



ANNUAL INFORMATION FORM

Units

March 15, 2016

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form constitute forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Manager believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this annual information form should not be unduly relied upon. These statements speak only as of the date of this annual information form.

In particular, this annual information form may contain forward-looking statements pertaining to distributable cash and Distributions. The actual results could differ materially from those anticipated in these forward-looking statements as a result of, among other things, the risk factors set out in this annual information form. The Manager does not undertake any obligation to publicly update or revise any forward-looking statements.

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GLOSSARY OF TERMS

In this Annual Information Form, the following terms shall have the meanings set forth below, unless otherwise indicated.

“Additional Distribution” means, with respect to any taxation year of the Fund, the amount, if any, by which the aggregate of the Net Income and Net Realized Capital Gains, less any Net Realized Capital Gains the tax on which would be refundable to the Fund in respect of the current year under Part I of the Income Tax Act for such taxation year exceeds the aggregate of the Distributions paid or payable by the Fund to Unitholders for such taxation year.

“Adjusted Net Asset Value per Unit” means the Net Asset Value per Unit on the relevant Determination Date, excluding any accrual for the Performance Fee that would otherwise be included in the Net Asset Value per Unit calculation on such date, plus the amount of any cash Distribution paid or accrued by the Fund per Unit since the date as of which the High Water Mark was set.

“Annual Redemption Amount” means a redemption price per Unit surrendered for redemption on the Annual Redemption Date that is equal to 100% of the Net Asset Value per Unit less any costs and expenses associated with the redemption including brokerage costs and less any Net Realized Capital Gains or income of the Fund that are distributed to Unitholders concurrently with the proceeds of disposition upon redemption.

“Annual Redemption Date” means the second last Business Day of January of each year commencing in 2014.

“Brompton” means the Brompton Group of companies.

“Brompton Funds” means Brompton Corp., and its wholly owned subsidiary Brompton Funds Limited, which acts as manager of the Fund. Brompton Corp. is in the business of managing investment funds.

“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.

“cash equivalents” means:

- a) cash on deposit with the Custodian or a broker, or
- b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
 - i) any of the Federal or Provincial Governments of Canada; or
 - ii) the Government of the United States; or
 - iii) a Canadian financial institution;

provided that, in the case of ii) or iii) such evidence of indebtedness has a rating of at least R-1 (mid) by Dominion Bond Rating Service or the equivalent rating from another approved rating organization; or

- c) other cash cover as defined in NI 81-102.

“CDS” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant in CDS.

“**Closing Market Price**” means the closing price of the Units on the TSX (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSX) on a calculation date or, if there was no trade on the relevant calculation date, the average of the last bid and the last asking prices of the Units on the TSX (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSX).

“**CRA**” means the Canada Revenue Agency.

“**Custodian**” means RBC Investor Services Trust in its capacity as custodian under the Custodian Agreement.

“**Custodian Agreement**” means the custodian agreement entered into by the Custodian and the Fund dated as of June 19, 2012, as it may be amended from time to time.

“**Declaration of Trust**” means the second amended and restated declaration of trust governing the Fund as it may be amended, restated or modified from time to time, as described in section 1.1 of this Annual Information Form.

“**Determination Date**” means the second last Business Day of December of each year.

“**Distribution Date**” means the date on which Distributions are paid by the Fund.

“**Distributions**” means the distributions of the Fund declared in accordance with the Declaration of Trust.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

“**Fund**” means Taylor North American Equity Opportunities Fund.

“**Fund Investment**” means an investment acquired and managed by the Portfolio Manager on behalf of the Fund and “**Fund Investments**” means more than one Fund Investment, taken collectively.

“**Fund Property**” means the property and assets of the Fund.

“**High Water Mark**” of the Units means the greater of: (i) \$10.00; and (ii) the Net Asset Value per Unit as of the last Determination Date on which a Performance Fee was paid, excluding any accrual for the Performance Fee that would otherwise be included in the Net Asset Value per Unit calculation on such date.

“**Income Tax Act**” means the *Income Tax Act* (Canada), as amended, or successor statutes, and shall include regulations promulgated thereunder.

“**Investment Objective**” means the investment objective of the Fund as set forth in the Declaration of Trust, as described in section 1.1.1 of this Annual Information Form.

“**Investment Restrictions**” means the investment restrictions of the Fund as set forth in the Declaration of Trust including, without limitation, those described in section 2.0 of this Annual Information Form.

“Investment Strategy” means the investment strategy of the Fund as set forth in the Declaration of Trust, as described in section 1.1.2 of this Annual Information Form.

“IRC” means the Independent Review Committee established by the Manager in accordance with NI 81-107.

“Management Agreement” means the management agreement dated as of May 29, 2012 between the Manager and the Fund, as it may be amended from time to time.

“Management Fee” means the management fee payable to the Manager by the Fund pursuant to the Management Agreement and the Declaration of Trust, as described in section 8.1.1 of this Annual Information Form, which includes an amount equal to the Service Fee and, if earned, the Performance Fee.

“Manager” means the manager of the Fund, namely Brompton Funds Limited, or if applicable its successor.

“Market Price” means the weighted average trading price of the Units on the TSX (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSX), for the 10 Business Days immediately preceding the date of calculation.

“Monthly Redemption Amount” means a redemption price per Unit equal to the lesser of (i) 94% of the Market Price, and (ii) 100% of the Closing Market Price on the applicable Monthly Redemption Date less, in each case, any costs and expenses associated with the redemption including brokerage costs and less any Net Realized Capital Gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition upon redemption.

“Monthly Redemption Date” means the second last Business Day of each month, other than an Annual Redemption Date.

“Net Asset Value” means, at any time, the net asset value of the Fund, as determined in accordance with the Declaration of Trust, as described in section 5.0 of this Annual Information Form.

“Net Asset Value per Unit” means the Net Asset Value divided by the total number of Units outstanding on any Valuation Date.

“Net Income” or **“Net Loss”** of the Fund for any taxation year means the amount, if any, by which the income or loss of the Fund for such taxation year computed in accordance with the provisions of the Income Tax Act, other than paragraph 82(1)(b) and subsection 104(6) thereof and disregarding any designations made by the Fund under subsection 104(19) of the Income Tax Act, without reference to the Fund’s “capital gains” or “capital losses” (as those terms are defined in the Income Tax Act) for the taxation year, exceeds the non-capital losses of the Fund (as defined in the Income Tax Act) for any preceding taxation years of the Fund, to the extent that they may be and are deducted in computing taxable income of the Fund for such taxation year for the purposes of the Income Tax Act.

“Net Realized Capital Gains” of the Fund for a taxation year of the Fund means the amount, if any, by which:

a) the capital gains realized by the Fund in the taxation year;

exceed the aggregate of:

b) the capital losses incurred by the Fund in the taxation year;

- c) the unapplied capital losses incurred by the Fund in the preceding taxation years to the extent that they may be and are applied against capital gains realized by the Fund in the taxation year; and
- d) any Net Loss for the year and, if the Trustee so determines, any unapplied non-capital losses (as defined in the Income Tax Act) of the Fund for preceding years of the Fund, in each case multiplied by the reciprocal of the applicable fraction in paragraph 38(a) of the Income Tax Act,

where, for this purpose, “capital gains” and “capital losses” shall be computed in accordance with the provisions of the Income Tax Act.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Ordinary Resolution**” means a resolution passed by the affirmative vote of at least a majority of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

“**Performance Fee**” means the performance fee payable to the Manager by the Fund, if earned, in accordance with the Management Agreement and the Declaration of Trust, as described in section 8.1.3 of this Annual Information Form.

“**Portfolio**” means the portfolio of Fund Investments held by the Fund.

“**Portfolio Management Agreement**” means the portfolio management agreement among the Manager, the Fund and the Portfolio Manager dated as of June 19, 2012, as it may be amended from time to time.

“**Portfolio Manager**” means Taylor Asset Management Inc. in its capacity as portfolio manager of the Fund or, if applicable, its successor.

“**Redemption Payment Date**” means the tenth Business Day of the month immediately following an Annual Redemption Date or a Monthly Redemption Date, as applicable.

“**Registered Plan**” means a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered disability savings plan, a registered education savings plan and a tax-free savings account.

“**Service Fee**” means the fee required to be paid by the Fund to the Manager, who is in turn required to pay such fee in an equivalent amount to dealers, all in accordance with the Declaration of Trust, as described in section 8.1.2 of this Annual Information Form.

“**SIFT Partnership**” means a specified-investment flow-through partnership for purposes of the Income Tax Act.

“**SIFT Rules**” means the rules in the Income Tax Act which apply to SIFT Trusts, “specified investment flow-through partnerships” and their unitholders.

“**SIFT Trust**” means a specified investment flow-through trust for the purposes of the Income Tax Act.

“**Tax Proposals**” means all specific proposals to amend the Income Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**Termination Date**” means the date the Fund is terminated in accordance with the Declaration of Trust, as described in section 3.4 of this Annual Information Form.

“**Total Assets**” means the aggregate value of the assets of the Fund calculated in accordance with the Declaration of Trust, as described in section 4.0 of this Annual Information Form.

“**Trustee**” means Equity Financial Trust Company, in its capacity as trustee under the Declaration of Trust.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a transferable, redeemable unit of the Fund. “**Units**” represents more than one transferable, redeemable unit of the Fund.

“**Unitholder(s)**” means the holder(s) of a Unit.

“**Valuation Date**” means each Business Day on which the Net Asset Value per Unit is calculated.

1.0 NAME, FORMATION AND HISTORY

Taylor North American Equity Opportunities Fund is a closed-end investment fund with a registered office located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3. The Fund was established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of January 1, 2012. The Declaration of Trust was amended and restated as of May 29, 2012 in relation to the appointment of a new trustee, to change the name of the Fund from Brompton 2012 A Income Fund to Taylor North American Equity Opportunities Fund and provisions were added relating to the management, administration and operation of the Fund. The Declaration of Trust was further amended and restated as of October 16, 2013 to permit the Fund to issue Units of more than one class and to clarify the provisions with respect to the calculation of the Net Asset Value per Unit in connection with an issuance of additional Units.

On November 7, 2013, pursuant to a treasury offering of the Fund, 2,460,000 Units were issued. The gross proceeds raised by the Fund were approximately \$31.8 million.

On December 11, 2013, the Management Agreement was amended to clarify that the Manager will receive a Performance Fee equal to 10% of the appreciation in the Net Asset Value per Unit in excess of 5% (or the pro rata portion of a 5% hurdle rate in the event that the calculation period is less than a full year) of the High Water Mark multiplied by the number of Units outstanding on the Determination Date (before giving effect to any redemption of Units on such date).

1.1 Declaration of Trust

1.1.1 Investment Objective

The Declaration of Trust provides that the Investment Objective is to seek long term capital appreciation by investing in an actively managed portfolio consisting primarily of North American exchange listed equity securities.

1.1.2 Investment Strategy

The Fund seeks to achieve the Investment Objective by investing the Fund Property in the Portfolio. The Fund seeks to construct the Portfolio in a manner that seeks to balance long-term capital growth with capital preservation and invests opportunistically in equity and equity-related securities of issuers that the Portfolio Manager believes are fundamentally sound and are trading at a discount to their intrinsic value. The Portfolio may include, but is not limited to, common shares, income trusts, real estate investment trusts, preferred shares, depository receipts, exchange traded funds, and securities convertible into equity securities.

The Fund invests primarily in securities of Canadian and US listed issuers and may bias the Portfolio to either country according to which market the Portfolio Manager believes offers the most attractive valuations. The Fund may invest up to 25% of the Portfolio in securities listed outside of North America where the Portfolio Manager believes attractive opportunities exist or for purposes of diversification.

The Fund may sell equities in the Portfolio and invest in cash or cash equivalents and may also employ shorting strategies in accordance with the Investment Restrictions.

The Portfolio Manager may hedge up to 100% of the value of the Portfolio denominated in foreign currencies to the Canadian dollar.

The Fund may employ leverage (including by way of engaging in short selling) of up to 20% of the Total Assets for the purposes of acquiring assets for the Portfolio and such other short term funding purposes as may be determined by the Portfolio Manager from time to time and implemented in accordance with the Investment Strategy. In the event that leverage (including short positions) exceeds 20% of Total Assets, the Fund will sell Portfolio securities and/or repurchase short positions in an orderly manner and use the proceeds therefrom to reduce the leverage (including short positions) to or below 20%. The Fund may borrow at fixed or floating rates, either directly or indirectly through hedging strategies.

1.1.3 General

The Declaration of Trust also provides for the administration of the Fund and governs matters including, without limitation, the powers of the Trustee, the issue and sale of Units, the registration and transfer of Units, the redemption and repurchase of Units, Distributions to Unitholders, the provision of management and administration, portfolio management and custodial services to the Fund, the limitation on the liability of the Unitholders, the Trustee and other parties and the termination of the Fund.

Pursuant to the Declaration of Trust, the Trustee has retained Brompton Funds Limited as the manager of the Fund and the Manager, on behalf of the Fund, has retained RBC Investor Services Trust as the Custodian of the Fund Property.

2.0 INVESTMENT RESTRICTIONS

The Fund is a non-redeemable investment fund and is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. While the Fund is subject to NI 81-102, it is not subject to all of the investment restrictions and operating policies that apply to mutual funds under such legislation. The Fund is managed in accordance with applicable requirements and restrictions and the Investment Restrictions set out in the Declaration of Trust.

The Units are qualified investments under the Income Tax Act for trusts governed by a Registered Plan. During 2015, the Fund did not deviate from the rules under the Income Tax Act that apply to the status of the Units qualifying for inclusion in such plans.

The Units will generally not be a “prohibited investment” for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund unless the holder of the tax-free savings account or the annuitant under the registered retirement savings plan or registered retirement income fund, as applicable, (i) does not deal at arm’s length with the Fund for purposes of the Income Tax Act or (ii) has a “significant interest” as defined in the Income Tax Act in the Fund. Generally, a holder or annuitant, as the case may be, will not have a significant interest in the Fund unless the holder or annuitant, as the case may be, owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder or annuitant, as the case may be, 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 Income Tax Act for trusts governed by a tax-free savings account, registered retirement savings plan or registered retirement income fund.

Holders or annuitants should consult their own tax advisors with respect to whether Units would be prohibited investments, including with respect to whether the Units would be “excluded property”.

3.0 DESCRIPTION OF SECURITIES

3.1 The Units

The beneficial interest in the net assets and net income of the Fund is divided into classes of Units. The Fund is authorized to issue an unlimited number of Units of each class and the Manager may from time to time create additional classes of Units. Currently the Fund has only one class of Units outstanding, which are denominated in Canadian dollars.

Each Unit of a class entitles the holder to the same rights and obligations as a Unitholder of such class and no Unitholder of such class is entitled to any privilege, priority or preference in relation to any other Unitholder of such class. Each Unit of a class entitles the Unitholder to one vote at all meetings of all Unitholders and at all meetings of Unitholders of that class. Each Unitholder of a class is entitled to participate equally with respect to any and all Distributions to the class made by the Fund, including Distributions of Net Realized Capital Gains, if any. On the redemption of Units, however, the Fund may, in its 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. On termination or liquidation of the Fund, the Unitholders of record of each class are entitled to receive on a *pro rata* basis all of the assets of the Fund allocated to that class remaining after payment of all debts, liabilities and liquidation expenses of the Fund allocated to that class. Unitholders will have no voting rights in respect of securities held by the Fund. The Declaration of Trust permits fractions of Units to be issued which have the same rights, restrictions, conditions and limitations attaching to whole Units in the proportion which they bear to a whole Unit, except that fractional Units do not have the right to vote.

Units of a class may not be issued for net proceeds per Unit less than the most recently calculated Net Asset Value per Unit of such class prior to the date of the setting of the subscription price by the Fund other than pursuant to any distribution reinvestment plan which may be established by the Fund or with the approval of the Unitholders by an Extraordinary Resolution. For greater certainty, if such Net Asset Value is calculated prior to a record date for a Distribution in respect of Units of such class being issued, the most recently calculated Net Asset Value per Unit for purposes of determining the subscription price will be adjusted to account for any Distribution which has been declared payable in respect of such Units and which will not be received by the subscribers.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer in each of the provinces and territories of Canada and it is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

3.2 Distributions

The Fund does not have a fixed monthly distribution but may make Distributions to Unitholders at the discretion of the Trustee, upon the advice of the Manager.

On August 13, 2013, the Fund announced its intention to make monthly distributions to Unitholders as the Manager determined that it is in the best interest of the Fund to pay a monthly distribution to manage the potential need to distribute gains. The Fund does not have a fixed distribution, but intends to set periodic distribution targets based on, among other things, the actual and expected returns on the Portfolio and the Fund's estimated expenses. The Fund's initial monthly distribution target is \$0.0520 per Unit (\$0.6240 per annum).

Distributions, when declared, are payable to Unitholders of record on the last Business Day of the month

and, unless a Unitholder is a participant in any distribution reinvestment plan established by the Fund, all cash Distributions payable, less any amount required to be withheld therefrom under applicable law, are to be paid in Canadian dollars no later than the tenth Business Day of the subsequent month. There can be no assurance that the Fund will make any Distribution in any particular month or months.

The Fund has adopted a distribution reinvestment plan (the “Plan”), pursuant to which Distributions paid to Unitholders may be reinvested, automatically on each Unitholders’ behalf at the option of such Unitholder, to purchase additional Units in accordance with the Plan. Notwithstanding the availability of the Plan, all Distributions to non-resident Unitholders are paid in cash and may not be reinvested in Units.

Distributions due to participants in the Plan (“Plan Participants”) are applied, on behalf of Plan Participants, to purchase additional Units. Such purchases are either made from the Fund or in the market. The Plan also allows Plan Participants, subject to certain requirements and limitations, to make cash payments which will be invested in Units by the Plan agent. A Plan Participant may invest a minimum of \$100 per cash payment up to a maximum of \$50,000 per calendar year.

A Unitholder may elect to participate in the Plan by notifying CDS in writing via the CDS Participant through which he holds his Units. CDS will then appropriately instruct the Plan agent. The Manager may terminate the Plan in its sole discretion on not less than 30 days notice to the Plan Participants. The Manager may also amend, modify or suspend the Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to Unitholders.

The Fund is subject to tax under Part I of the Income Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Fund makes Distributions in each year of its Net Income and Net Realized Capital Gains, and provided the Fund deducts in computing its income the full amount available for deduction in each year, the Fund will not generally be liable for income tax under Part I of the Income Tax Act. In order to ensure this result, the Declaration of Trust provides that, if necessary, an Additional Distribution will be automatically payable in each year to Unitholders of record on December 31. The Additional Distribution may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly Distributions paid or made payable to Unitholders during the year. The Additional Distribution may, at the option of the Manager, be satisfied by the issuance of additional Units having a value equal to the cash shortfall. Following such issue of additional Units, the outstanding Units will be automatically consolidated on a basis such that the number of consolidated Units (before giving effect to any redemption of Units on such date) is equal to the number of Units outstanding immediately preceding payment of the Additional Distribution, except in the case of a non-resident Unitholder if tax was required to be withheld in respect of the distribution. Additional information regarding tax matters is set out in section 11.0 of this Annual Information Form.

3.3 Amendment of the Declaration of Trust

3.3.1 Amending of the Declaration of Trust by the Trustee

The Declaration of Trust provides that the Trustee is entitled to amend the Declaration of Trust without consent of, or notice to, the Unitholders to:

- a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;
- b) make any change or correction which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;

- c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities administrators or with current practice within the securities or investment fund industries, provided such amendments do not, in the opinion of the Manager, adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;
- d) maintain the status of the Fund as a “mutual fund trust” or, if applicable, a “registered investment” for the purposes of the Income Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof; or
- e) provide added protection or benefit to Unitholders.

3.3.2 Amending of the Declaration of Trust by Unitholders

The Declaration of Trust provides that except as otherwise required by or contemplated in the Declaration of Trust, which exceptions are summarized below, the Declaration of Trust may be amended by an Ordinary Resolution of the Unitholders.

Pursuant to any additional requirements set out in section 5.1(1) of NI 81-102, the Declaration of Trust provides that the following may only be undertaken with the approval of Unitholders by an Extraordinary Resolution:

- a) any change in the Investment Objective, Investment Strategy or Investment Restrictions unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- b) any material change in the Management Agreement, other than a change in the Manager, provided the new manager is an affiliate of the Manager;
- c) any increase in the Management Fee;
- d) any amendment, modification or variation in the provisions or rights attaching to the Units;
- e) any issue of Units (other than pursuant to any distribution reinvestment plan which may be established by the Fund) when the net proceeds per Unit are less than the most recently calculated Net Asset Value per Unit prior to the date of the setting of the subscription price for such issuance, calculated as described in section 3.1 of this Annual Information Form;
- f) any change in the frequency of calculating Net Asset Value per Unit to less often than daily;
- g) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course of business;
- h) any liquidation, dissolution or termination of the Fund, except if it is determined by the Manager, in its sole discretion, to be in the best interests of the Unitholders or otherwise in accordance with the terms of the Declaration of Trust; and
- i) any amendment to the above provisions except as permitted under the Declaration of Trust.

3.4 Termination of the Fund

Pursuant to the Declaration of Trust, the Fund shall continue until the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund approved at a duly called meeting of

Unitholders, provided that at least 90 days written notice has been given to the Manager by the Trustee of the date so fixed by the Unitholders for the termination of the Fund. In addition to such termination upon the approval of the Unitholders, the Declaration of Trust also provides that the Fund may be terminated in the following circumstances:

- a) in the event that the Manager resigns and no new manager is appointed by the Trustee within 120 days of the Manager giving notice to the Trustee of such resignation, the Fund will automatically terminate on the date which is 60 days following the end of such 120 day period; and
- b) the Manager may, in its discretion and upon not less than 30 days prior written notice to the Unitholders by way of press release, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund.

In each case the Fund must first file a news release that discloses the termination and the Fund may not terminate earlier than 15 days or later than 90 days after the filing of such news release, unless the Fund undertakes a reorganization of, or transfers assets to, another investment fund, if (i) the Fund ceases to continue after the reorganization or transfer of assets and (ii) the transaction results in Unitholders becoming securityholders in the other investment fund.

The Declaration of Trust further provides that prior to the Termination Date, the Trustee shall, or shall direct the Manager to, cause the Fund Investments to be converted to cash to the extent practicable and will satisfy or make appropriate provision for all liabilities of the Fund. The Declaration of Trust provides that the Manager may, in its discretion and upon not less than 30 days prior written notice to the Unitholders, postpone the Termination Date by a period of up to 180 days if the Manager determines that it will be unable to convert all of the Fund Investments to cash prior to the original Termination Date and the Manager determines that it would be in the best interests of the Unitholders to do so. Upon termination, the Declaration of Trust provides that the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to the Termination Date, such unliquidated assets *in specie* rather than in cash.

4.0 VALUATION OF PORTFOLIO SECURITIES

Pursuant to the Declaration of Trust, the calculation of the Total Assets on a Valuation Date is determined as follows:

- a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distributions or other amount receivable (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as at which the Total Assets are being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense distributions or other amount receivable (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as at which the Total Assets are being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair market value thereof;
- b) the value of any security, index future or index option which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available ask price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest ask price or bid price will be used), as at the Valuation

Date on which the Total Assets are being determined, all as reported by any means in common use; provided that, for the purpose of calculating the Annual Redemption Amount, the value of any security, index future or index option which is listed or traded upon a stock exchange (or if more than one, on the stock exchange in which the security primarily trades, as determined by the Manager) will be equal to the weighted average trading price over the last three Business Days of the month in which the Annual Redemption Date occurs;

- c) short-term investments including notes and money-market instruments will be valued at cost plus accrued interest;
- d) the value of a forward contract or swap shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the forward contract or swap were to be closed out in accordance with its terms;
- e) the value of any security which is traded over-the-counter will be priced at the average of the last bid and ask prices quoted by a major dealer or recognized information provider in such securities;
- f) the value of any purchased or written clearing corporation options, option on futures, or over the counter options shall be the current market value thereof;
- g) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the Total Assets are being determined as determined by the Manager (generally the Manager will value such security or other asset at cost until there is a clear indication of an increase or decrease in value);
- h) any market price reported in currency other than Canadian dollars will be converted into Canadian currency at the rate of exchange available from the Custodian on the Valuation Date on which the Total Assets are being determined;
- i) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Manager; and
- j) the value of any security or property to which, in the opinion of the Manager, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

Pursuant to item (j) above, the Manager has not exercised its discretion to deviate from the valuation practices noted above in the last three years.

In connection with the foregoing, the Net Asset Value and Net Asset Value per Unit will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain.

5.0 CALCULATION OF NET ASSET VALUE

Pursuant to the Declaration of Trust, the Net Asset Value per Unit of a class on any Valuation Date shall be calculated by dividing the Net Asset Value allocated to such class (including an allocation of any Net Realized Capital Gains or other amounts payable to Unitholders on or before such date) on such

Valuation Date by the total number of Units of such class outstanding on such Valuation Date (before giving effect to any issue of Units issued on that date or the redemption of Units on that date) provided that where the Closing Market Price on the Valuation Date is greater than the subscription price per Unit for Units of such class issuable upon the exercise of any outstanding rights, warrants, options or other similar security, the Net Asset Value per Unit (also referred to as the “diluted net asset value per unit”) will be calculated by adding to the denominator the total number of Units issuable on the exercise of such rights, warrants, options or other similar securities then outstanding and adding to the numerator the product of such total number of Units issuable on the exercise of such rights, warrants, options or other similar securities and the amount equal to the subscription price per Unit less the fee, if any, payable by the Fund on the exercise of such rights, warrants, options or other similar securities.

The Net Asset Value per Unit is calculated as at the close of business on each Valuation Date. The Net Asset Value and the Net Asset Value per Unit is available to the public at no cost by calling 1-866-642-6001 and the Net Asset Value per Unit is available on the Manager’s website at www.bromptongroup.com. The Fund also makes the Net Asset Value per Unit available to the financial press for publication on a daily basis.

The Net Asset Value per Unit is calculated in Canadian dollars.

6.0 PURCHASES OF FUND UNITS

6.1 General

The outstanding Units are listed for trading on the TSX under the symbol TOF.UN and may be purchased through the facilities of the TSX. Registration of interests in and transfers of the Units are made only through CDS and the Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled are made or delivered by, CDS or the CDS Participant through which such Units are held. Upon purchase of any Units, Unitholders receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the securities are purchased.

6.2 Issuer Bid

The Declaration of Trust provides that, subject to applicable law and stock exchange requirements, the Fund may, in its sole discretion, from time to time purchase (in the open market or by invitation for tenders) Units for cancellation.

7.0 REDEMPTION OF SECURITIES

7.1 Monthly

Subject to the Fund’s right to suspend redemptions as discussed in section 7.4 of this Annual Information Form, Unitholders are entitled to surrender Units for redemption in accordance with the Declaration of Trust on a Monthly Redemption Date, provided the Units are surrendered by no later than 5:00 p.m. (Toronto time) on the last Business Day of the month preceding such Monthly Redemption Date. The Declaration of Trust provides that Units surrendered for redemption on the Monthly Redemption Date will be redeemed at a redemption price per Unit that is equal to the Monthly Redemption Amount and payment will be made on the Redemption Payment Date.

7.2 Annual

Subject to the Fund’s right to suspend redemptions as discussed in section 7.4 of this Annual Information Form, Unitholders are entitled to surrender Units for redemption in accordance with the Declaration of

Trust in January of each year, provided the Units are surrendered by 5:00 p.m. (Toronto time) on the last Business Day of December of the prior year. The Declaration of Trust provides that Units surrendered for redemption will be redeemed on the Annual Redemption Date at a redemption price per Unit equal to the Annual Redemption Amount and payment will be made on Redemption Payment Date.

7.3 General

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise the redemption right sufficiently in advance of the applicable Monthly Redemption Date or Annual Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the last Business Day of the month preceding such Monthly Redemption Date or Annual Redemption Date.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the Annual Redemption Date or Monthly Redemption Date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that in the opinion of the Manager such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice or its withdrawal will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form, not duly executed or not received by the appropriate deadline outlined in sections 7.1 and 7.2 of this Annual Information Form shall, for all purposes, be void and of no effect and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund or the Trustee to the CDS Participant or the Unitholder.

On the redemption of Units, the Fund may, in its sole discretion, designate payable to the redeeming Unitholder, in respect of the redemption price, any income or capital gains realized by the Fund in the taxation year of the Fund in which the redemption occurs, including as a result of any disposition of property of the Fund undertaken to facilitate the redemption pursuant to the Declaration of Trust and such income or capital gains will reduce the redemption price per Unit by the amount so designated.

7.4 Suspension of Redemptions

The Declaration of Trust permits the Manager, on behalf of the Fund, to direct the Trustee to suspend the redemption of Units or payment of redemption proceeds with the prior approval of the Canadian securities administrators, where required (a) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which more than 50% of the Fund Investments by value are listed and traded and if such securities are not traded on any exchange that represents a reasonable practical alternative for the Fund; or (b) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances, all

Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

8.0 RESPONSIBILITY FOR OPERATIONS

8.1 Manager

The Declaration of Trust provides that the Trustee shall appoint or retain a manager to manage the business and affairs of the Fund. The Trustee has appointed the Manager pursuant to the terms of the Declaration of Trust and the Management Agreement.

Brompton Funds Limited was formed pursuant to the *Business Corporations Act* (Ontario) by articles of incorporation dated May 17, 2011. Its head office is located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3. Its telephone number is (416) 642-6000, its e-mail address is info@bromptongroup.com and its website address is www.bromptongroup.com. The Manager was organized for the purpose of managing and administering closed-end investment funds, including the Fund, and is a member of the Brompton group of companies. The Manager is registered with the Ontario Securities Commission as a portfolio manager, investment fund manager, commodity trading manager and exempt market dealer and is also registered as an investment fund manager in Quebec and Newfoundland and Labrador.

Pursuant to the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Fund, and may delegate certain of its powers to third parties at no additional cost to the Fund where, in the discretion of the Manager, it would be in the best interests of the Fund and the Unitholders to do so. In addition, the Manager is responsible for providing, or causing to be provided, investment fund management and portfolio management services to the Fund.

8.1.1 Management Fee

In consideration for these services, the Fund pays the Manager a Management Fee equal to 1.0% per annum of the Net Asset Value, calculated and payable monthly in arrears plus an amount equal to the Service Fee and the Performance Fee, if earned, plus applicable taxes. The Manager is responsible for paying the fees payable to the Portfolio Manager out of the Management Fee.

8.1.2 Service Fee

The Service Fee (typically calculated quarterly and paid as soon as practicable after the end of each calendar quarter) is equal to 0.50% per annum of the Net Asset Value plus applicable taxes and is applied by the Manager to pay a service fee in an equivalent aggregate amount plus applicable taxes to CDS Participants based on the number of Units held at the end of the relevant period by clients of such CDS Participants.

8.1.3 Performance Fee

The Manager will receive an annual Performance Fee equal to 10% of the appreciation in the Net Asset Value per Unit in excess of 5% (or the pro rata portion of a 5% hurdle rate in the event that the calculation period is less than a full year) of the High Water Mark multiplied by the number of Units outstanding on the Determination Date (before giving effect to any redemption of Units on such date). The appreciation

in the Net Asset Value per Unit is calculated by subtracting the High Water Mark of the Units from the Adjusted Net Asset Value per Unit on the relevant Determination Date. The High Water Mark of the Units will be appropriately adjusted in the event of a consolidation or subdivision of Units. The Performance Fee, plus applicable taxes, will be calculated and accrued daily and payable on the Business Day following the Determination Date, if earned. Notwithstanding the foregoing, if any Units are redeemed in a calendar year prior to the relevant Determination Date, the amount of any accrued Performance Fee in respect of such redeemed Units will be paid to the Manager immediately following such redemption as if the date on which the Units are redeemed was a Determination Date in respect of such Units.

In the event that new Units, other than Units issued in connection with an Additional Distribution or pursuant to a distribution reinvestment plan, if any, (“New Units”) are issued on any date (a “New Unit Issue Date”) during a year and immediately prior to such New Unit Issue Date the appreciation in the Net Asset Value per Unit is in excess of the 5% hurdle rate (pro-rated for the period commencing January 1 and ending on the day prior to the New Unit Issue Date (the “Interim Period”) if the Performance Fee was paid in respect of the preceding year), a Performance Fee will be calculated and paid for such period. If the appreciation in the Net Asset Value per Unit is not in excess of the 5% hurdle rate (pro-rated for the Interim Period if the Performance Fee was paid in respect of the preceding year), no Performance Fee will be paid in respect of the Interim Period, in which case, only in respect of the next Determination Date on which a Performance Fee is earned, (i) the Performance Fee as calculated in accordance with the first paragraph above will apply in respect of Units outstanding prior to the New Unit Issue Date and (ii) in respect of the New Units, the Manager will receive a Performance Fee as calculated in the first paragraph above but based on the appreciation in the Net Asset Value per New Unit calculated based on a High Water Mark equal to the greater of the High Water Mark and the New Unit issue price.

8.1.4 Termination of the Management Agreement

The Management Agreement may be terminated at any time by the Trustee, on behalf of the Fund, on 90 days written notice with the approval of the Unitholders by an Ordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such Ordinary Resolution, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such Ordinary Resolution. The Management Agreement may also be terminated by the Trustee on behalf of the Fund:

- a) at any time on 30 days written notice to the Manager in the event of the persistent failure of the Manager to perform its duties and discharge its obligations under the Management Agreement, or the continuing malfeasance or misfeasance of the Manager in the performance of its duties under the Management Agreement;
- b) immediately in the event of the commission by the Manager of any fraudulent act; and
- c) automatically, if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors.

The Trustee, on behalf of the Fund, may immediately terminate the investment fund management and portfolio management services provided under the Management Agreement if:

- a) the Manager has lost any registration, licence or other authorization required by it to perform its investment fund management and portfolio management duties under the Management Agreement; or
- b) the Manager is otherwise deemed unable to perform the investment fund management and portfolio management services under the Management Agreement.

The Manager may resign upon 120 days notice to the Trustee and, if no new manager is appointed within such 120-day period, the Fund will be terminated. The Manager may assign the Management Agreement to any party with the approval of the Unitholders by an Ordinary Resolution approved at a meeting duly called for such purpose in accordance with the provisions of the Declaration of Trust. Any assignment by the Manager to an affiliate or any amalgamation of the Manager with another entity shall not require Unitholder approval.

8.1.5 Directors and Officers of the Manager

The name, municipality of residence, position with the Manager and principal occupation of each of the directors and officers of the Manager are set out below:

Name and Municipality of Residence and Position with the Manager	Principal Occupation and Positions Held During the Last 5 Years
MARK A. CARANCI ⁽¹⁾⁽²⁾ Toronto, Ontario President, Chief Executive Officer and Director	President and Chief Executive Officer, Brompton Funds.
RAYMOND R. PETHER ⁽¹⁾ Toronto, Ontario Director	Director, Brompton Funds.
CRAIG T. KIKUCHI ⁽²⁾ Toronto, Ontario Chief Financial Officer and Director	Chief Financial Officer, Brompton Funds; Corporate Secretary, Brompton Funds from July 2013 to March 2015; Director, Brompton Funds Limited since July 2014.
CHRISTOPHER S.L. HOFFMANN ⁽¹⁾ Toronto, Ontario Director	Director, Brompton Funds Limited since July, 2014; Director, Brompton Corp.; Vice President, Nutowima Ltd. and private investor.
ANN WONG Toronto, Ontario Vice President and Controller	Vice President and Controller, Brompton Funds.
CHRISTOPHER CULLEN Toronto, Ontario Senior Vice President	Senior Vice President, Brompton Funds.
LAURA LAU Toronto, Ontario Senior Vice President and Senior Portfolio Manager	Senior Vice President and Senior Portfolio Manager, Brompton Funds since February 2012; Senior Portfolio Manager, Sentry Investments Inc. from May 2008 to November 2011.
MICHAEL CLARE Toronto, Ontario Vice President and Portfolio Manager	Vice President & Portfolio Manager, Brompton Funds since December 2012; Vice President and Portfolio Manager, Creststreet Asset Management Limited from June 2008 to November 2012.
MICHELLE TIRABORELLI Toronto, Ontario Vice President	Vice President, Brompton Funds.

**Name and Municipality of Residence
and Position with the Manager**

Principal Occupation and Positions Held During the Last 5 Years

JASON GOLETZ Toronto, Ontario Vice President, Sales & Marketing	Vice President, Sales and Marketing, Brompton Funds since May 2012; Director of Sales, Qwest Investment Management from March 2009 to May 2012.
KATHRYN BANNER Toronto, Ontario Vice President and Corporate Secretary	Vice President and Corporate Secretary, Brompton Funds since March 2015; Assistant Vice President, Brompton Funds from February 2011 to March 2015.

Note:

- (1) Member of the audit committee.
(2) Executive officer

8.1.6 Independent Review Committee

The members of the IRC are James W. Davie, Arthur R.A. Scace and Ken S. Woolner. Mr. Woolner is the Chair of the IRC and is the primary IRC member who interacts with the Manager.

The mandate and responsibilities of the IRC are set out in its charter. The IRC is responsible for carrying out those responsibilities required to be undertaken by an IRC under NI 81-107, in particular:

- a) reviewing and providing input into the Manager's policies and procedures regarding conflict of interest matters, including any amendments to such policies and procedures referred to the IRC by the Manager;
- b) approving or disapproving each conflict of interest matter referred by the Manager to the IRC for its approval;
- c) providing its recommendation as to whether the Manager's proposed action on a conflict of interest matter referred by the Manager to the IRC for its recommendation achieves a fair and reasonable result for the Fund;
- d) together with the Manager, providing orientation to new members of the IRC as required by NI 81-107;
- e) conducting regular assessments as required by NI 81-107; and
- f) reporting to the Unitholders, to the Manager and to regulators as required by NI 81-107.

In addition to its responsibilities and functions under NI 81-107, the IRC:

- a) handles complaints and implements corrective action regarding accounting, internal accounting controls and auditing matters for the Manager, as more specifically set out in the whistleblower policy of the Manager;
- b) acts in an advisory capacity to the audit committee of the board of directors of the Manager, as more specifically set out in the IRC's charter; and
- c) may, as more specifically set out in its charter, identify conflict of interest matters.

Note:

The members of the IRC also act as the members of the investment review committee for other investment funds managed by the Manager.

8.2 Portfolio Management

The Manager retained the Portfolio Manager to make investment decisions with respect to the Portfolio pursuant to the Portfolio Management Agreement. The Portfolio Manager's head office is located at 333 Bay Street, Suite 1230, Toronto, Ontario.

8.2.1 Principal Portfolio Advisors

The principal portfolio advisor of the Portfolio Manager who is responsible for the investment management of the Fund is as follows:

Name	Length of Service and Experience in the Past 5 Years
DAVID TAYLOR Toronto, Ontario	President, Chief Investment Officer and Portfolio Manager at Taylor Asset Management Inc. which was founded in March 2012. Mr. Taylor has been managing equities for over 25 years.

Mr. Taylor has overall responsibility for overseeing the investment activities of the Portfolio Manager. Investment decisions are not subject to the oversight, approval or ratification of a committee.

8.2.2 Brokerage Arrangements

Decisions as to the purchase and sale of Portfolio securities and decisions as to the execution of all Portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions are made by the Portfolio Manager.

The Portfolio Manager will make reasonable and good faith efforts to achieve best execution for Portfolio transactions executed on behalf of the Fund having regard to such factors as price, speed of execution, certainty of execution and the overall cost of the transaction. To the extent that the terms offered by more than one dealer are considered by the Portfolio Manager to be comparable, the Portfolio Manager may from time to time direct brokerage transactions involving client brokerage commissions to a dealer in return for the provision of "order execution goods and services" or "research goods and services" (as these terms are defined in National Instrument 23-102 – *Use of Client Brokerage Commissions*) in connection with the Fund. Such services could include advice relating to the value of a security or the advisability of effecting a transaction in a security, analysis or reports concerning a security, portfolio strategy, issuer, industry, or an economic or political trend and databases or software to the extent that it supports the foregoing. The best net price as represented by brokerage commissions, spreads, and other costs is an important factor in the selection of a dealer but a number of other factors are considered including: the size of the transaction, the nature of the market of the security, the timing and impact of the transaction taking into account market prices and trends, confidentiality, execution, clearance and settlement capabilities as well as the reputation, experience and financial stability of the dealer and the quality of services rendered by the dealer in other transactions including the quality of the dealer's research. In addition, the Portfolio Manager will review each trade for the Fund to determine, among other things, whether the Fund receives reasonable benefit considering the use of the services provided by a dealer and the amount of brokerage commissions paid.

In certain instances, the Portfolio Manager may receive goods and services that contain some elements that qualify as "order execution goods and services" or "research goods and services" and some elements that do not so qualify. In these circumstances, the Portfolio Manager will make a reasonable and good faith allocation to ensure that brokerage commissions paid on behalf of the Fund relate only to "order execution goods and services" or "research goods and services".

In effecting Portfolio transactions, overall service and prompt execution of orders on favourable terms will be a primary consideration. The Portfolio Manager may, in its discretion, choose to effect Portfolio transactions with dealers who provide research, statistical and other similar services to the Fund and pay higher brokerage to compensate for such services.

Since inception of the Fund, and in return for directing brokerage transactions involving client brokerage commissions, the Portfolio Manager has received “research goods and services” in the nature of research reports, quotes, news and wire services, statistical and quantitative analysis and other similar services from Bloomberg LP; Empirical Research Partners; Gartner Invest for Technology Investors; Grant’s Interest Rate Observer; Infinite Investment Systems Ltd.; Morningstar Research Inc.; Ned Davis Research, Inc.; NYSE Market, Inc.; PCQUOTE Canada Inc. and TMX Inc.

Please call the Manager toll free at 1-866-642-6001, or by e-mail at info@bromptongroup.com for a list of brokers, dealers and third-party service providers who receive brokerage commissions relating to “order execution goods and services” and “research goods and services” from inception of the Fund to the date of this document.

The Portfolio Manager has no contractual obligation to allocate the Fund’s brokerage business to any specific brokerage firm.

8.2.3 Termination of the Portfolio Management Agreement

The Portfolio Management Agreement may be terminated by the Manager on behalf of itself and on behalf of the Fund:

- a) in the event that the Portfolio Manager is in material breach of the Portfolio Management Agreement and such material breach has not been cured within 20 Business Days written notice thereof to the Portfolio Manager;
- b) immediately in the event of insolvency or liquidation of the Portfolio Manager or if the Portfolio Manager becomes bankrupt or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Portfolio Manager or a substantial portion of its assets, or if the Portfolio Manager passes a resolution approving its liquidation, winding-up or dissolution or deemed dissolution;
- c) immediately if the assets of the Portfolio Manager become subject to seizure or confiscation by any public or governmental organization;
- d) immediately if the Portfolio Manager has lost any registration, license or other authorization required by it to perform its duties under the Portfolio Management Agreement including, without limitation, the benefit of any exemption from the requirement to register under Canadian securities laws; or
- e) immediately in the event that the Manager is terminated as manager of the Fund in accordance with the terms of the Management Agreement.

The Portfolio Management Agreement may be terminated by the Portfolio Manager:

- a) in the event that the Fund or the Manager is in material breach of the provisions of the Portfolio Management Agreement and such material breach has not been cured within 20 Business Days written notice to the Fund and the Manager; or

- b) in the event that there is a material change to the Investment Objective to which the Portfolio Manager has not agreed.

The Portfolio Management Agreement may also be terminated by the Fund, or the Manager on behalf of the Fund, upon the direction of the Unitholders by Extraordinary Resolution.

8.3 Trustee

Equity Financial Trust Company, located in Toronto, Ontario, is the trustee of the Fund and is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust.

8.4 Custodian

The Manager has appointed RBC Investor Services Trust, located in Toronto, Ontario, as Custodian, pursuant to the terms of a Custodian Agreement dated as of June 19, 2012, to provide various safekeeping and custodial services relating to the Fund Property. The Custodian may, in accordance with the terms of the Custodian Agreement, appoint sub-custodians and enter into sub-custodian agreements.

The Custodian may, in accordance with the terms of the Custodian Agreement, appoint sub-custodians and enter into sub-custodian agreements. The principal sub-custodian appointed by the Custodian is The Bank of New York Mellon, located in New York, New York. The Custodian entered into sub-custodian agreements with The Bank of New York Mellon, under which The Bank of New York Mellon provides for the safekeeping of client assets of the Custodian in the United States.

8.4.1 Custodian Fees

In consideration for its services, the Fund pays to the Custodian such compensation as agreed upon in writing between the Manager and the Custodian from time to time and reimburses the Custodian for all reasonable costs and expenses incurred by the Custodian on behalf of the Fund.

8.4.2 Termination of the Custodian Agreement

The Custodian Agreement may be terminated by either party without any penalty by giving at least 60 days prior written notice to the other party of such termination. Such prior notice is not required and termination will be immediate if either party is declared bankrupt or if the assets or the business of either party become liable to seizure or confiscation by any public or governmental authority.

8.5 Valuation Services

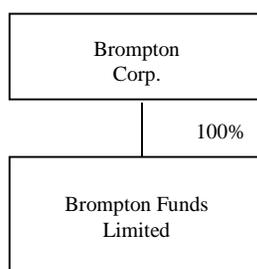
The Manager, on behalf of the Fund, has appointed RBC Investor Services Trust located in Toronto, Ontario to provide the Fund with valuation services. Such services include the calculation of the Net Asset Value in accordance with the Fund's valuation parameters described in section 4.0 of this Annual Information Form.

8.6 Auditor, Registrar, Transfer Agent and Distribution Agent

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licenced Public Accountants ("PWC") located in Toronto, Ontario. The auditors of the Fund can be changed by an Ordinary Resolution of the Unitholders. Equity Financial Trust Company is the registrar, transfer agent and distribution agent for the Units. The register and transfer ledger for the Units is kept by the Trustee at its offices located in Toronto.

9.0 CONFLICTS OF INTEREST

9.1 Principal Holders of Securities



Note:
Brompton Corp. owns of record and beneficially 100% of the shares of the Manager.

The Declaration of Trust acknowledges that the Trustee may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm's length for comparable services. The services of the Custodian and the officers and directors of the Custodian are not exclusive to the Fund. The Custodian and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, engage in any other activity.

The Manager and the Portfolio Manager and their respective directors and officers engage in the promotion, management or investment management of other funds or trusts with investment objectives similar to the Fund. The Manager and the Portfolio Manager act as the investment advisor or administrator for other funds and may in the future act as the investment advisor to other funds which are considered competitors of the Fund. The services of the Manager and the Portfolio Manager are not exclusive to the Fund.

In addition, the directors and officers of the Manager and the Portfolio Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities. The Manager, the Portfolio Manager or their respective affiliates may be a manager of one or more issuers in which the Fund may acquire securities and may be managers or administrators of funds with similar investment objectives as the Fund. Although none of the directors or officers of the Manager or the Portfolio Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager and the Portfolio Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Fund, the Manager and the Portfolio Manager, as applicable.

No person or entity that provides services to the Fund or the Manager in relation to the Fund is an affiliated entity of the Manager other than Brompton Corp., which provides premises and staff to the Manager. Brompton Corp. does not receive any fees from the Fund. Each of the directors and officers of the Manager are also directors and officers of Brompton Corp., see section 8.1.5 of this Annual Information Form.

9.2 Securities Held by Members of the Independent Review Committee

As at March 1, 2016, the members of the IRC did not own, directly or indirectly, any securities in the Manager. Further, as at March 1, 2016, the percentage of securities of each class or series of voting securities beneficially owned, directly or indirectly, in aggregate, by all members of the IRC in any person or company that provides material services to the Fund or the Manager or in any one or more Canadian chartered bank which provides a loan facility or other credit to the Fund or the Manager is less than 1%.

10.0 FUND GOVERNANCE

Brompton supports good governance practices for its funds. The Fund is managed by the Manager and consequently, the board of directors (the “Board”) and audit committee (the “Audit Committee”) referred to are the Board and Audit Committee of the Manager. The Board is responsible for the overall stewardship of the business and affairs of the Fund. The Board consists of 4 directors, 2 of whom are not involved in the management of the Fund. Details regarding the names, principal occupations and committee memberships of the Board are set out in section 8.1.5 of this Annual Information Form. The Board believes that the number of directors is appropriate.

Certain Board members are also members of the Audit Committee. The Audit Committee consists of 3 members, 2 of whom are not involved in the management of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the Fund’s financial statements and the annual audit performed by PWC, the auditor of the Fund, and oversight of internal controls and of the Fund’s compliance with tax laws and regulations. PWC reports to the Audit Committee and the Audit Committee and PWC have direct communication channels to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund’s approach to governance issues. To ensure the proper management of the Fund and compliance with regulatory requirements, the Board has adopted policies, procedures and guidelines relating to business practices, risk management control, and internal conflicts of interest. As part of managing its business practices, the Board has adopted a whistleblower policy, a privacy policy and a proxy voting policy. The whistleblower policy establishes a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters pertaining to the Fund. The privacy policy dictates the manner in which the Fund and the Manager may collect, use and disclose personal information regarding Unitholders. The proxy voting policy is described in section 10.2 of this Annual Information Form. As part of its risk management, the Board has adopted a disclosure policy. The disclosure policy sets out guidelines that aim to ensure that complete, accurate and balanced information is disclosed to the public in a timely, orderly and broad-based manner in accordance with securities laws and regulations. As part of managing potential internal conflicts of interest, the Board has adopted a code of business ethics and an insider trading policy. The code of business ethics and insider trading policy address, among other things, ethical business practices and handling of material information and purchasing or selling of securities by insiders.

NI 81-107 requires the Manager to have policies and procedures relating to conflicts of interest and the Manager has such policies and procedures in place.

In accordance with NI 81-107, the Manager has appointed an IRC to deal with potential conflict of interest matters between the Manager and the Fund. See section 8.1.6 of this Annual Information Form.

The Manager maintains a website for the Fund at www.bromptongroup.com. The mandate of the Board is available on the website. The Manager has an investor relations line to respond to inquiries from Unitholders which is 1-866-642-6001.

10.1 Composition of the Independent Review Committee

As indicated in section 8.1.6 of this Annual Information Form, the IRC is comprised of three members, who were appointed by the Manager in accordance with NI 81-107. Subsequent to this initial appointment by the Manager, the IRC shall, taking into consideration any recommendation of the Manager, fill vacancies on the IRC, provided that if for any reason the IRC has no members, the Manager shall fill the vacancies.

10.2 Proxy Voting Policy

Unitholders will have no voting rights in respect of securities held by the Fund. The Fund has delegated to the Manager the responsibility for voting on matters for which the Fund receives, in its capacity as a securityholder, proxy materials for a meeting of securityholders of an issuer included in the Portfolio. In fulfilling these duties, the Manager has appointed the Portfolio Manager to vote proxy materials relating to Portfolio securities and has adopted the written policies and procedures of the Portfolio Manager.

The proxies associated with securities held by the Fund will be voted in accordance with the best interests of Unitholders determined at the time the vote is cast. The Portfolio Manager maintains policies and procedures that are designed to be guidelines for the voting of proxies; however, each vote is ultimately cast on a case-by-case basis, taking into consideration the relevant facts and circumstances at the time of the vote. Any conflict of interest will be resolved in a way that most benefits Unitholders.

The Portfolio Manager's proxy voting policies and procedures set out various considerations that the Portfolio Manager will address when voting, or refraining from voting, proxies, including that:

- a) the Portfolio Manager will generally vote with management on routine matters such as electing corporate directors, appointing external auditors and adopting or amending management compensation plans unless it is determined that supporting management's position would not be in the best interests of Unitholders;
- b) the Portfolio Manager will address on a case-by-case basis, non-routine matters, including those business issues specific to the issuer or those raised by shareholders of the issuer with a focus on the potential impact of the vote on the Net Asset Value; and
- c) the Portfolio Manager has the discretion whether or not to vote on routine or non-routine matters.

In cases where the Portfolio Manager determines that it is not in the best interests of Unitholders to vote, the Portfolio Manager will not be required to vote.

The policies and procedures that the Fund follows when voting proxies relating to Portfolio securities are available on request, at no cost, by calling 1-866-642-6001 or by writing to the Manager at Suite 2930, Box 793, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

The Fund's voting record for the period ended June 30 of each year will be available free of charge to any Unitholder upon request at any time after August 31 of that year. The Fund makes its proxy voting record available on its website at www.bromptongroup.com.

10.3 Use of Derivatives

The Fund may invest in or use derivative instruments for hedging, investment or leverage purposes consistent with the Investment Objective and the Investment Strategy and subject to the Investment Restrictions. A derivative is generally an instrument, agreement or security, the market price, value or payment obligations of which are derived from, referenced to or based on an underlying security, interest, benchmark or formula.

The Portfolio Manager actively manages currency exposure by hedging foreign currencies that it believes are at risk of devaluing relative to the Canadian dollar. The Portfolio Manager has discretion to hedge up to 100% of the value of the Portfolio denominated in foreign currencies to the Canadian dollar. The Portfolio Manager is responsible for establishing trading limits and other controls on derivative trading. The derivatives positions are regularly monitored by the Portfolio Manager and the Portfolio Manager reports at least quarterly to the Board and/or the Manager with respect to same.

The Manager monitors the use of derivatives in the Fund on a regular basis to ensure the notional amount of the derivatives does not exceed 100% of the Fund's foreign currency exposure. The Manager has written policies and procedures in place with respect to the review of derivative trading to ensure the Fund remains in compliance with the Investment Strategy and Investment Restrictions. The policies are reviewed at least annually by the Board.

Considering the parameters set out in NI 81-102, along with the Manager's policies and procedures relating to derivatives risk management, no stress testing is conducted specifically with respect to positions maintained by the Fund.

10.4 Leverage and Use of Short-Selling

The Fund may employ leverage (including by way of engaging in short selling) of up to 20% of the Total Assets for the purposes of acquiring assets for the Portfolio and such other short term funding purposes as may be determined by the Portfolio Manager from time to time and implemented in accordance with the Investment Strategy. Accordingly, at the maximum leverage level, the Fund's assets to equity ratio would be 1.25:1. Derivatives used solely for currency hedging purposes are not included for the purposes of the maximum leverage calculation. In the event that leverage (including short positions) exceeds 20% of the Total Assets, the Fund will sell Portfolio securities and/or repurchase short positions in an orderly manner and use the proceeds therefrom to reduce the leverage (including short positions) to or below 20%. The Fund may borrow at fixed or floating rates, either directly or indirectly through hedging strategies. Currently, the Fund does not have any borrowings.

The Portfolio Manager is responsible for establishing trading limits and other controls on leverage and short-selling. The leverage ratio is regularly monitored by the Portfolio Manager and the Portfolio Manager reports at least quarterly to the Board and/or the Manager with respect to same.

The Manager monitors the use of leverage and short-selling in the Fund on a regular basis to ensure the leverage level does not exceed 20% of the Total Assets. The Manager has written policies and procedures in place with respect to the review of short-selling activities to ensure the Fund remains in compliance with the Investment Strategy and Investment Restrictions. The policies are reviewed at least annually by the Board.

10.5 Short-Term Trades

The Units trade on the TSX. The Fund does not have policies and procedures in place to monitor, detect and deter short-term trading given that:

- a) the Fund is a closed-end investment trust;
- b) Unitholders are only permitted to redeem Units on a monthly or an annual basis;
- c) monthly redemptions of Units are at a discount to the Net Asset Value per Unit and are equal to the lesser of (i) 94% of the Market Price, and (ii) 100% of the Closing Market Price, less, any costs and expenses associated with the redemption including brokerage costs;
- d) the annual redemption of Units is based on the Net Asset Value per Unit on the second last business day of January, less any costs or expenses associated with the redemption, including brokerage costs;

- e) for the purpose of calculating the Annual Redemption Amount, the value of any security is equal to the weighted average trading price over the last three Business Days of the month of January; and
- f) redemptions require more than 4 weeks to process from the date a holder notifies CDS of their redemption request to the date the redemption proceeds are paid out.

11.0 INCOME TAX CONSIDERATIONS

The following is 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. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Income 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 Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have such Units treated as capital property by making an election in accordance with subsection 39(4) of the Income Tax Act. This summary does not apply to a Unitholder who enters into, or has entered into, a "derivative forward agreement", as that term is defined in the Income Tax Act, with respect to Units.

This summary is based on the current provisions of the Income Tax Act, the Tax Proposals and an understanding of the current published administrative policies and assessing practices of the CRA and the Tax Proposals. 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 provincial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is also based on the assumption that the Fund will at no time be a SIFT Trust, within the meaning of the SIFT Rules. Provided that the Fund does not hold "non-portfolio property" as defined in the SIFT Rules, it will not be a SIFT Trust. Based upon the Investment Restrictions, the Fund will not hold any "non-portfolio property". If the Fund were to become a SIFT Trust within the meaning of the SIFT Rules, the income tax considerations would be materially different, in some respects, from those described below. This summary is also based on the assumption that the Fund will continue to comply with the Investment Restrictions.

This summary is not exhaustive of all possible Canadian federal 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 the investor's particular circumstances including the province/territory or provinces and/or territories in which the investor resides or carries on business. No views are expressed herein in respect of the deductibility of interest on any funds borrowed by a Unitholder 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.

11.1 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 Income Tax Act, and that the Fund elected under the Income Tax Act to be a mutual fund trust from the date it was established. 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.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents, unless all or substantially all of its property is property other than “taxable Canadian property” as defined in the Income Tax Act.

11.2 Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Income Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. The Fund intends to make sufficient Distributions to Unitholders in each taxation year so that the Fund is not liable to pay tax under Part I of the Income Tax Act for the taxation year, other than tax on net realized taxable capital gains that would be refunded to it with respect to such taxation year.

In computing its income for a taxation year, the Fund will be required to include all dividends received in the year on securities in the Portfolio.

With respect to an issuer that is a trust resident in Canada whose units are included in the Portfolio and held as capital property for the purposes of the Income Tax Act, and that is not subject in a taxation year to tax under the SIFT Rules, the Fund is required to include in its income such portion of the net income and the taxable portion of net realized capital gains of such issuer as is paid or becomes payable to the Fund in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided that appropriate designations are made by the issuer, any net taxable capital gains realized by the issuer, any foreign source income of the issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Fund and are designated by the issuer in respect of the Fund will effectively retain their character as such in the hands of the Fund. The Fund is generally required to reduce the adjusted cost base of the units of such issuer structured as a trust resident in Canada to the extent that all amounts paid or payable in a year by such issuer to the Fund exceed the sum of the amounts included in the income of the Fund for the year plus the Fund’s share of the non-taxable portion of capital gains of such issuer for the year. To the extent that the adjusted cost base to the Fund of the unit of such issuer would otherwise be less than zero, the negative amount is deemed to be a capital gain realized by the Fund and the Fund’s adjusted cost base of such unit is increased by the amount of such deemed capital gain to zero.

With respect to an issuer that is a limited partnership whose securities are included in the Portfolio and held as capital property for the purposes of the Income Tax Act, and that is not subject in a taxation year to the tax under the SIFT Rules, the Fund is required to include or, subject to certain restrictions, is entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the issuer allocated to the Fund for the fiscal period of the issuer ending in the Fund’s taxation year, whether or not a distribution is received. In general, the adjusted cost base of such securities is the cost of such securities to the Fund plus the share of the income and capital gains of the issuer allocated to the Fund for fiscal years of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the Fund for fiscal years of the issuer ending before the particular time, and less the Fund’s share of any distributions received from the issuer before the particular time. If the adjusted cost base to the Fund of the securities of such an issuer would otherwise be less than zero at the end of the fiscal year of the limited partnership, the negative amount is deemed to be a capital gain realized by the Fund and the Fund’s adjusted cost base of such securities is increased by the amount of such deemed capital gain to zero.

Under the SIFT Rules, each issuer whose securities are included in the Portfolio that is a SIFT Trust or SIFT Partnership (which generally includes income trusts, other than certain real estate investment trusts,

and certain partnerships, the units of which are listed or traded on a stock exchange or other public market) is subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting “non-portfolio properties” (collectively, the “Non-Portfolio Earnings”). Non-Portfolio Earnings that are earned by a SIFT Partnership or are distributed by a SIFT Trust to its unitholders are taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Any Non-Portfolio Earnings that become payable by a SIFT Trust or are earned by a SIFT Partnership are taxed as a taxable dividend from a taxable Canadian corporation and are deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules under the Income Tax Act.

With respect to convertible debentures held in the Portfolio, the Fund is required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by the Fund before the end of that year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Fund’s income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Fund. On a conversion by the Fund of a convertible debenture into shares of a corporation, the Fund is considered not to have disposed of the convertible debenture and to have acquired the shares at a cost equal to the adjusted cost base to the Fund of the convertible debenture immediately before the exchange. On a conversion by the Fund of a convertible debenture into units of an income fund that is a trust or a limited partnership, the Fund is considered to have disposed of the convertible debenture for proceeds of disposition equal to the aggregate of the fair market value of the units so acquired at the time of the conversion (other than any units received in payment of interest) and the amount of any cash received in lieu of fractional units. On a redemption or repayment of a convertible debenture, the Fund is considered to have disposed of the convertible debenture for proceeds of disposition equal to the amount received by the Fund (other than an amount received on account of interest) on such redemption or repayment. On any other disposition by the Fund of a convertible debenture, interest accrued thereon to the date of disposition and not yet due is included in computing the Fund’s income, except to the extent such amount was otherwise included in the Fund’s income, and is excluded in computing the Fund’s proceeds of disposition of the convertible debenture.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a pro rata basis in respect of distributions from the income trust that are a return of capital and which are not reinvested for an income earning purpose. While the ability to deduct interest depends on the facts, based on the jurisprudence and the anticipated nature of income trust distributions, the CRA’s view should not affect the Fund’s ability to deduct interest on money borrowed to acquire units of income trusts included in the Portfolio. If the CRA’s view were to apply to the Fund, part of the interest payable by the Fund in connection with money borrowed to acquire certain Portfolio securities could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders.

The Fund is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing the Units. Such issue expenses will be deductible by the Fund rateably over a five-year period subject to reduction in any taxation year which is less than 365 days. The Fund will generally be entitled to deduct administrative expenses and interest payable by it on money borrowed to purchase securities. Any non-capital losses incurred by the Fund may generally be carried forward or back in accordance with the rules and limitations contained in the Income Tax Act and deducted in computing the taxable income of the Fund.

In determining the income of the Fund, gains or losses realized upon dispositions of securities in the Portfolio will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on an investment business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions

considered to be an adventure or concern in the nature of trade. The Fund has purchased the Portfolio with the objective of earning dividends from the securities in the Portfolio over the life of the Fund and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Fund has elected in accordance with the Income Tax Act to have each of its “Canadian securities” (as defined in the Income Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Fund on the disposition of its “Canadian securities” are capital gains or capital losses, as the case may be.

Generally, the Fund will include gains and deduct losses on income account in connection with investments made through certain derivatives, including certain short sales of securities, except where such derivatives are used to hedge Portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules defined and discussed below, or the short sale is a hedge against identical securities of the Fund that are capital property, and will recognize such gains or losses for tax purposes at the time they are realized by the Fund. In accordance with the CRA’s published administrative practice, gains or losses realized on derivatives hedging with respect to Portfolio securities held on capital account will be treated and reported for purposes of the Income Tax Act on capital account provided there is sufficient linkage.

Gains or losses in respect of currency hedges entered into in respect of amounts invested in the Portfolio may constitute capital gains and capital losses to the Fund if the securities in the Portfolio are capital property to the Fund and provided there is sufficient linkage. The Income Tax Act contains rules (the “DFA Rules”) that target certain financial arrangements (referred to as “derivative forward agreements”) that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted, and could apply to other agreements or transactions (including, certain forward currency contracts). If the DFA Rules were to apply to certain derivatives to be utilized by the Fund, gains realized in respect of such derivatives could be treated as ordinary income rather than capital gains.

The Portfolio of the Fund may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Income Tax Act in Canadian dollars at the exchange rate prevailing on the date of the transaction in accordance with the rules in the Income Tax Act. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income (including 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 paid does not exceed 15% of such income and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a 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 Income Tax Act. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Income Tax Act.

One-half of the amount of any capital gain (a “taxable capital gain”) realized by the Fund in a taxation year on the disposition of Portfolio securities that are capital property of the Fund must be included in computing the Fund’s income for the year, and one-half of the amount of any capital loss (an “allowable capital loss”) realized by the Fund in a taxation year must be deducted against any taxable capital gains realized by the Fund in the year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted by the Fund in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net realized taxable capital gains in accordance with the provisions of the Income Tax Act.

The Fund is 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 Income Tax Act based on the redemptions of Units during the year (“capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

11.3 Taxation of Unitholders

A Unitholder generally will be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including the taxable portion of the Fund’s net realized capital gains, that is paid or payable to the Unitholder of the Fund in the taxation year whether received in cash, Units or reinvested in additional Units including pursuant to the Plan. The non-taxable portion of the Fund’s net realized capital gains that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year and will not reduce the adjusted cost base of the Unitholder’s Units. Any other amount paid or payable by the Fund to a Unitholder that is in excess of such Unitholder’s share of the net income and the net realized capital gains of the Fund for a taxation year generally will not be included in the Unitholder’s income for the year but will reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund, (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit, and (iii) the taxable dividends received, or deemed to be received, by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Income Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules in the Income Tax Act will apply. Any loss incurred by the Fund for purposes of the Income Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder of such fund.

A Unitholder of the Fund who acquires additional Units may become taxable on the Unitholder’s share of any income and gains of the Fund that have accrued or been realized but have not been made payable at the time the additional Units are acquired.

On the disposition or deemed disposition of a Unit, including on a redemption of a Unit, a Unitholder (other than a tax exempt Unitholder) will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition (other than, in the case of a Unit, any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder’s income as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Where capital gains realized by the Fund as a result of the disposition of trust assets have been allocated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income one-half of any capital gain so realized and such amount will not be included in the Unitholder’s proceeds of disposition.

If, at any time, the Fund delivers Portfolio securities to any Unitholder upon a redemption of a Unitholder’s Units on the termination of the Fund, the Unitholder’s proceeds of disposition of the Units will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition of such distributed property. The cost of any property distributed by the Fund in specie will generally be equal to the fair market value of such property at the time of the distribution less any amount that is deductible as interest accrued on such property to the date of distribution and not yet due. Such distributed property may or may

not be a qualified investment for Registered Plans. If such distributed property is not a qualified investment for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of registered education savings plans, revocation of such Registered Plans.

A consolidation of Units following a distribution paid in the form of Additional Units will not be regarded as a disposition of Units.

For the purpose of determining the adjusted cost base to a Unitholder of Units when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property before that time.

In the case of a Unitholder, one-half of any capital gain (“taxable capital gain”) realized on the disposition of Units, and net taxable capital gains of the Fund distributed to the Unitholder, 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 Income Tax Act.

Amounts designated as taxable dividends from taxable Canadian corporations and net realized capital gains paid or payable by the Fund to such Unitholder or realized on the disposition of Units by such Unitholder may increase the Unitholder’s liability for alternative minimum tax.

11.4 Taxation Implications of the Fund’s Distribution Policy

The 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 Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder’s share of income and gains of the Fund that have accrued or been realized, but have not been made payable at the time the Units were acquired, notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. The consequences of acquiring Units late in a calendar year will generally depend on the amount of the monthly distributions throughout the year, if any, and whether one or more year-end special distributions to Unitholders are necessary late in the calendar year to ensure that the Fund will not be liable for income tax under Part I of the Income Tax Act.

Amounts of income distributed by the Fund to a Registered Plan are generally not taxable under Part I of the Income Tax Act while retained in a Registered Plan, provided that the Units are qualified investments under such plan. Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

12.0 REMUNERATION OF DIRECTORS, OFFICERS, IRC AND TRUSTEES

The Manager is paid the Management Fee as disclosed in section 8.1.1 of this Annual Information Form. The directors of the Manager do not receive any fees from the Fund. The Fund pays the fees of the IRC which for 2015 were \$6,250 per member as determined by the IRC based on recommendations by the Manager. The Fund pays the expenses of the IRC and directors incurred on behalf of the Fund. No expenses were paid in 2015.

For the year ended December 31, 2015, the Trustee was paid an aggregate amount of \$3,421 on account of its fees and expenses incurred in its capacity as trustee of the Fund.

13.0 MATERIAL CONTRACTS

The Fund and/or the Manager, on behalf of the Fund, are party to the Declaration of Trust, the Management Agreement, the Portfolio Management Agreement and the Custodian Agreement. Copies of these material contracts may be accessed by prospective or existing Unitholders at www.sedar.com under the Fund's profile. They are also available at the Fund's office during normal business hours. Details regarding each of these contracts are provided in section 1.1 of this Annual Information Form in the case of the Declaration of Trust and in section 8 of this Annual Information Form in the case of the Management Agreement, the Portfolio Management Agreement and the Custodian Agreement.

14.0 OTHER MATERIAL INFORMATION

14.1 Risk Factors

Certain risk factors relating to the Fund and the Units are described below. 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 business, financial condition, liquidity or results of operations of the Fund and the ability of the Fund to meet its Investment Objective and make Distributions on the Units could be materially adversely affected.

No Assurances on Achieving the Investment Objective

There is no assurance that the Fund will be able to achieve its Investment Objective. Furthermore, there is no assurance that the Fund will be able to pay Distributions in the short or long term nor is there any assurance that the Net Asset Value will appreciate or be preserved. Changes in the weightings of the Fund Investments in the Portfolio resulting from stock price movements can affect the overall return to Unitholders.

Loss of Investment and No Guaranteed Return

An investment in the Fund is appropriate only for investors who have the capacity to absorb investment losses. There is no guarantee that an investment in the Fund will earn any positive return in the short or long term. If the return on the Portfolio is less than the amount necessary to fund the monthly Distributions and all expenses of the Fund and if the Manager chooses nevertheless to ensure that monthly Distributions are paid to Unitholders, this would result in a portion of the capital of the Fund being returned to Unitholders and, accordingly, the Net Asset Value per Unit would be reduced. The amount of distributions may fluctuate from month to month and there can be no assurance that the Fund will make any Distribution in any particular month or that Distributions will be paid at the indicative Distribution target.

Recent and Future Global Financial Developments

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful or these economies will not be adversely affected by the inflationary pressures resulting from such efforts or central banks' efforts to slow inflation. Further, continued market concerns about the European sovereign debt crisis, may adversely impact global equity markets. Some of

these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Fund and the value of the Fund Investments in the Portfolio. A substantial decline in the North American equities markets could be expected to have a negative effect on the Fund and the market price of the Units.

Market Disruptions

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the securities held in the Portfolio.

Use of Derivative Instruments

The Fund is subject to the full risk of its investment position in the securities comprising its Portfolio should the market price of such securities decline. The use of derivative instruments involves risks different from and possibly greater than the risks associated with investing directly in such securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk, trading execution risk and short selling risk. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index.

In entering into forward contracts, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is risk of loss by the Fund of margin deposits in the event of the bankruptcy of the dealer with whom the Fund has an open position in a futures or forward contract. The ability of the Fund to close out its positions may also be effected by exchange imposed daily trading limits on futures contracts. If the Fund is unable to close out a position it will be unable to realize its profit or limit its losses until such time as the futures or forward contract terminates, as the case may be. The inability to close out futures and forward positions could also have an adverse impact on the Fund's ability to use derivatives instruments to effectively hedge the Portfolio or implement its Investment Strategy.

Use of Short Selling

Selling securities short may result in the loss of an amount greater than the amount invested since there is theoretically no limit to the price to which the securities that have been sold short may rise before the short position is closed out. In addition, the supply of securities which can be borrowed in order to maintain short positions fluctuates from time to time. There is no assurance that the lender of securities or financial instruments will not require the security to be repaid before the Portfolio Manager wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that any borrowing fee will not increase during the borrowing period, adding to the expense of a short sale strategy. In addition, there is no assurance that a security sold short can be repurchased due to supply and demand constraints in the marketplace.

Composition of the Portfolio

The composition of the Portfolio may vary widely from time to time and may from time to time be concentrated by type of security, commodity, industry or geography, resulting in the Portfolio being less diversified than anticipated.

Trading Price of Units and Risks Relating to Redemptions

The Units may trade in the market at a discount to the Net Asset Value per Unit and there can be no assurance that the Units will trade at a price equal to the Net Asset Value per Unit. Units will be redeemable at 100% of the Net Asset Value per Unit on an Annual Redemption Date less any costs and expenses associated with the redemption. The purpose of the annual redemption right is to reduce or eliminate the discount at which Units trade to the Net Asset Value per Unit and to provide investors with the right to eliminate entirely any trading discount once per year. While the redemption right provides investors the option of annual liquidity, there can be no assurance that it will reduce trading discounts. If a significant number of Units are redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units. The Manager has the ability to terminate the Fund if, in its opinion, it would be in the best interests of the Unitholders to do so. The Manager may also suspend the redemption of Units as described in section 7.4 of this Annual Information Form.

Liquidity Risk

If the Portfolio Manager determines that it is appropriate to acquire certain securities for the Portfolio, the Portfolio Manager may be unable to acquire such securities in quantities or at prices which are acceptable to the Portfolio Manager, if the market for such securities is particularly illiquid. In addition, if the Portfolio Manager is unable, or determines that it is inappropriate, to dispose of some or all of the Portfolio securities prior to the termination of the Fund, Unitholders may, subject to applicable laws, receive distributions of securities *in specie* upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration.

Taxation of the Fund

In determining its income for tax purposes, the Fund will treat gains and losses realized on the disposition of securities held by it as capital gains and capital losses in accordance with the CRA's published administrative practice. The CRA's practice is not to grant advance income tax rulings on the character of items as capital or income and no advance income tax ruling has been applied for or received from the CRA. If some or all of the transactions undertaken by the Fund were treated on income rather than capital account, the net income of the Fund for tax purposes and the taxable component of Distributions to Unitholders could increase.

If the SIFT Rules become applicable to the Fund, it will be subject to a tax on certain income (other than taxable dividends), commencing in the taxation year in which it becomes a SIFT Trust, notwithstanding that the income is distributed to Unitholders. If the Fund were to become a SIFT Trust within the meaning of the SIFT Rules, the income tax considerations could be materially and adversely different in certain respects.

If the Fund ceases to qualify as a "mutual fund trust" under the Income Tax Act, the income tax considerations would be materially and adversely different in certain respects. There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.

Exchange of Tax Information

The Fund is required to comply with due diligence and reporting obligations imposed under amendments to the Income Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Units continue to be listed on the TSX, the Fund should not have any U.S. reportable accounts and, as a result, it should not be required to provide information to the CRA in respect of Unitholders. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Unitholders may be requested to provide information to their dealer in order to allow the dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if the Unitholder does not provide the requested information, the Unitholder's dealer will be required by the Income Tax Act to report certain information about the Unitholder's investment in the Fund to the CRA, unless the Units are held by a registered plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Changes in Legislation and Regulations

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs, the treatment of mutual fund trusts under the Income Tax Act and securities legislation applicable to the Fund will not be changed in a manner which adversely affects the Fund or the Unitholders. If such laws change, such changes could have a negative effect upon the value of the Fund, the Units and upon investment opportunities of the Fund.

Foreign Currency Exposure

As the Portfolio may include securities traded in foreign currencies, and because a large proportion of the operating costs, revenue or assets of issuers may be valued in foreign currencies, the Net Asset Value, when measured in Canadian dollars, will, to the extent that it has not been hedged against, be affected by changes in the value of the foreign currencies relative to the Canadian dollar. The Fund may not be fully hedged and distributions received on the Portfolio may not be hedged and accordingly no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates. The Fund cannot hedge against operating costs or revenue of the issuers included in the Portfolio that are denominated in foreign currencies. Accordingly, no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates.

The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the assessment of certain market movements is incorrect, the risk that the use of hedges could reduce total returns or result in losses greater than if the hedging had not been used. The costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

Performance Fees

The estimated Performance Fee is accrued daily as a liability of the Fund, thereby reducing the Net Asset Value per Unit. The redemption price received by an investor whose Units are redeemed during a calendar year will reflect an accrual for the Performance Fee, based on any increase in the Net Asset Value per Unit from the High Water Mark from the date of determination of the then current High Water Mark to but not including the date of redemption. The amount of such accrued Performance Fee on any redeemed Units will be paid immediately following such redemption. No adjustment will be made to the redemption price or to the amount payable for the Performance Fee if the Fund's performance subsequently declines.

The Performance Fee may create an incentive to engage in investment strategies and make investments that are more speculative than would be the case in the absence of such payments.

Status of the Fund

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds including, without limitation, NI 81-102. The Fund is a mutual fund trust for purposes of the Income Tax Act.

Sensitivity to Interest Rate Fluctuations

It is anticipated that the market price for the Units and the value of the Fund Investments at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units and increase the cost of borrowing of the Fund, if any. Unitholders who wish to redeem or sell their Units may, therefore, be exposed to the risk that the redemption price or sale price of the Units will be negatively affected by interest rate fluctuations.

Reliance on the Manager and the Portfolio Manager

The Manager is responsible for providing, or arranging for the provision of, management and administrative services including investment and portfolio management services required by the Fund. The Portfolio Manager is responsible for establishing, maintaining, leveraging and hedging the Portfolio. Investors who are not willing to rely on the Manager and Portfolio Manager should not invest in Units.

Conflict of Interest

The Manager and the Portfolio Manager and their respective directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives and/or a similar investment strategy to those of the Fund. Although none of the directors or officers of the Manager or the Portfolio Manager devotes his or her full time to the business and affairs of the Fund each director and officer of the Manager and the Portfolio Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of the officers) the Fund. The Manager will refer conflict of interest matters to the Fund's IRC in accordance with NI 81-107.

The Portfolio Manager has other accounts under management that may invest in the same types of assets and securities with similar or different investment objectives to the Fund. If the Fund and one or more of the other clients of the Portfolio Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis and subject to the provisions of NI 81-107.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Unitholders will not own the securities held by the Fund. The Units represent a fractional interest in the assets of the Fund. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. Units are also dissimilar to debt instruments in that there is no principal amount owing to Unitholders.

Not a Trust Company

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under provisions of that Act or any other legislation.

General Risks of Investing in Equity Securities

The Fund is 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. In addition, issuers of equity securities may reduce or eliminate dividends.

Fluctuation in Value of the Fund Investments and Performance of the Portfolio

The value of the Units will vary according to the value of the equity securities included in the Portfolio, which will depend, in part, upon the performance of the issuers of such securities. The performance of the issuers included in the Portfolio will be influenced by a number of factors which are not within the control of the Fund, the Manager or the Portfolio Manager, including materials and other commodity prices, operational risks relating to the specific business activities of such issuers, industry competition, uncertainty and costs of funding capital projects, development of new technology, protection of intellectual property, risks relating to infringement of third party intellectual property, interest rates, exchange rates, environmental, health and safety risks, political and economic risks, issues relating to government regulation and risks relating to operating in foreign jurisdictions.

Nature of Units

Units are dissimilar to debt instruments in that there is no principal amount owing Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

Leverage

The Fund may employ leverage (including by way of engaging in short selling) of up to 20% of Total Assets (equivalent to up to 25% of the Net Asset Value). As a result of fluctuations in the prices of the assets in the Portfolio, leverage may temporarily, and from time to time, exceed 20%. The addition of leverage has the potential to enhance returns but also involves additional risks. There can be no assurance that the leverage employed by the Fund will enhance returns. The use of leverage may reduce returns to Unitholders. If there is a decline in the value of the assets in the Portfolio, the leverage will cause a decrease in the Net Asset Value in excess of that which would otherwise be experienced if no leverage was utilized. Under certain conditions, leverage may be reduced or discontinued.

14.2 Future Accounting Changes

The final version of IFRS 9, *Financial Instruments*, was issued by the International Accounting Standards Board in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however, it is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The

Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

ANNUAL INFORMATION FORM FOR TAYLOR NORTH AMERICAN EQUITY OPPORTUNITIES FUND

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181 Bay Street, Toronto, Ontario M5J 2T3
Telephone: (416) 642-6000
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Website: www.bromptongroup.com

ADDITIONAL INFORMATION:

Additional information about the Fund is available in the Fund's management report of fund performance and financial statements. Copies of these documents may be obtained at no cost:

- By calling (416) 642-6000 or toll-free at 1-866-642-6001,
- Direct from your dealer, or
- By e-mail at info@bromptongroup.com.

Copies of these documents and other information about the Fund are also available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com.