

**CERTIFICATE OF
GUARDIAN STRATEGIC INCOME FUND**

Dated November 2, 2015

This offering memorandum does not contain a misrepresentation.

**GUARDIAN STRATEGIC INCOME FUND, by
its manager, GUARDIAN CAPITAL LP**

By: *“Matthew D. Turner”*

Matthew D. Turner
Chief Compliance Officer