

MACCs SUSTAINABLE YIELD TRUST

Annual Information Form

April 28, 2006

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ITEM 3 – NAME, FORMATION AND HISTORY OF THE TRUST

MACCs Sustainable Yield Trust (the “Trust”) is a closed-end investment trust and its registered office is located at 156 Duncan Mill Road, Toronto, Ontario M3B 3N2. The Trust was established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of January 28, 2005 (the “Declaration of Trust”). The Trust closed its initial public offering on February 18, 2005 with the placement of 3,250,000 transferable, redeemable trust units of the Trust (the “Units”) to holders of units of the Trust (the “Unitholders”) at \$10.00 per Unit for aggregate gross proceeds of \$32,500,000. On March 3, 2005 the Trust closed an over-allotment option of 280,000 units at \$10.00 per Unit for aggregate gross proceeds of \$2,800,000.

Pursuant to the Declaration of Trust, MACCs Administrator Inc. has been appointed the trustee of the Trust (the “Trustee”). MACCs Administrator Inc. is also the manager of the Trust (the “Manager”). The Manager, on behalf of the Trust, has retained YMG Capital Management Inc. as the investment manager of the Trust (the “Investment Manager”) and State Street Trust Company Canada as the custodian of the Trust’s property (the “Custodian”).

ITEM 4 – INVESTMENT RESTRICTIONS

4.1 Securities Law Matters

The Trust is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Trust is not subject to the various policies and regulations that apply to mutual funds under such legislation. The Trust is subject to certain other requirements and restrictions contained in applicable securities laws, including National Instrument 81-106 Investment Fund Continuous Disclosure, which governs the continuous disclosure obligations of investment funds, such as the Trust.

4.2 Investment Objectives and Strategy

The investment objectives of the Trust as set out in the Declaration of Trust are to maintain an SR-1 Stability Rating from Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”) on the Units and to provide Unitholders with monthly distributions (the “Investment Objectives”). In order to achieve its Investment Objectives, the Trust has invested the net proceeds from the issuance of the Units, together with borrowings, in a diversified portfolio of income funds (the “Portfolio”), constructed by the Investment Manager based on criteria which it believes are reflective of the requirements for achieving an SR-1 Stability Rating from S&P. The income funds which comprised the portfolio as at December 31, 2005 were selected by the Investment Manager based on the following criteria (the “Portfolio Criteria”):

- each income fund was publicly rated by either S&P or Dominion Bond Rating Service Limited;

- each income fund had a minimum float capitalization of \$400 million;
- each income fund had a stability rating of SR-5 or higher (or equivalent); and
- each income fund had a yield of at least 6.50% per annum.

The Declaration of Trust requires the Trust makes its investments in accordance with the Investment Objectives, the Investment Strategy (the “Investment Strategy”) and subject to the investment restrictions (the “Investment Restrictions”) set out in the Declaration of Trust. Any change in the Investment Objectives, Investment Strategy or Investment Restrictions may only be undertaken with the approval of the Unitholders by a resolution passed by the affirmative vote of at least 66 $\frac{2}{3}$ % of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of approving such a resolution (an “Extraordinary Resolution”) or by the Manager, in its discretion, if the Manager deems such change necessary to maintain the Trust’s SR-1 Stability Rating. If the Manager makes any such change, the Manager will provide Unitholders with notice of the amended Investment Objectives, Investment Strategy or Investment Restrictions.

4.3 Investment Restrictions – Tax Matters

The Units are qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

The Declaration of Trust sets out the Investment Restrictions to which the Trust is subject. These Investment Restrictions include restrictions relating to certain matters that arise out of provisions of the Tax Act, which restrict the ability of the Trust to:

- (a) make or hold any investment that would result in the Trust failing to qualify as a “unit trust” within the meaning of paragraph 108(2)(b) of the Tax Act;
- (b) make or hold any investment that would result in the Trust failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (c) invest in or hold “foreign property” if the “cost amount” (as those terms are defined in the Tax Act) to the Trust of all foreign property held by it would cause the Trust to be subject to tax under Part XI of the Tax Act or would cause Units to be foreign property under the Tax Act or engage in any other transaction that would cause the Trust to be liable to tax under Part XI of the Tax Act; or
- (d) invest in the securities of any non-resident corporation or trust or other non-resident entity if the Trust would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed sections 94.1 or 94.3 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities released on July 18, 2005 (or

amendments to such proposals, provisions as enacted into law or successor provisions thereto).

During the year-ended December 31, 2005 the Trust has not deviated from the rules under the Tax Act that apply to the status of the Units qualifying for inclusion in registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans registered under the Tax Act, registered investments within the meaning of the Tax Act or non-foreign property under the Tax Act.

ITEM 5: DESCRIPTION OF SECURITIES OFFERED BY THE TRUST

5.1 Voting Rights

Pursuant to the Declaration of Trust, the Trust is authorized to issue an unlimited number of a single class of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Trust (the “Units”). Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no holder of Units is entitled to any privilege, priority or preference in relation to any other holder of Units. Each holder of Units is entitled to one vote for each whole Unit held and is entitled to participate equally with respect to any and all distributions made by the Trust, including distributions of net income and net realized capital gains, if any.

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 Trust 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.

5.2 Rights on Liquidation or Termination

On termination or liquidation of the Trust, the holders of outstanding Units of record are entitled to receive on a pro rata basis all of the assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses of the Trust. Fractions of Units may be issued which will 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.

5.3 Distributions

The Declaration of Trust provides that cash distributions are payable to Unitholders of record on the last business day of each month, to be paid on or before the 15th day following the month end. The level of distributions paid by the Trust to Unitholders will depend upon the distributions and dividends received from the income funds included in the Trust’s Portfolio after deducting expenses and accrued liabilities of the Trust, and as

such, is expected to fluctuate from month to month. There can be no assurance that the Trust will make any distributions in any particular month or months.

5.4 Unitholder Approval

Pursuant to the Declaration of Trust certain matters require the approval of Unitholders by a resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions in that regard contained in the Declaration of Trust or by written consent in lieu of a meeting if there is only one Unitholder. Not less than 21 days' notice will be given for any meeting of Unitholders. The quorum for any meeting of Unitholders called to consider a matter requiring the approval of Unitholders is two or more Unitholders present in person or represented by proxy holding not less than ten percent (10%) of the Units then outstanding. Unless the meeting was requisitioned by Unitholders, if no quorum is present at such meeting when called, the meeting shall be adjourned for not more than 14 days and the Unitholders present in person or represented by proxy at such adjourned meeting will form the necessary quorum. If the meeting was requisitioned by Unitholders and if a quorum is not present, the meeting shall be terminated. At any such meetings, each Unitholder will be entitled to one vote for each Unit held.

Pursuant to the Declaration of Trust, the following matters require the approval by Extraordinary Resolution by Unitholders voting thereon (other than items (g), (i), and (k), which require approval by a simple majority vote) at a meeting called and held for such purpose:

- (a) a change in the fundamental Investment Objectives of the Trust other than as described under Item 4.2;
- (b) a change in the Investment Restrictions of the Trust unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (c) any change in the basis of calculating fees or other expenses that are charged to the Trust which could result in an increase in charges to the Trust other than a fee or expense charged by a person or company that is at arm's length to the Trust and for which Unitholders are sent a written notice of such change at least 60 days before the effective date of such change;
- (d) a change of the Manager of the Trust, other than a change resulting in an affiliate of such person, the Investment Manager or an affiliate of the Investment Manager assuming such position or a removal of the Trustee of the Trust;
- (e) a reorganization with, or transfer of assets to, a mutual fund trust, if
 - (i) the Trust ceases to continue after the reorganization or transfer of assets; and

- (ii) the transaction results in Unitholders becoming securityholders in the mutual fund trust;
- (f) a reorganization with, or acquisition of assets of, a mutual fund trust, if
 - (i) the Trust continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the mutual fund trust becoming Unitholders of the Trust; and
 - (iii) the transaction would be a significant change to the Trust;
- (g) a termination of the Trust where no approved credit rating organization is in the business of assigning stability ratings to income funds;
- (h) a termination of the Trust in circumstances other than in (g), except that the Manager may, in its discretion, terminate the Trust without the approval of Unitholders if, in the opinion of the Manager, the Net Asset Value of the Trust is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Trust and it would be in the best interests of the Unitholders to terminate the Trust;
- (i) the issuance of additional Units if for net proceeds of less than 100% of NAV per Unit;
- (j) an amendment, modification or variation in the provisions or rights attaching to the Units; and
- (k) a reduction in the frequency of calculating the NAV per Unit.

The Trustee may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including 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 or regulation applicable to or affecting the Trust;
- (b) make any change or correction in the Declaration of Trust 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 regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the rights, privileges or interests of the Unitholders;

- (d) maintain, or permit the Trustee to take such steps as may be desirable or necessary to maintain, the status of the Trust as a "mutual fund trust" and a "registered investment" for the purposes of the Tax Act; or
- (e) provide added protection to Unitholders.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which do not require the approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

Unitholders holding not less than twenty percent (20%) of the then outstanding Units may requisition the Trustee or the Manager to call a meeting of Unitholders for the purpose stated in the requisition.

Unitholders are also entitled to redeem Units pursuant to the terms of the Declaration of Trust, which redemption rights are set out in further detail under the heading "Redemption of Securities."

ITEM 6: VALUATION OF PORTFOLIO SECURITIES

The aggregate value of all the assets of the Trust (the "Total Assets") is determined in accordance with terms of the Declaration of Trust by State Street Fund Services Toronto Inc. (the "Valuation Agent") in its capacity as valuation agent under the valuation services agreement (the "Valuation Services Agreement"). The valuation is determined, at a minimum, on Thursday of each week if the Toronto Stock Exchange (the "TSX") is open on such day (a "Business Day"), or if any Thursday is not a Business Day, the immediately preceding Business Day and on the last Business Day in July of each year unless it is the date the Trust is terminated (the "Redemption Date") and on any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value (each, a "Valuation Date") at the time of closing of the TSX (the "Valuation Time"). The value of the Total Assets of the Trust is determined as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, distributions, dividends or other amounts received (or declared to holders of record of securities owned by the Trust on a date before the Valuation Time as of which the Total Assets are being determined, and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof provided that if the Valuation Agent has determined that any such deposit, bill, demand note, accounts receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Trust on a date before the Valuation Time as of which the Total Assets are being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Valuation Agent determines to be the fair market value thereof;

- (b) on any day other than a Redemption Date, 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 Valuation Agent) shall 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 offer price and the latest available bid price (unless in the opinion of the Valuation Agent such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), as at the Valuation Time on which the Total Assets are being determined, all as reported by any means in common use;
- (c) on a Redemption Date, 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 exchange for the security, as determined by the Valuation Agent) will be determined by taking the lesser of (i) the volume weighted average trading price of the security on that day, and (ii) the volume weighted average trading price over the last five Business Days of the month in which the Redemption Date occurs, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Valuation Agent such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Time on which the Total Assets are being determined, all as reported by any means in common use;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer in such securities or as the Valuation Agent determines to be the fair market value;
- (e) the value of any purchased or written clearing corporation options, options on futures or over-the-counter options, debt like securities and listed warrants shall be the current market value thereof;
- (f) the value of any security or other asset for which a market quotation is not readily available will be its fair market value at the Valuation Time on which the Total Assets are being determined as determined by the Valuation Agent (generally the Valuation Agent will value such asset at cost until there is a clear indication of an increase or decrease in value);
- (g) any market price reported in currency other than Canadian dollars shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Valuation Agent, including, but not limited to, the Valuation Agent or any of its affiliates;
- (h) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Valuation Agent 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 Valuation Agent; and

- (i) the value of any security or property to which, in the opinion of the Valuation Agent, in consultation with the Manager, the above principles cannot be applied or are inappropriate (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Valuation Agent, in consultation with the Manager, from time to time adopts.

ITEM 7: CALCULATION OF NET ASSET VALUE

The redemption price of securities of the Trust is based on the Trust's Net Asset Value per Unit. Pursuant to the Declaration of Trust, the Net Asset Value per Unit is to be calculated as of each Valuation Time on each Valuation Date by the Valuation Agent.

The Net Asset Value on a particular date will be equal to the aggregate value of the Total Assets of the Trust less the aggregate value of the liabilities of the Trust, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date, expressed in Canadian dollars, before giving effect to any issuances or redemptions to be effected as of such date. The NAV per Unit on any day will be obtained by dividing the NAV of the Trust on such day by the number of Units then outstanding.

ITEM 8: PURCHASES AND SWITCHES

All of the currently issued and outstanding Units were issued in connection with the initial public offering of the Trust. Additional Units may be issued from time to time pursuant to rights offerings, warrant offerings, option offerings and instalment receipt offerings and via the issuance of fully paid Units.

The Units are listed for trading on the TSX under the symbol MYT.UN and may be purchased or traded only through the facilities of the TSX. Registration of interests in and transfers of the Units is made only through the book-entry only system operated by the Canadian Depository for Securities Limited ("CDS"). Units must be purchased, transferred and surrendered for redemption through a participant in CDS (a "CDS Participant"). All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled is made or delivered by, CDS or the participant through which the Unitholder holds such Units. 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 Units are purchased.

ITEM 9: REDEMPTION OF SECURITIES

Starting in July 2006, Units may be redeemed annually, provided that notice of the redemption is provided to Computershare Investor Services Inc. (the "Registrar and Transfer Agent") no later than 5:00 p.m. (Toronto time) on the date which is at least 15

Business Days prior to the last Business Day of July of such year (except if the relevant Redemption Date is the date the Trust is terminated (the “Termination Date”)), being the day that redemptions will occur. Units surrendered for redemption by a Unitholder during such time will be redeemed on the Redemption Date and the Unitholder will receive payment on or before the 15th Business Day following the applicable Redemption Date (the “Redemption Payment Date”).

Redeeming Unitholders will be entitled to receive a redemption price per Unit (the "Unit Redemption Price") equal to 100% of the NAV per Unit determined as of the Redemption Date less any costs of funding the redemption, including commissions, subject to the Manager's right to suspend redemptions in certain circumstances. Any unpaid distribution payable on or before the Redemption Date in respect of Units tendered for redemption on such Redemption Date will be paid on the Redemption Payment Date. The NAV per Unit will vary depending on a number of market factors, including interest rates, volatility in the equity markets and changes in the market price of the Portfolio securities.

An owner of Units who desires to redeem Units must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice of the owner's intention to redeem Units within the time limitations prescribed by CDS. An owner who desires to redeem Units should ensure that the CDS Participant is provided with notice (the "Redemption Notice") of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the Registrar and Transfer Agent in advance of the required time. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

Except as described below under “Redemption of Securities — Suspension of Redemptions”, by causing a CDS Participant to deliver to CDS a notice of the owner's intention to redeem Units, an owner shall 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 the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice delivered by a CDS Participant regarding an owner's intent to redeem which CDS determines to be not within the time limitation prescribed by CDS, incomplete, not in proper form or not duly executed 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 thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Trust to the CDS Participant or to the owner.

Suspension of Redemptions

The Manager may suspend the redemption of Units or payment of redemption proceeds:

- (i) during any period when normal trading is suspended on one or more stock exchanges,

options exchanges or futures exchanges or other markets on which securities owned by the Trust are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the Total Assets of the Trust, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Trust; or (ii) with the prior permission of the applicable securities regulatory authorities, for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Trust or which impair the ability of the Manager to determine the value of the assets of the Trust. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. During a period of suspension, all Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such 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 governmental body having jurisdiction over the Trust, any declaration of suspension made by the Manager shall be conclusive.

ITEM 10: RESPONSIBILITY FOR MUTUAL FUND OPERATIONS

10.1 General

Pursuant to the Declaration of Trust, the trustee and manager of the Trust is MACCs Administrator Inc.

10.2 The Manager

MACCs Administrator Inc. was incorporated pursuant to the Business Corporations Act (Ontario) on August 24, 2004. Its head office is at 156 Duncan Mill Road, Toronto, Ontario M3B 3N2. Its telephone number is (416) 916-1770 and its email address is info@mtauburncapital.com and its website address is www.mtauburncapital.com. The Manager was organized for the purpose of managing and administering investment vehicles, including the Trust.

Pursuant to the Declaration of Trust, the Manager has exclusive authority to manage the business and affairs of the Trust and to make all decisions regarding the business of the Trust and has authority to bind the Trust. The Manager may, pursuant to the terms of the Declaration of Trust, delegate its powers to third parties at no additional cost to the Trust where, in the discretion of the Manager, it would be in the best interests of the Trust and the Unitholders to do so. In consideration for these services, the Trust pays to the Manager a fee at an annual rate of 0.45% of the average daily NAV, plus applicable taxes and reimburses the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Trust. Fees payable to the Manager will be calculated and payable monthly based on the average NAV calculated at each Valuation Time during that month. The

Manager will be responsible for the fees payable to the Investment Manager. The Trust also pays to the Manager a service fee equal to 0.30% per annum of the NAV per Unit for each Unit held at the end of each calendar quarter by clients of registered dealers, plus applicable taxes. The Manager remits such fee to the relevant dealers as soon as practicable following the end of the relevant calendar quarter.

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Trust and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that neither the Manager nor any director, officer, employee, consultant or agent thereof will be liable in any way for any default, failure or defect in, or any loss or diminution of value of, the assets of the Trust if it has satisfied the duties and the standard of care, diligence and skill set forth above.

Under the terms of the Declaration of Trust, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Trust, including, without limitation:

- (a) managing relationships with the trustee, investment manager, custodian, registrar and transfer agent, valuation agent, distribution agent, auditors, legal counsel and other organizations or professionals serving the Trust;
- (b) monitoring the suitability of the Investment Objectives, Portfolio Criteria and Investment Restrictions and preparing for adoption any amendments to the Investment Objectives, Portfolio Criteria and Investment Restrictions which the Manager believes are in the best interests of the Trust and Unitholders;
- (c) the authorization and payment on behalf of the Trust of fees and expenses incurred on behalf of the Trust and the negotiation of contracts with third party providers of services (including, but not limited to, custodians, registrar and transfer agents, valuation agents, distribution agents, legal counsel, auditors and printers);
- (d) the provision of office space, telephone service, office equipment, facilities, supplies and executive, secretarial and clerical services;
- (e) the preparation of accounting, management and other reports, including annual reports to Unitholders, interim and annual financial statements, tax reporting to Unitholders and income tax returns;
- (f) keeping and maintaining the books and records of the Trust and the supervision of compliance by the Trust with record keeping requirements under applicable regulatory regimes;
- (g) the calculation of the amount, and the determination of the frequency, of distributions by the Trust;

- (h) communications and correspondence with Unitholders and the preparation of notices of distributions to Unitholders;
- (i) administering the redemption of Units;
- (j) ensuring that the Net Asset Value per Unit is calculated and published;
- (k) general investor relations and responding to investors' inquiries in respect of the Trust;
- (l) dealing with banks and custodians, including the maintenance of bank records and the negotiation and securing of bank financing or refinancing;
- (m) obtaining such insurance as the Manager considers appropriate for the Trust;
- (n) arranging for the provision of services by CDS for the administration of the book-entry only system with respect to the Units;
- (o) ensuring that the Trust complies with all regulatory requirements and applicable stock exchange listing requirements;
- (p) preparing and delivering the Trust's reports to, and dealing with, the relevant securities regulatory authorities and any similar organization of any government or any stock exchange to which the Trust is obligated to report;
- (q) organizing meetings of Unitholders;
- (r) appointing and monitoring the activities of any investment manager retained by the Trust; and
- (s) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Trust.

The Manager and each of its directors, officers, employees, consultants and agents are indemnified and will be reimbursed by the Trust to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Trust and counsel fees and disbursements on a partial basis) reasonably incurred in connection with providing services to the Trust described herein including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the Manager or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person's wilful misconduct, bad faith or breach of their standard of care.

The Manager shall be automatically terminated if it becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors. The Manager may terminate its services upon 180 days' notice to the Trust. The Manager may assign its rights, duties and obligations as Manager to an affiliate, the Investment Manager, or an affiliate of the

Investment Manager at any time without notice to or the approval of the Unitholders. The Manager may also be terminated by approval of an Extraordinary Resolution by Unitholders at a meeting called and held for such purpose.

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:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
PETER F. CHODOS Toronto, Ontario	President, Chief Executive Officer, Chairman and Director	President and Chief Executive Officer, Mt. Auburn Capital Corp.
CONOR S. BILL Toronto, Ontario	Chief Financial Officer, Executive Vice President, Secretary and Director	Executive Vice President and Chief Financial Officer, Mt. Auburn Capital Corp.

10.3 Investment Manager

The Manager has engaged YMG Capital Management Inc. (the “Investment Manager”) pursuant to an agreement (the “Investment Management Agreement”) entered into between the Manager, the Trust and the Investment Manager dated as of January 28, 2005 to provide investment advisory services to the Trust. The Investment Manager’s principal office is located at 1 Queen Street East, Suite 2020, Toronto, Ontario M5C 2W5. The Investment Manager’s website address is www.ymg.com.

The services to be provided by the Investment Manager pursuant to the Investment Management Agreement will include the making of all investment decisions for the Trust in accordance with the Investment Objectives, Portfolio Criteria and Investment Restrictions.

Under the Investment Management Agreement, the Investment Manager is required to act at all times on a basis which is fair and reasonable to the Trust, to act honestly and in good faith and in the best interests of the Trust and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Investment Management Agreement provides that neither the Investment Manager nor any director, officer, employee or agent thereof will be liable in any way to the Trust or to any Unitholder for any default, failure or defect in or for any loss or diminution in the value of any of the securities in the Portfolio or other loss or damage suffered by any such person if it has satisfied the standard of care, diligence and skill set forth above.

The Investment Management Agreement, unless terminated as described below, will continue until the Termination Date. The Manager may terminate the Investment Management Agreement if the Investment Manager has committed certain events of bankruptcy or insolvency, or is in material breach or material default of the provisions thereof and such breach or default has not been cured within 30 days after notice thereof has been given to the Investment Manager. In addition, the Manager may terminate the

Investment Management Agreement on 30 days' notice to the Investment Manager, provided that the Manager or an affiliate of the Manager assumes the responsibilities of the Investment Manager. The Investment Management Agreement will terminate automatically if the Investment Manager loses any registration, license or other authorizations required by it to perform its obligations thereunder.

The Investment Manager may terminate the Investment Management Agreement if (i) the Manager is in material breach or material default of the provisions thereof and such breach or default has not been cured within 30 days of notice thereof to the Manager; or (ii) if the Manager has been declared bankrupt or becomes insolvent or has entered into liquidation or winding-up or makes a general assignment for the benefit of creditors; or (iii) if there is a material change in the fundamental Investment Objectives, Portfolio Criteria or Investment Restrictions of the Trust which the Investment Manager does not approve. The Investment Manager may resign upon 30 days' notice to the Manager. The Investment Manager may not assign the Investment Management Agreement without the prior written consent of the Manager. Neither the Trust nor the Manager may assign the Investment Management Agreement without the prior written consent of the Investment Manager, except if the Manager assigns to an affiliate.

If the Investment Management Agreement is terminated, the Manager will promptly appoint a successor investment manager to carry out the services of the Investment Manager until a meeting of Unitholders is held to confirm such appointment, unless the successor investment manager is an affiliate of the Investment Manager or Manager.

The Investment Manager will be paid fees for its services under the Investment Management Agreement by the Manager and will be reimbursed by the Trust for all reasonable costs and expenses incurred by it in performing its duties under the Investment Management Agreement. The fee paid to the Investment Manager is not payable or reimbursable to the Manager by the Trust. In addition, the Investment Manager and each of its directors, officers, employees, shareholders, representatives and agents will be indemnified and saved harmless by the Trust from and against all liabilities and expenses (including all legal fees, judgments and amounts paid in settlement), reasonably incurred by the Investment Manager or any of its officers, directors, employees, shareholders, representatives or agents in the exercise of its duties as Investment Manager, unless those liabilities and expenses were incurred as a result of the wilful misconduct, bad faith, negligence or a breach by the Investment Manager of the standard of care described above.

10.4 Brokerage Arrangements

Not applicable.

10.5 Principal Distributor

Not applicable.

10.6 Directors, Officers and Trustees

MACCs Administrator Inc. is the Trustee of the Trust. The Trustee is responsible for certain aspects of the administration of the Trust as described in the Declaration of Trust. The address of the Trustee is 156 Duncan Mill Road, Toronto, Ontario M3B 3N2.

The Trustee is also the Manager of the Trust. If the Trustee is not also the Manager of the Trust, then the Trustee is entitled to receive fees from the Trust for acting as trustee. The Trustee is also entitled to be reimbursed by the Trust for all expenses which are reasonably incurred by the Trustee in connection with the activities of the Trust.

10.7 Custodian

The Declaration of Trust provides that the Manager shall, on behalf of the Trust, appoint a Canadian chartered bank or trust company to act as custodian of the Trust's assets. The Manager has appointed State Street Trust Company Canada (the "Custodian"), as custodian of the Trust's assets pursuant to the terms of a custodian agreement entered into by the Manager, on behalf of the Trust, and the Custodian dated as of February 18, 2005 (the "Custodian Agreement"). Pursuant to the terms of the Custodian Agreement, the Custodian is responsible for providing safekeeping and custodial services in respect of the Trust's assets. The address of the Custodian is 30 Adelaide Street East, Suite 1100, Toronto, Ontario M5W 1P9.

In consideration for its services, the Trust pays to the Custodian a monthly fee and reimburses the Custodian for all reasonable costs and expenses incurred by the Custodian on behalf of the Trust.

The Custodian Agreement may be terminated on 90 days' notice.

10.8 Auditor

The auditors of the Trust are Ernst & Young LLP, Chartered Accountants, at their principal offices in Toronto, Ontario.

10.9 Registrar

Computershare Investor Services Inc. is the registrar, transfer agent and distribution agent for the Units. The register and transfer ledger for the Units is kept by the Registrar at its principal stock transfer offices located in Toronto.

10.10 Other Service Providers

The Manager has appointed State Street Fund Services Toronto Inc. as the valuation agent (the "Valuation Agent") for the Trust. The Valuation Agent's principal office is located at 1 Queen Street East, Suite 2020, Toronto, Ontario M5C 2W5. The fees of the Valuation Agent are paid by the Custodian out of the monthly fees paid by the Trust to the Custodian.

ITEM 11: CONFLICTS OF INTEREST

11.1 Principal Holders of Securities

To the knowledge of the directors and officers of the Trustee, as of April 24, 2006 no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over Units of the Trust carrying more than 10% of the votes attached to all of the issued and outstanding Units of the Trust. The directors and officers of the Manager own, in aggregate, directly or indirectly, none of the issued and outstanding Units. The Manager is a wholly-owned subsidiary of Mt. Auburn Capital Corp.

11.2 Affiliated Entities

The amount of fees received by the Manager from the Trust is contained in the audited financial statements of the Trust. More information on remuneration of the Manager is set out under the heading "Responsibility for Mutual Fund Operations."

11.3 Dealer Manager Disclosure

Not applicable.

ITEM 12: TRUST GOVERNANCE

12.1 General

The board of directors of the Manager is primarily responsible for the governance of the Trust. Details regarding the names and principal occupations of the individual members of the board of directors of the Manager are set out under the heading "Responsibility for Operations - Manager".

The Manager has appointed an advisory board (the "Advisory Board") to act in an advisory capacity to the Manager with respect to conflicts of interest and potential conflicts of interest identified by the Manager. The Declaration of Trust requires the Manager (i) to notify each member of the Advisory Board in writing of any conflict of interest or potential conflict of interest concerning the Manager or the Trust; and (ii) to consult with the Advisory Board in respect of any such conflicts of interest or potential conflicts of interest.

The Trustee has agreed with the members of the Advisory Board that in the event of a dispute between the Advisory Board and the Manager with respect to a conflict of interest or potential conflict of interest, upon the written direction of the Advisory Board, the Trustee will call a meeting of the Unitholders to consider the conflict of interest or potential conflict of interest.

The Trust will be responsible for the fees and expenses (including costs of independent counsel or advisors, if the Advisory Board deems it appropriate to retain such experts) of the Advisory Board and the members of the Advisory Board will be indemnified by the Trust. The members of the Advisory Board will not be responsible for the investments

made by the Trust, or the performance of the Trust. The members of the Advisory Board may serve in a similar capacity in respect of other funds managed by the Manager.

A majority of the members of the Advisory Board will be independent of the Manager. The members of the Advisory Board are Conor Bill, Richard Sutin and John Mills, Messrs. Sutin and Mills are independent within the meaning set forth above.

The name, municipality of residence, and principal occupation of each of the Advisory Board members are set out below:

<u>Name and Municipality of Residence</u>	<u>Principal Occupation</u>
RICHARD SUTIN Toronto, Ontario	Partner, Ogilvy Renault LLP
JOHN MILLS Oakville, Ontario	President, The Mills Group Inc.
CONOR S. BILL Toronto, Ontario	Executive Vice President and Chief Financial Officer, Mt. Auburn Capital Corp.

The members of the Advisory Board are required to act honestly and in good faith and conduct such reasonable investigations that a reasonable person (who is not a professional manager) with a comparable mandate would conduct and will be indemnified by the Trust, except in cases of wilful misconduct, bad faith, negligence or breach of their standard of care.

12.2 Use of Derivatives

The Trust does not currently use any derivatives and does not expect to do so.

12.3 Particulars relating to use of Derivatives

The Declaration of Trust contains investment restrictions to the effect that the Trust may not purchase or sell derivatives except securities or other instruments that are listed on an exchange.

12.4 Securities Lending and Similar Arrangements

The Trust does not currently engage in any securities lending or similar arrangements.

12.5 Particulars relating to Securities Lending and Similar Arrangements

The Declaration of Trust contains investment restrictions to the effect that the Trust may not lend Portfolio assets except as permitted by National Instrument 81-102 of the Canadian Securities Administrators (as if the Trust were subject to such regulation).

12.6 Voting Rights of other Mutual Fund Securities

Not applicable.

12.7 Proxy Voting Policies and Procedures

The portfolio of securities held by the Trust is held on a passive basis. The Trust does not intend to exercise any voting rights relating to proxies received by it as a securityholder of the securities included in its portfolio.

12.8 Proxy Voting Record

Applicable securities laws require that commencing with the annual period beginning July 1, 2005 the Trust must prepare a proxy voting record for the annual period ending June 30 of each year, which must be made available on its website as of August 31 of each year. Accordingly, the Trust intends to make its proxy voting record available on its website commencing August 31, 2006.

ITEM 13: FEES AND EXPENSES

Pursuant to the terms of the Declaration of Trust, the Manager is entitled to a fee at an annual rate of 0.45% of the average NAV plus applicable taxes. Fees payable to the Manager are calculated and payable monthly based on the average NAV calculated at each Valuation Time during that month. The Manager is responsible for the fees payable to the Investment Manager. The Trust pays to the Manager a Service Fee equal to 0.30% per annum of the NAV per Unit for each Unit held at the end of each calendar quarter by clients of registered dealers, plus applicable taxes. The Manager remits the Service Fee to the relevant dealers as soon as practicable following the end of the relevant calendar quarter.

The Trust pays for all expenses incurred in connection with the operation and administration of the Trust. These expenses include, without limitation: (a) mailing and printing expenses for periodic reports to Unitholders; (b) fees payable to the Trustee for acting as trustee (except when the Manager is the Trustee); (c) fees payable to the Registrar and Transfer Agent; (d) fees payable to the Custodian for acting as custodian of the assets of the Trust; (e) fees payable to the Valuation Agent for acting as valuation agent of the Trust; (f) fees and expenses payable to the Advisory Board; (g) banking fees and interest with respect to any borrowing under the Loan Facility; (h) fees payable to the auditors and legal advisors of the Trust; (i) regulatory filing, stock exchange and licensing fees; (j) premiums in respect of directors' and officers' insurance; and (k) expenditures incurred upon the termination of the Trust. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, Investment Manager, the Trustee, the Advisory Board, the Registrar and Transfer Agent, the Custodian or the Valuation Agent is entitled to indemnity by the Trust. The Trust is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Trust which may be incurred from time to time.

ITEM 14: INCOME TAX CONSIDERATIONS

14.1 General

The following is a summary in general terms of the basis upon which the income and capital receipts of the Trust are taxed and of the income tax consequences to Unitholders of the issuance, redemption or transfer of Units and of the receipt of distributions on the Units.

This summary is based upon the current provisions of the *Income Tax Act* (Canada) (the “Tax Act”), all specific proposals to amend the Tax Act (the “Tax Proposals”), and the current administrative practices of Canada Revenue Agency (the “CRA”). This summary assumes that the Tax Proposals will be enacted as proposed. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor’s own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular investor. **Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based upon the investor’s particular circumstances.**

This summary is based on the assumption that the Trust will qualify at all times as a “unit trust” and a “mutual fund trust” within the meaning of the Tax Act. In order to so qualify, the Trust must comply on a continuous basis with certain investment criteria and certain minimum distribution requirements relating to the Units. The Trust has made an election so that it may qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year. In the event the Trust were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially different.

This summary is also based on the assumption that none of the issuers of the securities comprising the Portfolio will be foreign affiliates of the Trust or of any Unitholder and that none of the securities comprising the Portfolio will be tax shelter investments or tracked interests or participating interests, other than exempt interests, in foreign investment entities under the proposals to amend the Tax Act released on July 18, 2005 (or such proposals as amended or enacted or successor provisions thereto).

Generally, Units will be considered to be capital property to a purchaser provided that the purchaser does not hold Units in the course of carrying on a business of buying and selling

securities and has not acquired Units in one or more transactions considered to be an adventure in the nature of trade. Certain purchasers who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have Units treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

14.2 Taxation of the Trust

The Trust is subject to tax under Part I of the Tax Act on the amount of its income for the year, including the taxable portion of net realized capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Trust makes distributions in each year of its net income and net realized capital gains, and provided the Trust deducts in computing its income the full amount available for deduction in each year, the Trust will not generally be liable for income tax under Part I of the Tax Act.

With respect to an issuer included in the Portfolio that is a trust, the Trust will be 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 Trust in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided appropriate designations are made by the issuer, any net taxable capital gains realized by the issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Trust and are designated by the issuer in respect of the Trust will effectively retain their character as such in the hands of the Trust.

The Trust will generally be required to reduce the adjusted cost base of the units of such issuer to the extent that all amounts paid or payable in a year by the issuer to the Trust exceed the sum of the amounts included in the income of the Trust for the year and the Trust'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 Trust of the unit of such an issuer would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Trust and the Trust's adjusted cost base of such unit will be increased by the amount of such deemed capital gain.

With respect to an issuer included in the Portfolio that is a limited partnership, the Trust will be required to include or, subject to certain restrictions, will be entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the issuer allocated to the Trust for the fiscal period of the issuer ending in the Trust's taxation year, whether or not a distribution is received. In general, the adjusted cost base to the Trust of the interest in such an issuer at a particular time will be equal to the actual cost of such interest plus the share of the income and capital gains of the issuer allocated to the Trust for fiscal periods of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the Trust for fiscal periods of the issuer ending before the particular time, and less the Trust's share of any distributions received from the issuer before the particular time. If the adjusted cost base to the Trust of the interest in such an issuer would otherwise be less than zero, the negative amount will be deemed to be a

capital gain realized by the Trust and the Trust's adjusted cost base of such interest will be increased by the amount of such deemed capital gain.

The Trust will also be required to include in its income for each taxation year, all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

In computing its income for tax purposes, the Trust may deduct reasonable administrative and other expenses incurred to earn income, generally including interest on borrowed funds used to purchase securities to be included in the Portfolio.

Upon the actual or deemed disposition of a security included in the Portfolio, the Trust will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security provided such security is capital property to the Trust. The Trust intends to make an election under subsection 39(4) of the Tax Act so that all securities included in the Portfolio that are Canadian securities (as defined in the Tax Act) will be deemed to be capital property to the Trust.

14.3 Taxation of Unitholders

A Unitholder will generally be required to include in income for a particular taxation year of the Unitholder such portion of the net income, including the taxable portion of the net realized capital gains, of the Trust for a taxation year as is paid or becomes payable to the Unitholder in that particular taxation year, whether received in cash or reinvested in additional Units. Provided that appropriate designations are made by the Trust, such portion of the net realized taxable capital gains of the Trust and the taxable dividends received or deemed received by the Trust on shares of taxable Canadian corporations as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders.

The non-taxable portion of net realized capital gains of the Trust that are paid or become payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of a Unitholder's share of the net income of the Trust for a taxation year that is paid or becomes payable to the Unitholder in such year will not generally be included in computing the Unitholder's income for the year but will reduce the adjusted cost base of Units to the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

The Net Asset Value per Unit will reflect any income and gains of the Trust that have accrued or 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 such income and gains of the Trust.

Upon the disposition or deemed disposition by a Unitholder of a Unit, whether on a sale, redemption, repurchase or otherwise, a capital gain (or capital loss) will be realized by the Unitholder to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit to the Unitholder immediately before the disposition.

One-half of any capital gain (a "taxable capital gain") realized by a Unitholder or designated by the Trust in respect of the Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss (an "allowable capital loss") realized by a Unitholder in a taxation year may be deducted from taxable capital gains realized by the Unitholder or designated by the Trust in respect of the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in such year, to the extent and under the circumstances provided for in the Tax Act. Capital gains realized on the disposition of Units or amounts designated by the Trust to a Unitholder as taxable capital gains or as dividends from taxable Canadian corporations may give rise to a liability for alternative minimum tax.

ITEM 15: REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEES

15.1. Remuneration of Employees of the Trust

Not applicable.

15.2 Remuneration of the Trustee

Pursuant to the Declaration of Trust, the Trustee is entitled to be reimbursed for all expenses incurred by the Trustee in that capacity.

15.3 Remuneration of the Advisory Board

Members of the Advisory Board are entitled to receive a fee of \$1,000 per month and \$500 per meeting of the Advisory Board from the Trust as consideration for services provided to the Trust in their capacity as Advisory Board members and to be reimbursed by the Trust for all reasonable expenses incurred by them while acting in that capacity.

ITEM 16: MATERIAL CONTRACTS

The Trust, or the Manager on behalf of the Trust, is party to the Declaration of Trust, the Management Agreement, the Investment Management Agreement, the Custodian

Agreement and the Valuation Services Agreement. Copies of these material contracts may be accessed by prospective or existing Unitholders at www.sedar.com under the Trust's profile. Details regarding each of these contracts are provided above under the heading "Name, Formation and History" in the case of the Declaration of Trust and under "Responsibility for Fund Operations" in the case of the other contracts.

ITEM 17: LEGAL AND ADMINISTRATIVE PROCEEDINGS

As of the date of this Annual Information Form, neither the Trust nor the Manager is aware of any legal or administrative proceedings against them.

ITEM 18: OTHER MATERIAL INFORMATION

Pursuant to an agreement with a Canadian chartered bank, the Trust maintains a 364-day renewable revolving loan facility for a maximum amount calculated with reference to total assets and certain collateral but not to exceed \$15,000,000. The loan facility is collateralized by a first-ranking pledge and security agreement over all present and future assets of the Trust. The Trust has the option of borrowing at the prime rate of interest or at the bankers' acceptance rate plus a fixed percentage. The loan facility is used by the Trust for the purchase of additional investments and for general Trust purposes.

On April 4, 2006 the Trust called a special meeting of unitholders. The meeting will be held on June 5, 2006. The purpose of the meeting is to consider certain amendments to the declaration of trust of the Trust including:

- (a) amending the market purchase provisions so that while the purchases themselves remain mandatory, the Trustee, in its capacity as manager, has greater discretion to determine the timing of such purchases;
- (b) to remove certain restrictions on the Trustee's power to borrow which prohibit the Trustee from borrowing in excess of 5% of the total assets of the Trust for working capital purposes and 10% for the purpose of purchasing additional securities of income funds to be included in the Trust's portfolio, effecting market purchases and redemptions of units, and paying fees and expenses of the Trust, while maintaining the restriction on the total amount borrowed; and
- (c) to remove certain restrictions on the Trust's ability to issue units, rights, warrants and options for proceeds of less than the net asset value per unit.