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PROSPECTUS

Initial Public Offering

June 22, 2015

CANADIAN PREFERRED SHARE TRUST

\$250,000,000 Maximum (25,000,000 Class A Units and/or Class F Units)

Canadian Preferred Share Trust (the “**Fund**”) is a closed-end investment trust established under the laws of the Province of Ontario that proposes to issue transferable Class A Units and Class F Units (collectively, the “**Units**” and each a “**Unit**”) of the Fund at a price of \$10.00 per Unit (the “**Offering**”). The Class F Units are designated for fee based and/or institutional accounts and will not be listed on a stock exchange but will be convertible into Class A Units on a weekly basis.

The Fund’s investment objectives are to:

- (i) provide holders of Units (“**Unit**holders”) with monthly cash distributions;
- (ii) preserve capital and provide the opportunity for capital appreciation; and
- (iii) reduce the risk of rising interest rates by managing Portfolio (as defined herein) duration.

The Fund has been created to invest in an actively managed portfolio comprised primarily of Canadian preferred shares (the “**Portfolio**”). See “Investment Objectives”.

Fiera Capital Corporation (“**Fiera**” or the “**Manager**”) is the manager, portfolio manager and promoter of the Fund. Fiera is responsible for creating, structuring, managing and promoting the Fund and will also implement the Fund’s investment strategies. See “Organization and Management Details of the Fund”.

Prospective purchasers may purchase the Units by: (i) cash payment; or (ii) an exchange (the “**Exchange Option**”) of freely tradeable securities of one or more of those issuers set forth in this prospectus under the heading “Purchases of Units – Exchange Eligible Securities” (collectively, the “**Exchange Eligible Securities**”). **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any issuer of Exchange Eligible Securities.** See “Purchases of Units”.

Price: \$10.00 per Class A Unit
\$10.00 per Class F Unit
Minimum Purchase: 100 Units

| | Price to the public ⁽¹⁾ | Agents’ fees | Net proceeds to the Fund ⁽²⁾ |
|--|------------------------------------|--------------|---|
| Per Class A Unit | \$10.00 | \$0.40 | \$9.60 |
| Per Class F Unit | \$10.00 | \$0.17 | \$9.83 |
| Total Minimum Offering ⁽³⁾ | \$20,000,000 | \$800,000 | \$19,200,000 |
| Total Maximum Offering ⁽³⁾⁽⁴⁾ | \$250,000,000 | \$10,000,000 | \$240,000,000 |

- Notes:**
- (1) The terms of the Offering were established by negotiation between the Manager on behalf of the Fund and the Agents (as defined herein). The price per Unit is payable in cash or Exchange Eligible Securities deposited pursuant to the Exchange Option.
 - (2) Before deducting the expenses of the Offering, estimated to be \$650,000, subject to a maximum of 1.5% of the gross proceeds of the Offering, which together with the Agents’ fees will be paid by the Fund from the proceeds of the Offering.
 - (3) There will be no closing unless a minimum of 2,000,000 Class A Units are sold. If subscriptions for a minimum 2,000,000 Class A Units have not been received within 90 days after a final receipt for this prospectus is issued, the Offering may not continue and subscription proceeds will be returned to subscribers, without interest or deduction, unless an amendment to this prospectus is filed. The minimum offering assumes an offering of 2,000,000 Class A Units and maximum offering assumes an offering of 25,000,000 Class A Units.

- (4) The Fund has granted to the Agents an option (the “**Over-Allotment Option**”), exercisable, in whole or in part, for a period of 30 days following the closing of the Offering, to purchase up to 15% of the aggregate number of Class A Units issued at the closing of the Offering on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fees and the net proceeds to the Fund before deducting the expenses of the Offering will be \$287,500,000, \$11,500,000 and \$276,000,000, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires the Class A Units forming part of the Agents’ over-allocation position acquires such Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

There is no assurance that the Fund will meet its objectives. See “Risk Factors” for a discussion of certain factors that should be considered by prospective investors in Units including with respect to the Fund’s use of leverage. An investment in the Fund is appropriate only for investors who have capacity to absorb a loss. There is currently no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. See “Risk Factors” and “Description of the Units – Description of the Units Distributed”. The TSX has conditionally approved the listing of the Class A Units. The listing is subject to the Fund fulfilling all of the TSX requirements on or before September 15, 2015, including distribution of the Class A Unit to a minimum of public holders.

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 (Canada)* and are not insured under provisions of that Act or any other legislation.

RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Canaccord Genuity Corp., Dundee Securities Ltd. and Manulife Securities Incorporated (collectively, the “**Agents**”) have agreed to conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents. The Agents may over-allot and effect transactions to cover their over-allotted position. See “Plan of Distribution”.

Subscriptions will be received for the Units offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing is expected to occur on or about July 2, 2015, but, in any event, not later than 90 days after a receipt for the final prospectus is issued.

Certain capitalized terms used, but not defined, in the foregoing are defined in the “Glossary of Terms”.

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GLOSSARY OF TERMS

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated:

“**affiliate**” has the meaning ascribed thereto in the *Business Corporations Act* (Ontario).

“**Agency Agreement**” means an agency agreement dated as of June 22, 2015 among the Fund, the Manager and the Agents.

“**Agents**” means, collectively, RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Canaccord Genuity Corp., Dundee Securities Ltd. and Manulife Securities Incorporated.

“**Annual Redemption Date**” means the second last Business Day of January of each year commencing in 2017.

“**Business Day**” means any day on which the TSX is open for business.

“**CDS**” means CDS Clearing and Depository Services Inc. and includes any successor thereto or any other depository subsequently appointed by the Fund as the depository in respect of the Units.

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

“**Class A Meeting**” has the meaning ascribed thereto under “Unitholder Matters – Meetings of Unitholders”.

“**Class F Meeting**” has the meaning ascribed thereto under “Unitholder Matters – Meetings of Unitholders”.

“**Closing**” means the closing of the Offering.

“**Closing Date**” means the date of Closing, which is expected to be on or about July 2, 2015, or such later date as the Fund and the Agents may agree, but, in any event, not later than 90 days after a receipt for the final prospectus is issued.

“**Closing Market Price**” in respect of a Class A Unit on a Monthly Redemption Date means (i) the closing price of the Class A Units on the TSX on such Monthly Redemption Date (or such other stock exchange on which the Class A Units are listed) if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Class A Units on the TSX on such Monthly Redemption Date (or such other stock exchange on which the Class A Units are listed) if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the Class A Units traded on a particular day; or (iii) the average of the last bid and the last asking prices of the Class A Units on the TSX on such Monthly Redemption Date (or such other stock exchange on which the Class A Units are listed) if there was no trading on the applicable Monthly Redemption Date.

“**Conversion Date**” has the meaning ascribed thereto under “Descriptions of Units – Conversion of Class F Units”.

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

“**Custodian**” means NBCN Inc., the custodian of the assets of the Fund, and its successors or assigns.

“**Custodian Agreement**” means the custodial services agreement dated on or before the Closing Date among the Manager, on behalf of the Fund, and the Custodian, as it may be amended from time to time.

“**Declaration of Trust**” means the declaration of trust of the Fund dated June 22, 2015, establishing the Fund under the laws of the Province of Ontario, as it may be amended from time to time.

“**Distribution Payment Date**” means a Business Day designated by the Manager that will be no later than the 15th day of the month following the relevant Distribution Record Date.

“**Distribution Record Date**” means the last Business Day of each month or such other date as determined by the Manager.

“**Exchange Agent**” means Computershare Investor Services Inc., the exchange agent for the Exchange Option.

“**Exchange Eligible Securities**” has the meaning ascribed thereto under “Purchases of Units – Methods to Purchase Units”.

“**Exchange Option**” has the meaning ascribed thereto under “Purchases of Units – Method to Purchase Units”.

“**Exchange Option Election**” has the meaning ascribed thereto under “Purchases of Units – Procedure”.

“**Exchange Trading Price**” has the meaning ascribed thereto under “Purchases of Units – Method to Purchase Units”.

“**Extraordinary Resolution**” means 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 holders of Units called for the purpose of considering such resolution.

“**Fiera**” means Fiera Capital Corporation.

“**Fund**” means Canadian Preferred Share Trust.

“**IFRS**” means International Financial Reporting Standards.

“**Independent Review Committee**” or “**IRC**” means the independent review committee of the Fund.

“**Indicative Portfolio**” means the Portfolio Securities that would have been included in the Portfolio if it had been formed and fully invested on May 20, 2015, as described under “Overview of the Sectors the Fund Invests In - Indicative Portfolio”.

“**Investment Grade**” in respect of a security means a security, which, at the time of purchase, will have a rating of no less than: (i) BBB- by S&P; or Baa2 by Moody’s in respect of short term debt; (ii) Pfd-2 (low) by DBRS Limited; or (iii) the equivalent rating by another “designated rating organization” as defined in NI 81-102; or (iv) if unrated, determined by the Manager to be of comparable quality.

“**Leverage Threshold**” has the meaning ascribed thereto under “Investment Strategies - Leverage”.

“**Management Agreement**” means the management agreement between the Manager and the Fund to be entered on or before the Closing Date.

“**Management Fee**” means the management fee payable to the Manager as more fully described under “Fees and Expenses – Management Fee”.

“**Manager**” means Fiera Capital Corporation, in its capacity as investment fund manager of the Fund, and any successor thereto.

“**Market Price**” means, in respect of a Class A Unit on a Monthly Redemption Date, the weighted average trading price of the Class A Units on the TSX (or such other stock exchange on which the Class A Units are listed), for the 10 trading days immediately preceding such Monthly Redemption Date.

“**Monthly Redemption Date**” means the second last Business Day of each month other than the month of the Annual Redemption Date (if available).

“**Moody’s**” means Moody’s Investor Service, Inc. and its successors.

“**Net Asset Value of the Fund**” or “**NAV of the Fund**” on a particular date will be equal to (i) the aggregate fair value of the assets of the Fund, less (ii) the aggregate fair value of the liabilities of the Fund.

“**Net Asset Value per Class A Unit**” or “**NAV per Class A Unit**” means the Net Asset Value of the Fund attributable to the Class A Units divided by the number of Class A Units outstanding on the date on which the calculation is made.

“**Net Asset Value per Class F Unit**” or “**NAV per Class F Unit**” means the Net Asset Value of the Fund attributable to the Class F Units divided by the number of Class F Units outstanding on the date on which the calculation is made.

“**Net Asset Value per Unit**” or “**NAV per Unit**” means, for a class of Units, the Net Asset Value of the Fund attributable to such class of Units divided by the number of Units of such class outstanding on the date on which the calculation is made.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds* of the Canadian Securities Administrators, as amended from time to time.

“**NI 81-106**” means National Instrument 81-106 – *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators, as amended from time to time.

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators, as amended from time to time.

“**Notice Period**” has the meaning ascribed thereto under “Redemption of Securities – Annual Redemptions of Units”.

“**NVCC**” means non-viability contingent capital.

“**Offering**” means the offering of Units at a price of \$10.00 per Unit, as contemplated by this prospectus.

“**Ordinary Resolution**” has the meaning ascribed thereto under “Termination of the Fund”.

“**Over-Allotment Option**” means the option granted by the Fund to the Agents, exercisable, in whole or in part, and from time to time for a period of 30 days following the Closing Date, to purchase an aggregate of up to 15% of the aggregate number of Class A Units issued on Closing at a price of \$10.00 per Class A Unit.

“**Plan Agent**” has the meaning ascribed thereto under “Distribution Policy – Distribution Reinvestment Plan”.

“**Plan Participant**” has the meaning ascribed thereto under “Distribution Policy – Distribution Reinvestment Plan”.

“**Portfolio**” has the meaning attributed thereto under “Investment Objectives”.

“**Portfolio Securities**” means the securities included in the Portfolio.

“**Pricing Period**” means the period of three consecutive trading days ending on and including June 24, 2015.

“**Proxy Voting Policy**” means the proxy voting policy established by the Manager.

“**Redemption Notice**” has the meaning ascribed thereto under “Redemptions – Exercise of Redemption Right”.

“**Redemption Payment Date**” means the Business Day that is on or before the 15th Business Day following an Annual Redemption Date or the 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 education savings plan, a registered disability savings plan and a tax-free savings account.

“**Reinvestment Plan**” has the meaning ascribed thereto under “Distribution Policy – Distribution Reinvestment Plan”.

“**Reinvestment Plan Services Agreement**” has the meaning ascribed thereto under “Distribution Policy – Distribution Reinvestment Plan”.

“**S&P**” means Standard & Poor’s Rating Services and its successors.

“**SIFT Rules**” means the specified investment flow-through rules in the Tax Act which apply to a SIFT Trust and its unitholders.

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

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as may be amended from time to time.

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

“**Termination Date**” means the date on which the Fund terminates as described under “Termination of the Fund”.

“**Total Assets**” means the aggregate value of the assets of the Fund determined in accordance with the terms of the Declaration of Trust.

“**Trading Price**” has the meaning ascribed thereto under “Distribution Policy – Distribution Reinvestment Plan”.

“**Trustee**” means Computershare Trust Company of Canada, in its capacity as trustee of the Fund under the Declaration of Trust, and any successor thereto.

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

“**Unitholders**” means holders of Units.

“**Units**” means, collectively, the transferable Class A Units and Class F Units of the Fund.

“**U.S.**” means the United States of America.

“**Valuation Agent**” means such person as may from time to time be appointed by the Manager to calculate the Net Asset Value per Unit and the Net Asset Value of the Fund.

“**Valuation Day**” has the meaning ascribed thereto under “Calculation of Net Asset Value”.

“**Valuation Time**” has the meaning ascribed thereto under “Calculation of Net Asset Value”.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used, but not defined in this summary, are defined in the “Glossary of Terms”. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

Issuer: Canadian Preferred Share Trust (the “**Fund**”) is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of June 22, 2015. See “Overview of the Legal Structure of the Fund”.

Offering: The Fund is offering transferable Class A Units and Class F Units (collectively, the “**Units**”) of the Fund. The Class F Units are designated for fee based and/or institutional accounts and will not be listed on a stock exchange but will be convertible into Class A Units on a weekly basis. The Agents’ fees payable on the issuance of the Class F Units are lower than those payable on the issuance of the Class A Units. See “Attributes of the Units” and “Plan of Distribution”.

Price: \$10.00 per Class A Unit

\$10.00 per Class F Unit

Maximum Issue: \$250,000,000 (25,000,000 Units).

Minimum Issue: \$20,000,000 (2,000,000 Class A Units)

Minimum Cash Purchase: 100 Class A Units (\$1,000) and/or 100 Class F Units (\$1,000)

Exchange Option: At the election of a prospective purchaser of Units, the price for each Unit purchased may be paid either by (a) cash or (b) an exchange (the “**Exchange Option**”) of freely tradeable securities of one or more of those issuers set forth in this prospectus under the heading “Purchases of Units - Exchange Eligible Securities” (collectively, the “**Exchange Eligible Securities**”).

A prospective purchaser of Units who elects to pay for Units by using the Exchange Option must do so by depositing (in the form of a book-entry deposit) Exchange Eligible Securities with the Exchange Agent, the Fund’s exchange agent for the Exchange Option, through CDS Clearing and Depository Services Inc. (“**CDS**”) prior to 5:00 p.m. (Toronto time) on June 24, 2015. Such book-entry deposits must be made by a participant in CDS, which may have an earlier deadline for receiving instructions from their clients to deposit Exchange Eligible Securities under the Exchange Option. See “Purchases of Units”.

The purchase of Units by the exchange of Exchange Eligible Securities pursuant to the Exchange Option will be a taxable event for the purchaser. See “Income Tax Considerations”.

Investment Objectives: The Fund’s investment objectives are to:

- (i) provide holders of Units (“**Unitholders**”) with monthly cash distributions;
- (ii) preserve capital and provide the opportunity for capital appreciation; and
- (iii) reduce the risk of rising interest rates by managing Portfolio duration.

The Fund has been created to invest in an actively managed portfolio comprised primarily of Canadian preferred shares (the “**Portfolio**”). See “Investment Objectives”.

Investment Strategies: The Fund has been designed to provide investors with a low-cost investment primarily in preferred shares of Canadian issuers and, to a lesser extent preferred securities of U.S. issuers.

Fiera, as portfolio manager, will actively manage the Portfolio with the intention of preserving capital while generating current income. In managing the Portfolio, Fiera will take into account criteria such as the credit quality, liquidity, and overall duration of the Portfolio. See “Investment Strategies”.

Manager: Fiera Capital Corporation (“**Fiera**” or the “**Manager**”) is the manager, portfolio manager and promoter of the Fund. The Manager, will be responsible for the management and administration of the Fund and will also implement the Fund’s investment strategies. The Manager is an independent investment firm with approximately \$90.9 billion in assets under management as at March 31, 2015, including approximately \$2.5 billion in preferred shares, making it a leading manager of Canadian preferred shares. Fiera is also a leading trader of Canadian preferred shares, with strong established trading relationships with institutional preferred share trading desks. The head office of the Manager is located at 1501 McGill College Avenue, Suite 800, Montréal, Québec H3A 3M8 and its registered office is located at 1 Adelaide Street East, Suite 600, Toronto, Ontario M5C 2V9. See “Organization and Management Details of the Fund – Manager of the Fund”.

Distributions: The Fund intends to make monthly cash distributions to Unitholders of record on the last Business Day of each month (each, a “**Distribution Record Date**”). Distributions will be paid on a Business Day designated by the Manager that will be no later than the 15th day of the following month (each, a “**Distribution Payment Date**”). The Fund will not have a fixed monthly distribution amount but intends to at least annually in December each year determine and announce expected monthly distributions for the following calendar year based on the Manager’s estimate of distributable cash flow in the Fund.

Based on the Manager’s current estimates, the initial monthly cash distribution target for the Fund is \$0.0333 per Unit per month (\$0.40 per annum) to yield 4.0% on the subscription price per Unit. The initial cash distribution will be payable to Unitholders of record on August 31, 2015, based on an anticipated Closing Date of July 2, 2015.

Based on current estimates and assuming (i) an aggregate size of the Offering of \$100 million, (ii) the use of the anticipated initial leverage of 19% of the NAV of the Fund, (iii) the employment of the investment strategies as described under “Investment Strategies”, (iv) the fees and expenses described under “Fees and Expenses”, and (v) the current price of, and distributions and interest (net of any withholding tax) on, the securities anticipated to be included in the Portfolio, it is expected that the Fund will be able to pay such distributions at the initial target level and maintain a stable NAV per Unit. If the total 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 to nevertheless ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders, and accordingly, NAV per Unit would be reduced. As to future indicative distribution rates, see “Distribution Policy”. **The amount of monthly 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 months. The amount of monthly distributions may vary if there are changes in any of the factors that affect the net cash flow on the Portfolio, including the amount of leverage employed by the Fund and the other assumptions noted above.** See “Investment Strategies – Leverage”, “Distribution Policy” and “Risk Factors”.

Amounts distributed on the Units that represent returns of capital are generally non-taxable

to a Unitholder but reduce the Unitholder's adjusted cost base of the Units for tax purposes. See "Income Tax Considerations".

If in any taxation year, after the monthly distributions, there would remain in the Fund additional net income or net realized capital gains, the Fund will be required to pay or make payable such net income and net realized capital gains (in cash or Units) as one or more year-end special distributions to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). See "Income Tax Considerations".

**Distribution
Reinvestment:**

The Fund intends to provide Unitholders with the opportunity to reinvest monthly cash distributions made by the Fund in additional Units through the distribution reinvestment plan of the Fund described under "Distribution Policy – Distribution Reinvestment Plan".

Redemptions:

Commencing in 2016, Units may be surrendered annually for redemption during the period from the first Business Day in December until 5:00 p.m. (Toronto time) on the last Business Day in December of each year (the "**Notice Period**"). Subject to the Fund's right to suspend redemptions in certain circumstances, Units properly surrendered for redemption during the Notice Period will be redeemed on the second last Business Day in January of each year following the relevant Notice Period (the "**Annual Redemption Date**") and the Unitholder will receive a redemption price per Unit equal to 100% of the NAV per Class A Unit or NAV per Class F Unit, as applicable, as determined on the Annual Redemption Date, less any costs associated with the redemption, including commissions, wire transfer fees and such other costs charged to the Fund by third parties, if any, on or before the Redemption Payment Date. See "Risk Factors", "Redemptions" and "Calculation of Net Asset Value".

Leverage:

The Fund may utilize various forms of leverage including borrowings under loan facilities, margin purchases and through derivatives. At the time such leverage is incurred, the maximum amount of leverage that the Fund could employ shall not exceed 20% of the NAV of the Fund (the "**Leverage Threshold**") or 1.2:1 (total long positions (including leveraged positions) divided by the net assets of the Fund). Swaps, futures contracts and other derivatives will not be included in the Leverage Threshold calculation to the extent such derivatives are used for hedging (as defined in NI 81-102) currency or interest rates. If at any time leverage exceeds the Leverage Threshold, the Manager will, as soon as practicable thereafter, cause the leverage to be reduced below such threshold. Initially, the Fund is expected to employ leverage of approximately 19% of the NAV of the Fund (1.19:1 (total long positions (including leveraged positions) divided by the net assets of the Fund)). See "Investment Strategies".

Currency Hedging:

A portion of the Portfolio may be invested in securities denominated in foreign currencies; principally U.S. dollars. At all times, the Manager will hedge substantially all of the value of the Portfolio denominated in U.S. dollars back to the Canadian dollar. See "Investment Strategies - Currency Hedging".

Termination:

The Fund does not have a fixed termination date. See "Unitholder Matters" and "Termination of the Fund".

**Conversion of Class F
Units into Class A Units:**

A holder of Class F Units may convert such Class F Units into Class A Units on a weekly basis and it is expected that liquidity for the Class F Units will be obtained primarily by means of conversion into Class A Units and the sale of such Class A Units through the facilities of the TSX. Class F Units may be converted in any week on the first Business Day of such week ("**Conversion Date**") by delivering a notice and surrendering such Class F Units by 3:00 p.m. (Toronto time) at least five Business Days prior to the

applicable Conversion Date.

For a holder's Class F Units so converted, the holder will receive that number of whole Class A Units that is equal to the NAV per Class F Unit as of the close of trading on the Conversion Date divided by the NAV per Class A Unit as of the close of trading on the Conversion Date multiplied by the number of Class F Units so converted. As no fractional Class A Units will be issued upon any conversion, any remaining fraction of a Class F Unit will be redeemed at the NAV per Class F Unit.

Based on counsel's understanding of the current published administrative policies and assessing practices of the CRA, a conversion of Class F Units into whole Class A Units will not constitute a disposition of such Class F Units for the purposes of the Tax Act. The redemption of any fraction of a Class F Unit will generally result in a capital gain (or a capital loss) for a redeeming holder. See "Income Tax Considerations – Taxation of Unitholders".

Use of Proceeds:

The net proceeds from the sale of Units (prior to the exercise of the Over-Allotment Option) will be as follows:

| | <u>Minimum Offering⁽¹⁾</u> | <u>Maximum Offering⁽¹⁾⁽²⁾</u> |
|---|---------------------------------------|--|
| Gross proceeds to the Fund | \$20,000,000 | \$250,000,000 |
| Agents' fees | \$800,000 | \$10,000,000 |
| Expenses of the Offering ⁽³⁾ | \$300,000 | \$650,000 |
| Net proceeds to the Fund | \$18,900,000 | \$239,350,000 |

Notes:

- (1) There will be no Closing unless a minimum of 2,000,000 Class A Units are sold. If subscriptions for a minimum of 2,000,000 Class A Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, this Offering may not continue unless an amendment to this prospectus is filed. The minimum offering assumes an offering of 2,000,000 Class A Units and maximum offering assumes an offering of 25,000,000 Class A Units.
- (2) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to purchase additional Class A Units, at a price of \$10.00 per Class A Unit, in an amount up to 15% of the aggregate number of Class A Units issued at Closing on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fees and the net proceeds to the Fund before deducting the expenses of the Offering will be \$287,500,000, \$11,500,000 and \$276,000,000, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the Agents' over-allocation position acquires such Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".
- (3) Subject to a maximum of 1.5% of the gross proceeds of the Offering.

The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option), after payment of the Agents' fees and the Offering expenses, to acquire Portfolio Securities.

To the extent that the Exchange Eligible Securities are acquired pursuant to the Exchange Option, the Fund will consider such securities in light of the Fund's investment objectives, strategy and restrictions and the Manager's outlook for the issuers of such securities. In the event the Manager determines to sell any such securities based on the foregoing considerations, the timing and manner of any such sales will be made having regard to maximizing value for the Fund. The Fund will bear all commissions and expenses incurred in connection with the disposition of Exchange Eligible Securities that it accepts under the Exchange Option but does not retain. The Manager will ensure that the holdings of such

securities comply with the investment restrictions of the Fund.

See “Use of Proceeds”.

Eligibility for Investment: In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and McCarthy Tétrault LLP, counsel to the Agents, provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, the Units, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by Registered Plans. In addition, in the case of the Class A Units, provided the Class A Units are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX), the Class A Units, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by Registered Plans. Unitholders planning to hold their Units in a tax-free savings account, registered retirement savings plan or registered retirement income fund should consult their own tax advisor regarding whether the Units are “prohibited investments” for purposes of the Tax Act for such accounts. See “Income Tax Considerations – Taxation of Registered Plans”.

Income Tax Considerations:

A Unitholder who is resident in Canada for the purposes of the Tax Act will generally be required to include in computing income for a taxation year that part of the net income of the Fund, including net realized taxable capital gains, if any, that is paid or becomes payable to the Unitholder by the Fund in the year (whether in cash or in Units). To the extent that amounts payable to a Unitholder are designated by the Fund as the taxable portion of net realized capital gains, taxable dividends from taxable Canadian corporations or foreign source income, those amounts will retain their character and be treated as such in the hands of the Unitholder.

Where a Unitholder holds Units as capital property for the purposes of the Tax Act, distributions by the Fund to the Unitholder in excess of the Unitholder’s share of the Fund’s net income and net realized capital gains will generally not result in an income inclusion, but will reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to such negative amount. A Unitholder who disposes of Units held as capital property (on a redemption or otherwise) will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (which do not include any amount of capital gains made payable by the Fund to the Unitholder which represent capital gains realized by the Fund in connection with its disposition of securities in order to fund the redemption) exceed (or are less than) the aggregate adjusted cost base of the Units disposed of and any reasonable costs of disposition.

A Unitholder who realizes a capital gain or capital loss upon the disposition of Units in a taxation year of the Unitholder will be required to include in computing the Unitholder’s income for that year one-half of any such capital gain (a “**taxable capital gain**”) and will be required to deduct one-half of any such capital loss (an “**allowable capital loss**”) realized by the Unitholder in a taxation year of the Unitholder against taxable capital gains realized in the year of disposition. Subject to the detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of the Unitholder in any of the three years preceding the year of disposition or in any year following the year of disposition.

Based on counsel’s understanding of the current published administrative policies and assessing practices of the CRA, a conversion of Class F Units into whole Class A Units will not constitute a disposition of such Class F Units for the purposes of the Tax Act. The redemption of any fraction of a Class F Unit will generally result in a capital gain (or capital loss) for the redeeming holder.

A purchaser who disposes of Exchange Eligible Securities pursuant to the Exchange Option and holds such securities as capital property will generally realize a capital gain (or

capital loss) in the taxation year of the purchaser in which the disposition of the securities takes place to the extent the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the purchaser's adjusted cost base of such securities.

Each investor should satisfy himself or herself as to the federal, provincial and other tax consequences of an investment in Units by obtaining advice from his or her tax advisor. See "Income Tax Considerations".

Risk Factors:

An investment in Units will be subject to certain risk factors, including:

- (i) there can be no assurance that the Fund will be able to achieve its investment objectives;
- (ii) loss on investment;
- (iii) performance of the Portfolio;
- (iv) risk related to preferred shares;
- (v) sensitivity to interest rates;
- (vi) prepayment or call risk;
- (vii) risk related to non-investment grade securities;
- (viii) equity risk;
- (ix) issuer risk;
- (x) concentration risk;
- (xi) duration risk;
- (xii) derivatives risk;
- (xiii) risks related to leverage;
- (xiv) risks associated with foreign currency exposure;
- (xv) issuer credit risk;
- (xvi) counterparty risk;
- (xvii) risks related to significant redemptions;
- (xviii) risks related to market disruptions;
- (xix) risks related to global financial developments;
- (xx) reliance on the Manager and its key employees;
- (xxi) risks relating to the Manager's evaluation of securities;
- (xxii) risks regarding trading price of the Class A Units;
- (xxiii) Class F Units will not be listed on any exchange;
- (xxiv) risks associated with multiple classes of units;
- (xxv) potential conflicts of interest;
- (xxvi) changes in legislation;
- (xxvii) risks relating to taxation of the Fund and the tax treatment of holding Units by Unitholders;
- (xxviii) risks associated with the Exchange Option;
- (xxix) the Fund's lack of operating history and the current absence of public trading

market for the Units;

(xxx) the fact that the Fund is not a trust company and the Units are not insured deposits;

(xxxi) risks relating to the nature of the Units; and

(xxxii) no ownership interest risk.

See “Risk Factors”.

ORGANIZATION AND MANAGEMENT OF THE FUND

| <u>Management of the Fund</u> | <u>Name and Municipality of Residence</u> | <u>Services Provided to the Funds</u> |
|---|---|--|
| Manager, Portfolio Manager and Promoter | Fiera Capital Corporation 1 Adelaide Street East, Suite 600 Toronto, Ontario M5C 2V9 | Promoting and providing, or arranging for the provision of, management, investment management and administrative services to the Fund and providing portfolio advisory services for the Portfolio. |
| Trustee | Computershare Trust Company of Canada Toronto, Ontario | Acting as trustee of the Fund in accordance with the Declaration of Trust, and performing the duties and services and exercising the rights accorded to it therein. |
| Custodian | NBCN Inc. Montréal, Quebec | Providing custodial services to the Fund. |
| Auditor | PricewaterhouseCoopers LLP Montréal, Quebec | Providing auditing services to the Fund. |
| Registrar, Transfer and Exchange Agent | Computershare Investor Services Inc. Toronto, Ontario | Maintaining the securities register and the register of transfers of Units for the Fund and acting as exchange agent for the Exchange Option. |

AGENTS

RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Canaccord Genuity Corp., Dundee Securities Ltd. and Manulife Securities Incorporated (collectively, the “Agents”) conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement, and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents. See “Plan of Distribution”.

The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to purchase additional Class A Units, at a price of \$10.00 per Class A Unit, in an amount up to 15% of the aggregate number of Class A Units issued at Closing on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fee and the net proceeds to the Fund before deducting the expenses of the Offering will be \$287,500,000, \$11,500,000 and \$276,000,000, respectively. See “Plan of Distribution”.

| <u>Agents' Position</u> | <u>Maximum Size</u> | <u>Exercise Period</u> | <u>Exercise Price</u> |
|-------------------------|-------------------------|--------------------------------------|--------------------------|
| Over-allotment Option | 3,750,000 Class A Units | Within 30 days following the Closing | \$10.00 per Class A Unit |

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable or incurred by the Fund, which will therefore reduce the value of your investment in the Fund. For further particulars, see "Fees and Expenses".

| <u>Type of Fee</u> | <u>Amount and Description</u> |
|------------------------------------|--|
| Fees Payable to the Agents: | \$0.40 per Class A Unit (4.0%) and \$0.17 per Class F Unit (1.7%). |
| Expenses of the Offering: | In addition to the Agents' fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be \$650,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering). |
| Management Fee: | An annual management fee (the " Management Fee ") equal to 0.75% of the NAV of the Fund (plus applicable taxes), calculated daily and payable monthly in arrears, will be paid to the Manager. |
| Ongoing Fees and Expenses: | <p>The Fund will pay for all ordinary expenses incurred in connection with its operation and administration. The Manager estimates that operational expenses of the Fund, exclusive of management fees, debt service and expenses related to portfolio transactions will be approximately \$200,000 per year.</p> <p>Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus will be on terms that are no less favourable to the Fund than those available from arm's length persons (within the meaning of the Tax Act) for comparable services and the Fund will pay all expenses associated with such additional services.</p> |

INFORMATION REGARDING PUBLIC ISSUERS

Certain information contained in this prospectus relating to publicly traded securities, the issuers of those securities and the industry in which the Fund will invest is taken from and based solely upon information published by those issuers or other independent third party services. None of the Manager, the Fund nor the Agents has independently verified the accuracy or completeness of any such information.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Fund or the Manager. The forward looking statements are not historical facts but reflect the current expectations of the Fund or the Manager, as applicable, regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including but not limited to, the matters discussed under “Risk Factors” and in other sections of this prospectus.

By their nature, forward looking statements require the Fund or the Manager to make assumptions about future events which include, among other things, that the Fund will continue to have sufficient assets under management to effect its investment strategy, the investment strategy will produce the results intended by the Fund and the markets will react and perform in a manner consistent with the investment strategies. The Manager believes the expectations reflected in forward looking statements are reasonable. However, none of the Fund, the Manager nor the Agents can assure that these expectations will prove to be correct. An investor should not unduly rely on forward looking statements included in this prospectus. These forward looking statements speak only as of the date of this prospectus or as of the date specified in this prospectus, as the case may be.

The actual results of the Fund could differ materially from those anticipated in these forward looking statements as a result of the factors set out below under “Risk Factors”, as well as those set out elsewhere in this prospectus.

The factors described in the foregoing paragraphs do not constitute an exhaustive list and when considering forward looking statements in making decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward looking statements. Due to the potential impact of these factors, none of the Fund, the Manager nor the Agents undertake, and specifically disclaim, any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Canadian Preferred Share Trust (the “**Fund**”) is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of June 22, 2015. The manager, portfolio manager and promoter of the Fund is Fiera Capital Corporation (the “**Manager**” or “**Fiera**”). The principal office of the Fund is located at 1 Adelaide Street East, Suite 600, Toronto, Ontario M5C 2V9. The trustee of the Fund is Computershare Trust Company of Canada (the “**Trustee**”). The principal office of the Trustee is located at 100 University Ave., 11th Floor – North Tower, Toronto, Ontario M5J 2Y1.

The beneficial interest in the net assets and net income of the Fund is divided into transferable Class A Units and Class F Units (collectively, the “**Units**”) of the Fund. See “Description of the Units”.

The Fund will be considered to be a non-redeemable investment fund under the securities legislation of the provinces and territories of Canada and consequently will be subject to the various policies and regulations that apply to non-redeemable investment funds pursuant to NI 81-102.

INVESTMENT OBJECTIVES

The Fund’s investment objectives are to:

- (i) provide holders of Units (“**Unitholders**”) with monthly cash distributions;
- (ii) preserve capital and provide the opportunity for capital appreciation; and
- (iii) reduce the risk of rising interest rates by managing Portfolio duration.

The Fund has been created to invest in an actively managed portfolio comprised of Canadian preferred shares (the “**Portfolio**”).

INVESTMENT STRATEGIES

The Fund has been designed to provide investors with a low-cost investment primarily in preferred shares of Canadian issuers and, to a lesser extent preferred securities of U.S. issuers.

Fiera, as portfolio manager, will actively manage the Portfolio with the intention of preserving capital while generating current income. In managing the Portfolio, Fiera will take into account criteria such as the credit quality, liquidity, and overall duration of the Portfolio.

Investment Process

The Manager will use a three step investment process in making investment decisions:

1) **Fundamental Analysis**

Analysis of global and local economies:

Through a review of global rate trends and central bank monetary policies, a fundamental analysis is prepared by the Manager on how the preferred share market is expected to react to trends and changes in such policies, specifically changes in respect of yield compensation, credit sentiment and credit quality. Employment growth, total full employment, wage inflation, retail sales, industrial production, housing starts and existing home sales are all important economic factors that are considered in the fundamental analysis regarding credit and interest rate sentiments and global economic growth expectations. The Manager considers Citigroup Economic Surprise indices to evaluate how economic data, especially in Europe and in the United States, may impact credit and interest rate sentiments and growth expectations.

Thorough assessment of North American and global credit markets:

A robust analysis of global credit focused primarily on historical defaults, default rates, and credit sentiment is prepared by the Manager and includes all major indices. This analysis gives the Manager a view on the credit tone of the market, which

guides the Manager in its decision with respect to adding or reducing exposure to the market in the Portfolio. Canadian and U.S. market flows regarding preferred shares, high yield bonds and investment grade bonds are also monitored and considered in the credit fundamental analysis.

In-depth credit analysis focusing on balance sheets, liquidity, cash flow generation, management strategy and industry trends:

Fiera's credit process is built on an experienced credit team consisting of four portfolio managers and two analysts in which all members contribute to the credit reviews and the credit recommendations. The credit process is based on an in-depth credit analysis focusing on balance sheets, liquidity, cash flow generation, management strategy and industry trends. During this credit process, an internal rating is made based on internal credit recommendations regarding credit quality, credit valuation, investment strengths, investment risks, event risks and liquidity risks. This credit process takes into account the major credit agencies' outlooks, but importantly, does not rely on credit agency ratings. The Fiera credit team covers more than 95% of Canadian corporate issues (based on market value) and is able to leverage the team's experience to add value in the preferred share market.

Regular company meetings with senior management:

Company meetings with management of issuers are an important part of the credit process. In these meetings, Fiera endeavors to evaluate the senior management, to understand, among other things, their objectives, compensation, expectation on acquisitions, capital expenditure and dividend policy. Fiera's credit team has a presence in both Toronto and Montréal and as such has access to all the major issuers in the Canadian market. Over the last five years, the team has on average, met with 75 companies per year.

2) **Relative value analysis**

Relative value analysis between corporate bonds and preferred shares, international trading levels, rating, capital structure, sectors, issuers, preferred shares type:

Relative value analysis seeks to determine the relative attractiveness of Canadian preferred shares, Canadian corporate bonds, U.S. preferred securities, and European hybrid securities as well as the relative attractiveness of different parts of the capital structure (for example, senior debt, subordinated debt and preferred shares). Fiera also analyzes the relative value between types of preferred shares, different sectors, issuers and reset levels. The preferred share market is a complex market with many different types of preferred shares (including rate reset, retractable, floating and perpetual shares) as well as new capital structures such as Non-Viability Contingent Capital ("NVCC") shares. The structural differences between different types of preferred shares add to the complexity of the preferred share market. The Manager's relative value analysis takes into account those structural features, for example assessing higher and lower reset spreads for fixed-floating preferred types per issuer. In the Canadian market, issuers may have different types of preferred shares outstanding at the same time and, as a result, preferred shares issued by the same issuer can have different risk/return profiles. For example, the reset on a particular issue may be comparatively weak versus another issue of the same issuer as the preferred share (with a lower reset) may be subject to more volatility in the market. The analysis also takes into account the relative value of non-NVCC bank preferred shares and NVCC bank preferred shares and the potential call risks considering bank capital requirements.

NVCC rate resets are a new type of preferred share that were first issued in 2014 to be compliant with Basel III regulations. These securities have the same structure as other rate reset preferred shares, but include a feature that allows the issuing banks to automatically convert the preferred shares into common shares in certain circumstances. Due to this feature, the securities qualify as Tier 1 Capital on a bank's balance sheet.

Monitoring of technical factors and the impacts of passively-managed exchange-traded funds mandate:

Fiera also monitors the flows on the biggest passive exchange traded funds. On a quarterly basis, Fiera will use its proprietary model to forecast which securities will be added to, or deleted from, the most important indexes. These trades can result in large block trades at attractive values for buyers who are able to purchase these shares for an actively managed portfolio.

3) **Risk Management**

The Manager will also manage the Portfolio with a focus on risk management. This process will include the following principal elements:

- (i) Diversified portfolio with a focus on capital preservation with credit analysis across all issuers in the Portfolio and a particular focus on issuers with a credit quality higher than P3;
- (ii) Analysis of call risks based on internal assumptions of capital requirements for all issuers in the Portfolio. A target callable date is maintained through the risk management process for all issues including monitoring of yield-to-worst and duration metrics for all issues based on the callable date assumptions. NVCC and non-NVCC banking capital structures are also considered through the callable date assumptions within the risk management process;
- (iii) Aligning return opportunities with risk exposures by preferred share types, by sectors and by issuers; and
- (iv) Daily performance tracking and reporting with attribution analysis by preferred share type, by sector and by issuer.

In managing the Portfolio, Fiera will also evaluate the fundamental characteristics of an issuer, including, but not limited to, the issuer's creditworthiness while also taking into account prevailing market factors. In analyzing credit quality, the Manager considers not only fundamental analysis, but also an issuer's corporate and capital structure and the placement of the preferred securities within that structure.

Portfolio Construction

The portfolio construction process used to manage the Portfolio will rely on evaluating the most attractive segments of the preferred share market and assessing the relative attractiveness of each available security within the desired segments. The Manager seeks to achieve the best risk-reward composition of investments continuously. The analytical process relies on macro-economic analysis to identify the desired interest rate exposure. This process is complemented by in-depth understanding of the structure of the preferred share market that allows for optimal positioning throughout the investment cycle. For security selection, the Manager performs bottom-up credit analysis for each issuer in the Portfolio. This fundamental analysis relies on assessing the strength of the balance sheet of the issuer and its liquidity position.

Duration Management

Exposure to interest rate movements is an important element in the performance of preferred shares. The measure the Manager monitors to determine the sensitivity of the Portfolio to movements in interest rates is duration. In assessing duration, the Manager will consider potential changes to interest rates, and a security's yield, coupon payments (including, where applicable, the frequency of the coupon resets), price and par value and call features, in addition to the amount of time until the security matures.

In the current low yielding environment, the Manager will consider hedging some of the Portfolio's interest rate exposure by reducing the duration of the Portfolio Securities when market conditions are appropriate. The decision to reduce the duration of the Portfolio will reflect the outlook of the Manager for the economy and interest rates in general.

Other Securities

To better manage the risk profile, the Manager may also invest in Canadian and provincial government bonds and in investment grade corporate bonds of Canadian and U.S. issuers.

The Fund may use derivatives for hedging purposes, including currency and interest rate hedging. The Manager may, by way of example, use futures and/or options on futures, interest rate swaps and other derivative instruments, manage the duration of the Portfolio based on its market and economic outlook, with a view to reducing the interest rate sensitivity of the Portfolio's positions during periods of rising interest rates. No assurance can be given that the Portfolio will be hedged from any particular risk from time to time.

Leverage

The Fund may utilize various forms of leverage including borrowings under loan facilities, margin purchases and through derivatives. At the time such leverage is incurred, the maximum amount of leverage that the Fund could employ shall not exceed 20% of the NAV of the Fund (the "**Leverage Threshold**") or 1.2:1 (total long positions (including leveraged positions) divided by the net assets of the Fund). Swaps, futures contracts and other derivatives will not be included in the Leverage Threshold calculation to the extent such derivatives are used for hedging (as defined in NI 81-102) currency or interest rates. If at any time leverage exceeds the Leverage Threshold, the Manager will, as soon as practicable thereafter,

cause the leverage to be reduced below such threshold. Initially, the Fund is expected to employ leverage of approximately 19% of the NAV of the Fund (1.19:1 (total long positions (including leveraged positions) divided by the net assets of the Fund)).

Currency Hedging

A portion of the Portfolio may be invested in securities denominated in foreign currencies; principally U.S. dollars. At all times, the Manager will hedge substantially all of the value of the Portfolio denominated in U.S. dollars back to the Canadian dollar.

Securities Lending

The Fund does not initially intend to engage in securities lending.

OVERVIEW OF THE SECTORS THE FUND INVESTS IN

Preferred shares possess both equity and fixed income characteristics. Similar to an equity security, a preferred share represents an ownership interest, generally does not have a maturity date and is recognized on the equity side of a company's balance sheet. Like a bond, however, a preferred share generally carries no voting right and tends to pay a fixed distribution.

In the hierarchy of the issuing company's capital structure, preferred shares are senior to common equity but rank behind debt in a claim for distributions and the right to liquidation proceeds in the event of a bankruptcy of the company. For that reason, preferred shares have less rights than the bonds of a company but carry additional rights above those granted to common equity holders.

The Manager believes that the demand for preferred shares has increased significantly with the increasing number of investors looking for yield and the current low interest rate environment. The preferred share market is complex and is often thinly traded and the Manager believes that individual investors may benefit from a portfolio of actively managed preferred shares. Furthermore, Fiera, as one of the largest portfolio managers of preferred shares in Canada, benefits from good trading relations with dedicated institutional preferred security trading desks.

The Manager believes that Canadian preferred shares offer an attractive opportunity as these securities have the potential to provide:

- (i) attractive yield and tax-advantaged current income;
- (ii) attractive risk/return profile, particularly in low economic growth environments; and
- (iii) portfolio diversification, particularly given low correlation with equity markets.

Correlation of Preferred Shares with other Asset Classes (August 2008 to May 2015)

| ASSET CLASS | INDEX | Correlation |
|--------------------------|----------------------------------|-------------|
| Canadian Bonds | FTSE TMX Federal Universe Bond | 0.02 |
| Canadian Bonds | FTSE TMX Corporate Universe Bond | 0.04 |
| Canadian Equities | S&P/TSX Composite | 0.19 |
| U.S. Equities | S&P 500 in CAD | 0.1 |
| International equities | MSCI EAFE in CAD | 0.13 |
| Emerging market equities | MSCI Emerging markets in CAD | 0.15 |

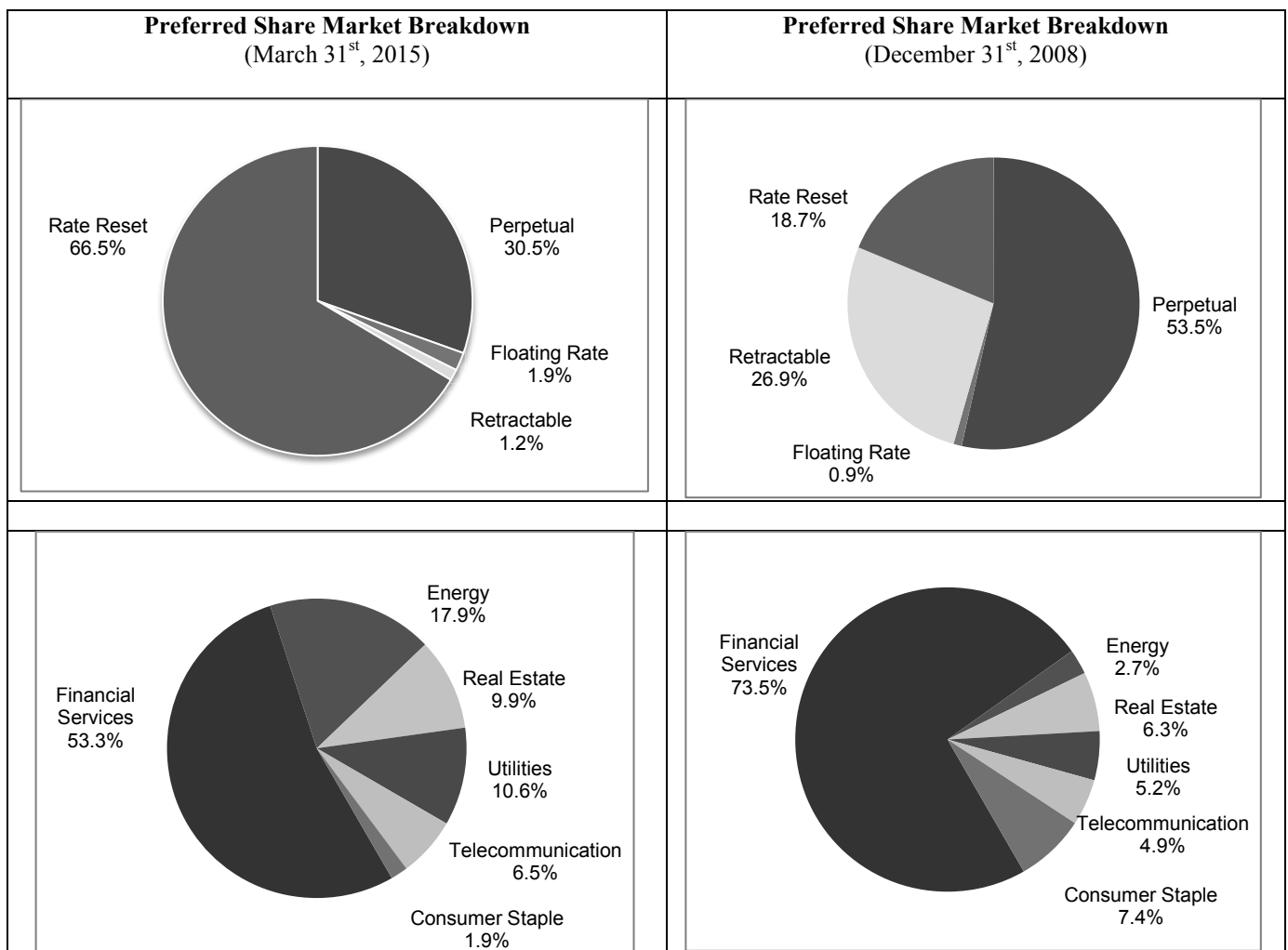
Source: Bloomberg

Canadian Preferred Share Market

The preferred share market in Canada was approximately \$57 billion as of March 31, 2015. Fixed-floating preferred shares, a structure that did not exist before the credit crisis, account for approximately 66% of the market. Perpetual fixed rate preferred shares account for approximately 31% of the market while floating rate preferred shares and retractable preferred shares represent about 2% and 1% of the market, respectively. The financial services sector remains the major sector (53%) followed by energy (18%), utilities (11%), real estate (10%), communications and media (6%) and food and staples retailing (2%) sectors.

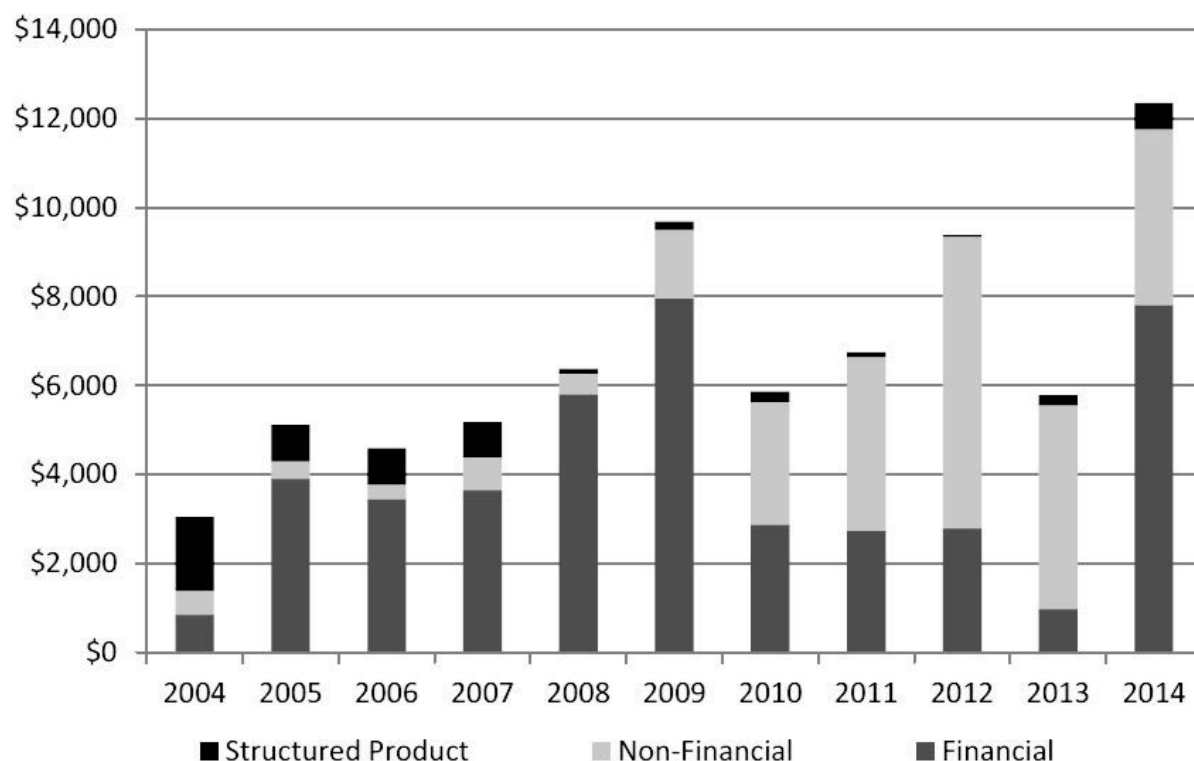
Changing Structural Landscape

As illustrated below, there has been a significant change in the preferred share market since the financial crisis with preferred shares moving from 54% fixed rate perpetual preferred shares in 2008 to 31% in 2015 while the fixed-floating preferred shares moved from 19% in 2008 to 66% in 2015. In the current low interest rate environment, investor demand for preferred shares was mainly for the rate reset preferred shares type as duration risk is lower versus the fixed rate perpetual. The Manager expects this trend will continue in this low interest rate environment. The Manager also expects an increase in floating preferred shares as it believes that most of the low reset rate reset issues will get extended and that close to half of the investors will opt for the floating rate option.



Source: Bloomberg, Fiera Capital.

Annual Preferred Security Issuance
(January 1, 2005 to December 31, 2014)



Source: Scotiabank GBM, ScotiaMcLeod.

As illustrated above, there was over \$12 billion in aggregate new issuances of preferred shares in Canada in 2014, representing a 114% increase in new issuance activity over 2013 and making 2014 the most active year for new issuances in the past 10 years. Primarily due to issuances of the new NVCC rate reset product, financial sector issuers were responsible for approximately 58% of new issuance in 2014. Rate reset preferred share made up 94% of new issuance in 2014.

Fiera expects that issuances will remain in the \$10 billion range per year in the near term. Banks are expected to remain a significant issuer as they continue to redeem non-NVCC issues and issue NVCC compliant shares. The Manager is not expecting to see the relative proportion of issues from financial sector issuers to return to the 2008 level, since it expects relatively greater supply from the energy and utilities sectors due to the important capital expenditures needs of some of the issuers in these sectors.

The Manager believes that, as described below, the most important factors that affect the preferred share market are: credit risk, interest rate risk and supply and demand dynamics.

Credit risk:

The financial crisis of 2008 impacted every credit market. Despite a lower interest rate environment during the financial crisis, with mainly perpetual preferred shares in the index, the S&P/TSX Preferred Shares Index was down 16.9%. It was the widening of the credit spreads that negatively affected the performance of the preferred share market.

Impacts of changes in interest rates on Canadian preferred shares:

As shown in the table below, in 2013 there was an increase in Canadian bond yields with the yield on the Government of Canada 10-year bond increasing by 100 basis points, impacting the performance of Canadian perpetual preferred shares, resulting in a negative performance of 3.6%. In 2014, Canadian interest rates moved lower with the yield on the Government of Canada 10-year bond decreasing by approximately a further 100 basis points, benefitting Canadian perpetual preferred shares which delivered a strong positive performance of 11.1%. During the first quarter of 2015, with oil prices remaining substantially lower than their averages in 2014 and continuing low interest rates, Canadian fixed-floating and floating preferred shares have experienced significant price depreciation due to, in the Manager's view, investors becoming concerned

about the interest rates at which rate reset preferred shares would reset and the potential lower coupon going forward particularly when compared with the attractive reset levels on the new issues.

Demand dynamics:

In 2014, there were many redemptions of preferred shares, especially of fixed rate reset shares with higher reset levels. Although interest rates were lower in 2014 than in 2013, redemptions and demand from investors helped fixed-floating preferred shares perform relatively well, delivering a total return of over 4.5% in 2014. Fiera believes that in the absence of such redemptions, returns could have been significantly lower. Because of the creation of the BMO S&P/TSX Laddered Preferred Share Index and iShares S&P/TSX Canadian Preferred Share Index, there has been more demand affecting dynamics and pricing.

Outlook and Positioning

The Manager believes that Canadian preferred shares are attractively priced relative to Canadian investment grade bonds and U.S. high yield bonds with an average yield-to-worst of 4.5%. This yield represents a premium of 200 basis points over a typical corporate bond before tax and more than 300 basis points premium on a tax equivalent basis. This premium is currently at the higher end of the range since the financial crisis of 2008. The tax equivalent yield of Canadian preferred shares is also currently in line with the average yield-to-worst of a U.S. passive high yield bond. The Manager believes that central banks around the world will generally continue their significant accommodative monetary policies, since inflation remains below their target rates, and that the U.S. Federal Reserve will likely start its tightening strategy later this year as the U.S. economy continues to improve. However, low inflation and a strong U.S. dollar could delay the timing of the first interest rate hike. The Manager believes that, with the Canadian economy expected to be soft in the first half of 2015 and rebound in the second half, the Bank of Canada will likely remain accommodative. Low interest rates in Europe and in Japan and their accommodative central banks should also contain any significant increase in interest rates in North America.

The Manager anticipates improved performance of Canadian preferred shares for the following reasons:

- (i) with the crude oil price reversing and Canadian core inflation near its target, the probability of another Bank of Canada rate cut is low;
- (ii) the Manager expects slight but positive growth of the Canadian economy in the first half of 2015 and a rebound in the second half of 2015;
- (iii) the U.S. preferred share fixed reset market performance has been strong in 2015. The U.S. rate reset preferred share type has outperformed the Canadian fixed reset market by 11.5% in the first quarter of 2015 on strong demand; and
- (iv) the market disruption caused by new fixed reset issues at attractive reset levels has dissipated.

In particular, the Manager believes that:

- (i) the fixed reset structure and floating preferred shares are attractive at this point;
- (ii) for the banks fixed reset preferred shares, there is more value in the non-NVCC compliant issues as the extension risk and supply risk is much lower versus the NVCC compliant issues. On the bank NVCC compliant issues, focus is on the highest reset level;
- (iii) floating preferred shares, particularly the bank non-NVCC compliant issues, are priced to reflect the probability of a rate cut, which is inconsistent with the bond market that is now pricing no further rate changes in 2015; and
- (iv) fixed rate perpetual preferred shares will not perform well as interest rates will slowly increase going forward and there is more upside in the fixed reset preferred share structure. Bank fixed rate perpetual preferred shares will perform well as they should all get called by 2022 as they are not compliant with the new Basel III rules.

The preferred share market in Canada is a relatively small market (\$57 billion as of March 31, 2015) when compared with the investment grade corporate bond market (\$417 billion), and is often thinly traded and dominated by retail investors. Additionally, passive investors, such as index-based exchange traded funds are required to track an index, which can create

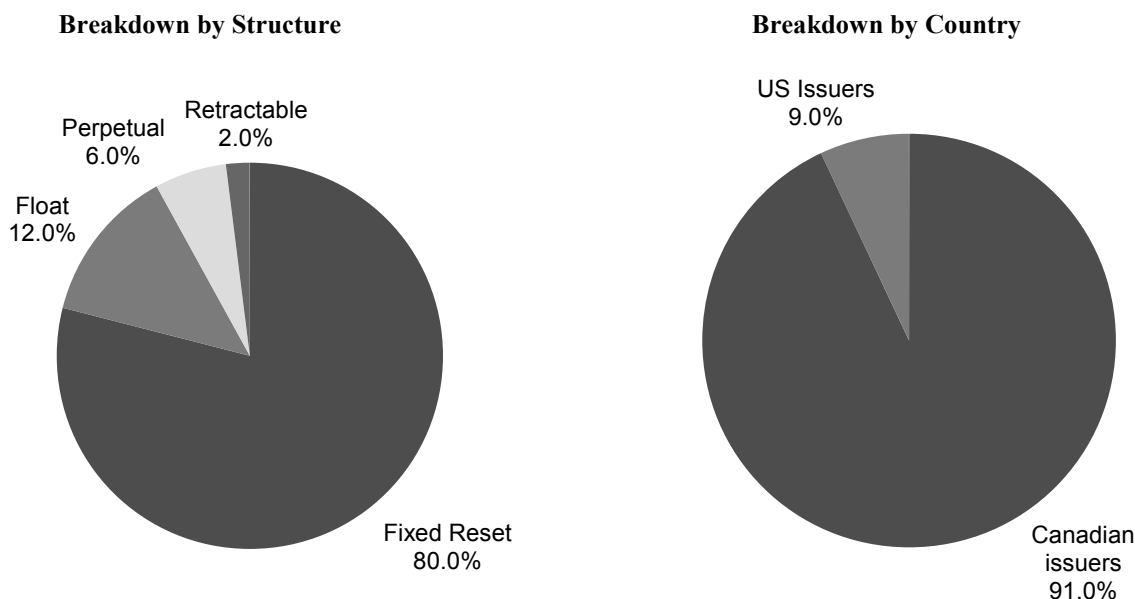
forced buying or selling of these securities. The Manager believes that such market conditions are ideal for active managers, as the Canadian preferred share market is sometimes inefficient and should continue to create many arbitrage opportunities and that as a result of the Manager’s strong presence and institutional trading relationships in the Canadian market, it will be able to take advantage of these opportunities as they arise.

The Manager believes it can out perform a passive mandate through its credit analysis, duration analysis and security selection in this complex market.

Indicative Portfolio

The following charts illustrate the composition of the Portfolio in respect of the structure and geography on an indicative basis if the Portfolio had existed on May 20, 2015 (the “**Indicative Portfolio**”) and other characteristics of the Indicative Portfolio.

| | |
|------------------------|-----------|
| Average Yield to Worst | 4.60% |
| Average Credit Rating | P2 |
| # of securities | 50 |
| Modified duration | 2.9 years |



The information set out above is provided for illustrative purposes only. The Portfolio may or may not include securities of issuers considered in compiling the foregoing analysis and will include securities of issuers that were not included in compiling this analysis. The Manager will actively manage the Portfolio to seek to meet the Fund’s investment objectives and therefore the composition of the Portfolio will vary from time to time based on the Manager’s assessment of market conditions and the availability of suitable securities and may differ substantially from the Indicative Portfolio whose information is described above. See “Risk Factors”.

INVESTMENT RESTRICTIONS

The Fund will be subject to the investment restrictions set out (i) in NI 81-102 that are applicable to non-redeemable investment funds subject to any exemption; and (ii) below. The investment restrictions of the Fund may not be changed

without the approval of Unitholders by an Extraordinary Resolution. The investment restrictions of the Fund, which are set forth in the Declaration of Trust, provide that:

- (i) not less than 80% of Total Assets will be invested in preferred shares of Canadian domiciled issuers;
- (ii) the Fund will not invest more than 15% of Total Assets in non-Investment Grade securities;
- (iii) the Fund will not employ leverage, in amounts exceeding 20% of the NAV of the Fund determined at the time of borrowing (1.2:1 (total long positions (including leveraged positions) divided by the net assets of the Fund)) provided that if at any time leverage exceeds the Leverage Threshold, the Manager will, as soon as practicable thereafter cause the leverage to be reduced below such threshold (and provided that derivatives used solely for hedging (as defined in NI 81-102) currency or interest rate will not be included in the Leverage Threshold calculation);
- (iv) the Fund will not use derivatives, other than for purposes of hedging (as defined in NI 81-102) foreign currency and interest rate;
- (v) the Fund will not invest more than 10% of Total Assets in securities of any one issuer;
- (vi) the Fund will not own securities of an issuer if as a result of such ownership the Manager would, either directly or indirectly, hold or exercise control or direction over greater than 19.99% of the securities of such issuer;
- (vii) the Fund will not engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act;
- (viii) the Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” for the purposes of section 94 of the Tax Act;
- (ix) the Fund will not invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act;
- (x) the Fund will not invest in any security of an issuer that would be a “foreign affiliate” of the Fund for purposes of the Tax Act;
- (xi) the Fund will not enter into any arrangement (including the acquisition of securities for the Portfolio) where the result is a “dividend rental arrangement” for the purposes of the Tax Act (including any amendment to such definition);
- (xii) the Fund will not make any investment or conduct any activity that would result in the Fund failing to qualify or ceasing to qualify as a “mutual fund trust” for purposes of the Tax Act or acquire any property that would be “taxable Canadian property” of the Fund as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof) (or any amendment to such definition); and
- (xiii) the Fund will not make or hold any investment that would result in the Fund itself being a SIFT Trust for purposes of the SIFT Rules.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment or Total Assets will not be considered a violation of the investment restrictions (except for the restrictions in paragraphs (viii) and (xiii) above which must be complied with at all times, and except as provided in NI 81-102, and which may necessitate the selling of investments from time to time). If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund’s holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment

restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with.

Notwithstanding the foregoing: (a) for the first 30 days following the Closing Date, the Fund may obtain exposure to preferred shares by investing in exchange-traded funds; (b) for the first 30 days following the Closing Date, the Fund may hold securities acquired pursuant to the Exchange Option and restrictions in paragraphs (i) and (ii) above shall not be applicable; and (c) the Fund may also hold cash or cash equivalents from time to time.

FEES AND EXPENSES

Agents' Fees

The Agents' fees will be \$0.40 per Class A Unit (4.0%) and \$0.17 per Class F Unit (1.7%), which will be paid by the Fund out of the proceeds of the Offering. See "Plan of Distribution".

Expenses of the Offering

In addition to the Agents' fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be \$650,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering).

Management Fee

An annual management fee (the "**Management Fee**") equal to 0.75% of the NAV of the Fund (plus applicable taxes), calculated daily and payable monthly in arrears, will be paid to the Manager.

Pursuant to the Management Agreement, the Manager is responsible for all investment decisions of the Fund in accordance with the investment objectives, strategy and restrictions and for arranging for the execution of all Portfolio transactions, and for managing and administering the day to day business and affairs of the Fund. The Manager may delegate certain of its powers to third parties, where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager's duties include, without limitation: authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Fund complies with regulatory requirements and applicable stock exchange listing requirements; preparing or causing to be prepared the reports of the Fund to Unitholders and the Canadian securities regulatory authorities; as applicable, determining the timing and amount of distributions to be made by the Fund; and negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

Ongoing Fees and Expenses

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration. It is expected that the expenses for the Fund will include, without limitation, all costs of portfolio transactions, fees payable to the Manager, the Trustee and other third party service providers, custodial fees, legal, accounting, audit and valuation fees and expenses, fees and expenses of the members of the IRC, expenses related to compliance with NI 81-107, fees and expenses relating to the voting of proxies by a third party, premiums for directors' and officers' insurance coverage for members of the IRC, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, fees payable to the plan agent under the Reinvestment Plan for performing certain financial, record-keeping, Unitholder reporting and general administrative services and for acting as plan agent under the Reinvestment Plan, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements, website maintenance costs, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Fund may incur and all amounts paid on account of indebtedness. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The Manager estimates that operational expenses of the Fund, exclusive of the Management Fee, debt service and expenses related to portfolio transactions, will be approximately \$200,000 per year, plus applicable taxes.

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus will be on terms that are no less favourable to the Fund than those available from arm's length persons (within the meaning of the Tax Act) for comparable services and the Fund will pay all expenses associated with such additional services.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units which prospective investors should consider before purchasing such Units:

No Assurances of Achieving Objectives

There is no assurance that the Fund will be able to achieve its investment objectives. It is possible that, due to declines in the market value of the Portfolio, the Fund will have insufficient assets to achieve in full its investment objectives.

There is no assurance that the Fund will be able to achieve its distribution objective. The funds available for distribution to Unitholders will vary according to, among other things, the levels of interest, dividends or distributions paid on the Portfolio Securities and the value of the Portfolio. There is no assurance that the Portfolio will earn any return. If the return on the Portfolio and the increase in the value of the Portfolio is less than the amount necessary to fund the monthly distributions and all expenses of the Fund and if the Manager chooses to nevertheless pay the monthly distributions to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and, accordingly, NAV per Unit would be reduced. The amount of monthly distributions may vary if there are changes in any of the factors that affect the net cash flow on the Portfolio, including the amount of leverage employed by the Fund and the other assumptions noted under "Distribution Policy".

Loss on Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of a distribution not being made in any period.

Performance of the Portfolio

The NAV per Unit will vary as the fair value of the Portfolio Securities varies. The Fund has no control over the factors that affect the fair value of the Portfolio Securities, including factors that affect equity and debt markets generally, such as general economic and political conditions and fluctuations in interest rates, and factors unique to each issuer included in the Portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. Some global economies are experiencing significantly diminished growth and some may suffer or have suffered a recession. No assurance can be given that diminished availability of credit and significant equity devaluations will not adversely affect the markets into which the Fund will invest in the near to medium term.

Risks of Investing in Preferred Shares

The Fund will also be subject to the risks inherent in investment in preferred shares including complex instruments such as NVCC shares (which do not have a long history and accordingly, associated risks may not be fully understood) such as 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. Preferred shares 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.

There are specific risks associated with investing in preferred shares, including:

- (a) *Limited voting rights.* Generally, preferred security holders (such as the Fund) have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights. In the case of certain preferred shares issued by trusts or special purpose entities, holders generally have no voting rights except if a declaration of default occurs and is continuing. In such an event, preferred security holders generally would have the

right to appoint and authorize a trustee to enforce the trust or special purpose entity's rights as a creditor under the agreement with its operating company.

- (b) *Special redemption rights.* In certain circumstances, an issuer of preferred shares may redeem the securities prior to their stated maturity date. For instance, for certain types of preferred shares, a redemption may be triggered by a change in federal income tax or securities laws or regulatory or major corporate action. A redemption by the issuer may negatively impact the return of the security held by the Fund.
- (c) *Payment deferral.* Generally, preferred shares may be subject to provisions that allow an issuer, under certain conditions, to skip ("non-cumulative" preferred shares) or defer ("cumulative" preferred shares) distributions. An issuer of non-cumulative preferred shares can defer distributions indefinitely. Cumulative preferred shares typically contain provisions that allow an issuer, at its discretion, to defer distribution payments for up to 10 years. If the Fund owns a preferred share that is deferring its distribution, the Fund may be required to report income for tax purposes while it is not receiving any corresponding cash.
- (d) *Subordination.* Preferred shares are subordinated to bonds and other debt instruments in a company's capital structure and therefore are subject to greater credit risk than those debt instruments.
- (e) *Liquidity.* Preferred shares may be substantially less liquid than many other securities, such as government securities or common shares.
- (f) *Regulatory risk.* Issuers of preferred shares may be in industries that are heavily regulated and that may receive government funding. The value of preferred shares issued by these companies may be affected by changes in government policy, such as increased regulation, ownership restrictions, deregulation or reduced government funding.
- (g) *New Types of Securities.* From time to time, preferred shares, including hybrid securities, have been, and may in the future be, offered having features other than those described herein. The Fund reserves the right to invest in these securities if the Manager believes that doing so would be consistent with the Fund's investment objectives. Since the market for these instruments would be new, the Fund may have difficulty disposing of them at a suitable price and time. In addition to limited liquidity, these instruments may present other risks, such as high price volatility.
- (h) *Conversion.* Holders of preferred shares (such as the Fund) could become holders of common shares of issuers at a time when such issuer's financial condition is deteriorating or when it has become insolvent or bankrupt or resolved to be wound-up or has been ordered wound-up or liquidated. There can be no guarantee that the common shares issued in such circumstances will pay a dividend, appreciate, or that there will be a liquid market for such common shares. There can be no guarantee that in such circumstances payment of interest or other distributions on the preferred shares will resume. As a result, in such circumstances, were the Fund to become a holder of common shares, it could receive substantially less than as a holder of preferred shares that have not been exchanged for common shares, which in turn could affect the ability of the Fund to meet its investment objectives, including paying targeted monthly distributions. There can be no guarantee that any triggering events which require a holder of preferred shares (such as the Fund) to subscribe for common shares of such issuers will not change over time or will not vary from one security to another.

Sensitivity to Interest Rates

As many preferred shares pay dividends at a fixed rate, their market price can be sensitive to changes in interest rates in a manner similar to bonds in that, as interest rates decline, the market value of fixed income securities tends to increase. Conversely, when interest rates increase, the market value of fixed income securities tends to decline. To the extent that the Portfolio invests in, or is exposed to, fixed rate securities, rising interest rates may cause the value of the Portfolio's investments to decline significantly. The volatility of a security's market value will differ depending upon the security's duration, the issuer and the type of instrument. The longer the time to maturity the greater the potential for variations in value.

Prepayment or Call Risk

Many issuers of preferred shares have a right to prepay or call their preferred shares. If interest rates fall, the issuer of preferred shares may call (or redeem) such preferred shares and replace them with a new preferred security issuance at lower rates, conventional debt, or perhaps even equity. If securities owned by the Fund are prepaid, called or redeemed, the Fund typically will be forced to reinvest proceeds at a time when yields on securities available in the market are lower than the yield on the security prepaid, called or redeemed. The Fund may also lose any premium it paid on the preferred share.

Non-Investment Grade Securities

A portion of the Portfolio may be invested in securities that are not Investment Grade. Securities in the lower rating categories are typically subject to greater risk of loss, as to timely repayment of principal and timely payment of dividends, interest or distributions than higher-rated securities. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. The yields and prices of lower-rated securities may tend to fluctuate more than those for higher-rated securities. Such instruments may be issued by companies that are in financial difficulty, and may be in, or emerging from, bankruptcy proceedings or other legally-mandated forms of liquidation proceedings. The length and complexity of bankruptcy and other insolvency proceedings may make it difficult for the Fund to realize upon its investments when it desires.

Distressed securities carry with them a higher credit risk as well as a higher “deal risk” (e.g. the process of restructuring the issuer of distressed securities may result in those securities being converted into a security or securities having lower potential value and/or higher risk). In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be contributing factors in a decrease in the value and liquidity of such securities.

Equity Risk

Equities such as preferred shares or common shares give the holder part ownership in an issuer. The value of an equity security changes with the financial condition of the issuer. General market conditions and the health of the economy as a whole can also affect equity prices. Equity related securities that provide indirect exposure to the equity securities of an issuer can also be affected by equity risk. Present economic conditions may adversely affect global companies and the pricing of their securities. Further continued volatility or illiquidity could impair materially the profitability of these issuers.

Issuer Risk

As many preferred shares allow holders to convert preferred shares into common shares of the issuer, the market price of preferred shares can be sensitive to changes in the value of the issuer’s common shares. To the extent that the Portfolio includes convertible preferred shares, declining common share values may also cause the value of the Portfolio’s investments to decline.

Portfolio Concentration Risk

The Fund will at all times invest in the Portfolio Securities selected in accordance with the Fund’s investment strategy. The Portfolio may be concentrated in the financial services sector. A financial services company is one that is primarily involved in banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance or financial investments. This makes the Fund more susceptible to adverse economic or regulatory occurrences affecting this sector. Concentration of investments in financial services companies include the following risks:

- (i) financial services companies may suffer a setback if regulators change the rules under which they operate;
- (ii) unstable interest rates can have a disproportionate effect on the financial services sector;
- (iii) financial services companies whose securities the Fund may purchase may themselves have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that sector;
- (iv) financial services companies have been affected by increased competition, which could adversely affect the profitability or viability of such companies; and
- (v) financial services companies have been significantly and negatively affected by the downturn in the subprime mortgage lending markets and the resulting impact on the world’s economies.

The Portfolio Securities may not be diversified by country or industry. The NAV of the Fund may be more volatile than the net asset value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative effect on the value of the Units and the Fund’s capital appreciation objectives.

Duration Risk

Duration measures the time-weighted expected cash flows of a security, which can determine the security's sensitivity to changes in the general level of interest rates (or yields). Securities with longer durations tend to be more sensitive to interest rate (or yield) changes than securities with shorter durations. Duration differs from maturity in that it considers potential changes to interest rates, and a security's coupon payments, yield, price and par value and call features, in addition to the amount of time until the security matures. Various techniques may be used to shorten or lengthen the duration of Portfolio Securities. The duration of a security will be expected to change over time with changes in market factors and time to maturity. The management of the duration of the Portfolio will not completely protect the Fund from increases in interest rates.

Derivatives Risk

Whether the Fund's use of derivatives is successful will depend on, among other things, if the Manager correctly forecasts market values, interest rates and other applicable factors. If the Manager incorrectly forecasts these and other factors, the investment performance of the Fund will be unfavorably affected. In addition, the derivatives market is largely unregulated. It is possible that developments in the derivatives market could adversely affect the Fund's ability to successfully use derivative instruments.

The Fund may enter into debt-related derivatives instruments including interest rate swaps. Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of swaps requires an understanding by the Manager of not only the rate or index, but also of the swap itself.

Use of Leverage

One element of the Fund's investment strategy is the utilization of leverage. By adding leverage, the Fund has the potential to enhance returns but this also involves additional risks. There can be no assurance that the leveraging strategy employed for the Fund will enhance returns. The use of leverage may reduce returns (both distributions and capital) to Unitholders. If the securities in the Portfolio suffer a substantial decrease in value, the leverage component will magnify the decrease in value of the Units. If a loan facility is called by a lender, or if assets of the Fund have to be liquidated in order to comply with the terms of the borrowings, the Fund may have to liquidate its assets at a time when market conditions are not favourable, resulting in a loss.

The expenses and fees incurred in respect of the leverage may exceed the incremental capital gains/losses and income generated by the incremental investment by the Fund. In addition, the Fund may not be able to renew such borrowings on acceptable terms at the expiry of its term or in the event of early termination.

Currency Exposure

Because the Fund may invest a portion of the Portfolio in securities denominated or quoted in U.S. dollars and other foreign currencies, changes in foreign currency exchange rates may affect the value of securities owned by the Fund, the unrealized appreciation or depreciation of investments and gains on and income from investments. Currencies of certain countries may be volatile and therefore may affect the value of securities denominated in such currencies, which means that the Net Asset Value of the Fund could decline as a result of changes in the exchange rates between foreign currencies and the U.S. dollar and other foreign currencies. These risks often are heightened for investments in smaller, emerging capital markets. The Fund may enter into foreign currency transactions in an attempt to mitigate risks and enhance total return. Such transactions, if undertaken, may further expose the Fund to the risks of foreign currency movements and other risks. The use of foreign currency transactions can result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements or the inability of the Fund to deliver or receive a specified currency. Typically, substantially all of the Fund's U.S. dollar currency exposure will be hedged back to the Canadian dollar, however no assurance can be given that the Portfolio will be hedged from any particular risk from time to time.

Issuer Credit Risk

Credit risk is the risk that an issuer of a debt security held by the Fund may be unable or unwilling to make interest and principal payments and the related risk that the value of a debt security may decline because of concerns about the issuer's ability or willingness to make such payments. Debt securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. The credit rating of a debt security may be lowered if the issuer suffers adverse changes in its

financial condition, which can lead to greater volatility in the price of the security and in the Units, and can also affect the bond's liquidity and make it more difficult for the Fund to sell. When the Fund purchases unrated securities, it will depend on the Manager's analysis of credit risk without the assessment of an independent rating organization, such as Moody's or S&P.

Counterparty Risk

Changes in the credit quality of the companies that serve as the Fund's counterparties with respect to derivatives or other transactions supported by another party's credit may affect the value of those instruments. Certain entities that have served as counterparties in the markets for these transactions have recently incurred significant losses and financial hardships including bankruptcy as a result of exposure to sub-prime mortgages and other lower quality credit investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such hardships have reduced these entities' capital and called into question their continued ability to perform their obligations under such transactions. By using derivatives or other transactions, the Fund assumes the risk that its counterparties could experience similar financial hardships. In the event of insolvency of a counterparty, the Fund may sustain losses or be unable to liquidate a derivatives position.

Significant Redemptions

If Unitholders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV could be significantly reduced. A significant number of redemptions would increase the management expense ratio of the Fund. Many closed-end funds, like the Fund, with an annual redemption feature have experienced significant redemptions and as a result, some have ceased to be economically feasible and have been terminated or merged with other funds. The Manager may terminate the Fund upon filing a press release if, in the opinion of the Manager, it would be in the best interest of the Fund and the Unitholders to terminate the Fund.

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 that may be held from time to time.

For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Fund to liquidate its positions and thereby expose the Fund to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough to close out positions.

Global Financial Developments

Global financial markets have experienced a sharp increase in volatility in the last several years. While central banks as well as global governments have worked to restore growth to the global economies, no assurance can be given that the quantitative easing and financial reforms will continue. No assurance can be given that this stimulus will continue or that if it continues, it will be successful or, that these economies will not be adversely affected by the inflationary pressures resulting from such stimulus or central banks' efforts to slow inflation. Further, market concerns about the economies of certain European countries, economic growth in China, military conflicts in the Middle East and Europe, an increase in interest rates by the U.S. Federal Reserve, an increase in the value of the U.S. dollar relative to other currencies and extended periods of historically low oil prices, 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 Portfolio. A substantial drop in the markets in which the Fund invests could be expected to have a negative effect on the Fund.

Reliance on the Manager

Unitholders will be dependent on the ability of the Manager to effectively manage the Fund in a manner consistent with the investment objectives, strategy and restrictions of the Fund and the performance of the investments in the Portfolio will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and investment advisory services to the Fund will continue to be employed by the Manager.

Manager's Evaluation of Securities

Securities which the Manager believes are fundamentally undervalued may not ultimately be valued in the capital markets at prices and/or within the time frame the Manager anticipates. In particular, purchasing securities at prices which the Manager believes to be distressed or below fair value is no guarantee that the price of such securities will not decline further.

Risks Relating to Trading Price of the Class A Units

The Class A Units may trade in the market at a discount to the NAV per Class A Unit and there can be no assurance that the Class A Units will trade at a price equal to the NAV per Class A Unit. Units will be redeemable at 100% of the NAV per Unit on an Annual Redemption Date less any costs associated with the redemption, including commissions, wire transfer fees and such other costs charged to the Fund by third parties. While the redemption right provides Unitholders the option of annual liquidity at NAV per Unit, there can be no assurance that it will reduce trading discounts of the Class A Units.

Class F Units

Class F Units will not be listed on any stock exchange. It is expected that the liquidity for Class F Units will be largely obtained by means of conversion into Class A Units and the sale of those Class A Units through the facilities of the TSX. The conversion of Class F Units into Class A Units is available only on the first Business Day of each week and accordingly, holders of Class F Units wishing to dispose of Class F Units by converting into Class A Units may not be able to do so within a short period of time.

Multiple Classes of Units

The Management Fee determined with respect to each class of Units is charged against the Net Asset Value of the Fund. However, all other expenses of the Fund generally will be allocated among the various classes of units of the Fund, and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund as a whole, even though claims relate only to a particular class of units of the Fund.

Potential Conflicts of Interest

The Manager and its directors and officers and affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by the Fund.

Although officers, directors and professional staff of the Manager will devote as much time to the Fund as is deemed appropriate to perform their duties, they may have conflicts in allocating their time and services among the Fund and the other funds managed by the Manager.

Changes in Legislation

There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions or dividends received by the Fund or by the Unitholders.

Taxation of the Fund

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

The tax treatment of gains and losses realized by the Fund will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph, all of which is subject to the DFA Rules discussed below. In determining its income for tax purposes, the Fund will treat gains or losses realized on the disposition of Portfolio Securities held by it as capital gains and losses. Generally, the Fund will include gains and deduct losses on income account in connection with investments made through certain derivatives except where such derivatives are used to hedge Portfolio Securities held on capital account provided there is sufficient linkage and will recognize such gains or losses for tax purposes at the time they are realized by the Fund. The Fund also intends to take the position that gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in the Portfolio will constitute capital gains and capital losses to

the Fund if the Portfolio Securities are capital property to the Fund and there is sufficient linkage. Designations with respect to the Fund's income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these foregoing dispositions or transactions of the Fund are determined not to be on capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV of the Fund and NAV per Unit.

The Tax Act contains rules (the "**DFA Rules**") that target certain financial arrangements (described in the DFA Rules as "derivative forward agreements") that seek to deliver a return based on an "underlying interest" (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and, as currently drafted, could apply to other agreements or transactions (including certain forward currency contracts and other derivatives). If the DFA Rules were to apply in respect of any derivatives utilized by the Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

The taxation of certain investments in the Fund may be uncertain under Canadian tax law as to amount and timing of recognition of income, gains or losses and characterization of income, gains or losses and may be less favourable to the Fund or Unitholders as Canadian taxpayers than to taxpayers in the jurisdiction of the investment having regard to, among other things, tax credits or subsidies, withholding tax or the fact that the investment structure is designed with investors resident in the jurisdiction of the investment in mind and not Canadian resident investors like the Fund.

The SIFT Rules will apply to a mutual fund trust that is a SIFT Trust. The Fund should not be a SIFT Trust for the purposes of these rules because the Fund should not hold "non-portfolio property", as defined in the SIFT Rules, based on its investment restrictions, as described under the heading "Investment Restrictions". If the SIFT Rules were to apply to the Fund, they may have an adverse impact on the Fund including on distributions received by Unitholders.

The Fund intends to invest in foreign securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital ("**Tax Treaties**") to impose tax on dividends and interest paid or credited to persons who are not resident in such countries. While the Fund intends to make its investments in such a manner as to mitigate the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in selected foreign securities may subject the Fund to foreign taxes on dividends and interest paid or credited to the Fund and any gains realized on the disposition of such securities. Any foreign taxes incurred by the Fund will generally reduce the value of the Fund and amounts payable to Unitholders. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund's income from such an investment, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid by the Fund does not exceed 15% of the amount included in the Fund's income from such an investment and has not been deducted in computing the Fund's income and the Fund designates its income from a foreign source in respect of a Unitholder of the Fund, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder's proportionate share of foreign taxes paid by the Fund in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder of the Fund is subject to the detailed rules in the Tax Act. Unitholders should consult their own tax advisors with respect to the availability of foreign tax credits in their particular circumstances.

The after-tax return from an investment in Units to a Unitholder resident in Canada for the purposes of the Tax Act will depend in part on the Unitholder's ability to recognize for purposes of the Tax Act foreign taxes in respect of income from Portfolio Securities paid by or on behalf of the Unitholder through foreign tax credits under the Tax Act (see "Income Tax Considerations"). A Unitholder's ability to utilize for Canadian income tax purposes foreign taxes through foreign tax credits may be affected where the Unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient foreign source income in the taxation year the foreign taxes are paid or where the Unitholder has other foreign sources of income or losses or has paid other foreign taxes. Furthermore, foreign tax credits will be dependent upon the Canadian federal and provincial tax rates and foreign tax rates that will prevail in future years to apply to applicable sources of income. Unitholders are therefore advised to consult their own tax advisors in regard to foreign tax credits.

A Unitholder that is a Registered Plan will not be entitled to a foreign tax credit under the Tax Act in respect of any foreign tax paid by the Fund and designated in respect of the Registered Plan. As a result, the after tax return from an investment in Units to a Unitholder that is a Registered Plan may be adversely affected.

Exchange Option

A portion of the proceeds realized pursuant to the Offering may be by way of deposits of Exchange Eligible Securities under the Exchange Option. The Manager may be required to dispose of certain Exchange Eligible Securities acquired pursuant to the Exchange Option at prices below the prices at which they are then trading and perhaps at prices which are below what the Manager believes they are worth. Such dispositions may have an adverse impact on the NAV per Unit. Additionally, if the price of an Exchange Eligible Security on the Closing is less than the price used to calculate the Exchange Ratio, the Fund will, in effect, have paid more to acquire the Exchange Eligible Security than it would have paid if it had acquired the same security in the market at that time.

Operating History

The Fund is a newly organized investment trust with no previous operating history. There is currently no public market for the Units and there can be no assurance that an active public market for the Units will develop or be sustained after completion of the Offering.

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* (Canada) and are not insured under provisions of that Act or any other legislation.

Nature of Units

The Units are neither fixed-income nor equity securities. The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to 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.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the assets included in the Portfolio. Unitholders will not own the assets held by the Fund. Unitholders will have no recourse or rights against the assets of the Fund.

DISTRIBUTION POLICY

In accordance with the Fund’s investment objective to provide Unitholders with monthly cash distributions, the Fund intends to make monthly cash distributions to Unitholders of record on the last Business Day of each month (each, a “**Distribution Record Date**”). Distributions will be paid on a Business Day designated by the Manager that will be no later than the 15th day of the following month (each, a “**Distribution Payment Date**”). The Fund will not have a fixed monthly distribution amount but will at least annually in December each year determine and announce expected monthly distributions for the following calendar year based on the Manager’s estimate of distributable cash flow in the Fund. Based on the Manager’s current estimates, the initial monthly cash distribution target for the Fund is \$0.0333 per Class A Unit per month (\$0.40 per annum) and \$0.0333 per Class F Unit per month (\$0.40 per annum) to yield 4.0% on the subscription price per Unit. The initial cash distribution will be payable to Unitholders of record on August 31, 2015, based on an anticipated Closing Date of July 2, 2015.

Based on current estimates and assuming (i) an aggregate size of the Offering of \$100 million, (ii) the use of the anticipated initial leverage of 19% of the NAV of the Fund, (iii) the employment of the investment strategies as described under “Investment Strategies”, (iv) the fees and expenses described under “Fees and Expenses”, and (v) the current price of, and distributions and interest (net of any withholding tax) on, the securities anticipated to be included in the Portfolio, it is expected that the Fund will be able to pay such distributions at the initial target level and maintain a stable NAV per Unit. If the total 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 to nevertheless ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders, and accordingly, NAV per Unit would be reduced. **The amount of monthly 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 months. The amount of monthly distributions may vary if there are changes in any of the factors that affect the net cash flow on the Portfolio, including the amount of leverage employed by the Fund and the other assumptions noted above.** See “Investment Strategies – Leverage”.

Amounts distributed on the Units that represent returns of capital are generally non-taxable to a Unitholder but reduce the Unitholder's adjusted cost base of the Units for tax purposes. See "Income Tax Considerations".

If in any taxation year, after the monthly distributions, there would remain in the Fund additional net income or net realized capital gains, the Fund will be required to pay or make payable such net income and net realized capital gains as one or more year-end special distributions to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the relevant class and/or cash. Any special distributions payable in Units of the relevant class will increase the aggregate adjusted cost base of a Unitholder's Units of that class. Immediately following payment of such a special distribution in Units of a particular class, the number of Units of that class outstanding will be automatically consolidated such that each Unitholder of that class will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. See "Income Tax Considerations".

Distribution Reinvestment Plan

The Fund intends to adopt a distribution reinvestment plan (the "**Reinvestment Plan**") which will provide that all monthly cash distributions made by the Fund shall, at the election of each Unitholder, be automatically reinvested in additional Class A Units and/or Class F Units, as applicable, on each Unitholder's behalf in accordance with the terms of the Reinvestment Plan and the distribution reinvestment plan services agreement (the "**Reinvestment Plan Services Agreement**") to be entered into by the Fund, the Manager and Computershare Trust Company of Canada, in its capacity as agent under the Reinvestment Plan (the "**Plan Agent**") to establish the Reinvestment Plan. Notwithstanding the foregoing, Unitholders who are non-residents of Canada for purposes of the Tax Act or that are partnerships which are not "Canadian partnerships" (as defined in the Tax Act) will not be able to participate in the Reinvestment Plan and Unitholders who cease to be resident in Canada for purposes of the Tax Act or cease to be "Canadian partnerships" (as defined in the Tax Act) will be required to terminate such Unitholders' participation in the Reinvestment Plan. The Manager expects that the Reinvestment Plan will commence in respect of the first distribution payable to Unitholders of record on August 31, 2015.

Subject to the foregoing, all monthly cash distributions will be automatically reinvested in additional Class A Units or Class F Units, as applicable, on behalf of those Unitholders who are residents of Canada for purposes of the Tax Act or that are "Canadian partnerships" (as defined in the Tax Act) and elect to participate in the Reinvestment Plan (each such Unitholder being a "**Plan Participant**"). Such distributions due to Plan Participants will be paid to the Plan Agent and applied to the purchase of Class A Units or Class F Units, as applicable, on behalf of Plan Participants in the following manner.

For Unitholders of Class A Units, if the trading price of the Class A Units on the TSX (or such other exchange or market on which the Class A Units are then listed and primarily traded) (the "**Trading Price**") on the relevant Distribution Payment Date plus estimated brokerage fees and commissions is below the NAV per Class A Unit determined on the previous Business Day, the Plan Agent will purchase the Class A Units on the TSX (or such other exchange or market on which the Class A Units are trading) except the Plan Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining Class A Units if, following commencement of the purchases, the Trading Price, plus brokerage fees and commissions, exceeds the NAV per Class A Unit determined on the previous Business Day. Provided the Plan Agent can terminate purchases on the open market, the remaining Class A Units will be issued by the Fund from treasury at a price equal to the greater of (i) the NAV per Class A Unit on the relevant Distribution Payment Date or (ii) 95% of the Trading Price on the Distribution Payment Date. It is possible that the average purchase price per Class A Unit paid by the Plan Agent may exceed the Trading Price at the relevant Distribution Payment Date, resulting in the purchase of fewer Class A Units than if the distribution had been paid entirely by Class A Units issued by the Fund. Applicable brokerage fees and commissions incurred in connection with purchases of Class A Units made in the market pursuant to the Reinvestment Plan will be paid by and from the accounts of Plan Participants. The Class A Units purchased in the market or from the Fund will be allocated on a *pro rata* basis to the Class A Units Plan Participants. The Plan Agent will credit a Plan Participant's account in respect of Class A Units acquired on behalf of such Plan Participant under the Reinvestment Plan.

For Unitholders of Class F Units, the Class F Units will be issued by the Fund from treasury at a price equal to the NAV per Class F Unit on the relevant Distribution Payment Date.

The Fund will not issue fractional Class A Units or Class F Units. Accordingly, Plan Participants will not be permitted to reinvest the portion of a cash distribution that would otherwise result in fractional Class A Units or Class F Units being issued. In such circumstances, the Plan Participants will be entitled to retain the portion of the cash distribution that is not reinvested. No certificates representing Class A Units or Class F Units issued or purchased pursuant to the Reinvestment Plan

will be issued. **The automatic reinvestment of the distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax applicable to such distributions.** See “Income Tax Considerations”.

If the Class A Units are thinly traded, purchases in the market under the Reinvestment Plan may significantly affect the trading price of the Class A Units. Depending on market conditions, direct reinvestment of cash distributions by Unitholders of Class A Units in the market may be more, or less, advantageous than the reinvestment arrangements under the Reinvestment Plan. The Plan Agent’s fees for administering the Reinvestment Plan will be paid by the Fund.

To participate in the Reinvestment Plan, beneficial holders may elect to participate under the Reinvestment Plan by notifying their investment advisor, or any other broker, dealer, bank or trust company through which they hold their Units. A CDS Participant will then complete and sign an authorization form notifying the Plan Agent that a beneficial holder intends to participate under the Reinvestment Plan. The authorization form directs the Plan Agent to reinvest all of the Plan Participant’s cash distributions in the purchase of additional Units on its behalf. Unitholders will be able to terminate their participation in the Reinvestment Plan by providing, or by causing to be provided, written notice to the Manager at least 10 Business Days’ prior to a Distribution Record Date for a distribution. Such notice, if actually received by the Manager no later than 10 Business Days prior to a Distribution Record Date for a distribution, will have effect in respect of the distribution to be made as of such date. Thereafter, distributions to such holders will be in cash. The Manager will be able to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days’ notice to the Plan Participants and the Plan Agent. The Manager will also be able to amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to Unitholders, which notice may be given by the Fund by issuing a press release. The Fund will not be required to issue Units into any jurisdiction where that issuance would be contrary to applicable laws.

PURCHASES OF UNITS

Method to Purchase Units

Prospective purchasers may acquire Class A Units and Class F Units by; (a) cash payment or (b) an exchange (the “**Exchange Option**”) of freely tradeable securities of one or more of those issuers set forth below under the sub-heading “Exchange Eligible Securities” (collectively, the “**Exchange Eligible Securities**”) in accordance with the procedure described below. Prospective purchasers may purchase Units through any one of the Agents or any member of a sub-agency group that the Agents may form. Class F Units are designated for fee based and/or institutional accounts. Closing will take place on or about July 2, 2015, or such later date as may be agreed upon by the Fund and the Agents, but, in any event, not later than 90 days after a receipt for the final prospectus is issued. The offering price was determined by negotiation between the Agents and the Fund. See “Plan of Distribution”.

The maximum number of Exchange Eligible Securities of any one issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is the lesser of: (i) that number of securities which would amount to less than 10.0% of the outstanding securities of that class of such issuer for the purposes of reporting obligations under applicable securities laws; and (ii) that number of securities having a fair market value which constitutes 9.9% of the equity value of such issuer for purposes of section 122.1 of the Tax Act where such issuer is a “subject entity” for purposes of the Tax Act (such number being referred to as the “**Maximum Ownership Level**”). For greater certainty, when the Maximum Ownership Level has been achieved in respect of a particular issuer of Exchange Eligible Securities accepted as payment for Units pursuant to this Offering, the Fund will not accept any further Exchange Eligible Securities of such issuer as payment. To the extent the Maximum Ownership Level has been achieved in respect of an issuer of Exchange Eligible Securities, and an excess of securities of such issuer above the Maximum Ownership Level have been deposited and not withdrawn, then the Exchange Eligible Securities of such issuer will be accepted by the Fund to the Maximum Ownership Level on a *pro rata* basis or such other reasonable basis that it may determine to be appropriate. The Fund reserves the right to accept, in its sole discretion and for any reason, the Exchange Eligible Securities of additional issuers under the Exchange Option and to reject, in its sole discretion, in whole or in part, any Exchange Eligible Securities deposited pursuant to the Exchange Option.

Procedure

A prospective purchaser of Units who elects to pay for such Units by using the Exchange Option (the “**Exchange Option Election**”) must do so by means of a book-entry deposit of the Exchange Eligible Securities through CDS. Prospective purchasers who utilize the Exchange Option must deposit their Exchange Eligible Securities with Computershare Investor Services Inc. (in such capacity, the “**Exchange Agent**”) through CDS prior to 5:00 p.m. (Toronto time) on June 24, 2015. Such book-entry deposits must be made by a CDS Participant which may have had an earlier deadline for receiving instructions from their clients to deposit Exchange Eligible Securities under the Exchange Option. Once submitted to the

Exchange Agent through CDS, a deposit of Exchange Eligible Securities (including the transfers authorized thereby) is, subject to the completion of this Offering, irrevocable unless withdrawn as described below under the heading “Purchases of Units – Withdrawal of Exchange Option Elections”. By authorizing a deposit of Exchange Eligible Securities through CDS, a prospective purchaser has authorized the transfer to the Fund of each Exchange Eligible Security so deposited and represents and warrants that the prospective purchaser has full right and authority to transfer the Exchange Eligible Securities covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units in exchange for such Exchange Eligible Securities. The Fund’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Fund reserves the right to waive any conditions of the Exchange Option other than the Maximum Ownership Level and any irregularities in the deposit of Exchange Eligible Securities pursuant to the Exchange Option and to accept the deposit of Exchange Eligible Securities in exchange for less than an aggregate of 100 Units. Neither the Fund, the Agents nor the Exchange Agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of Exchange Eligible Securities under the Exchange Option and will not incur any liability for failure to give such notification.

If for any reason Exchange Eligible Securities deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of this Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

The Fund will bear all commissions and expenses incurred in connection with the disposition of Exchange Eligible Securities that it accepts under the Exchange Option but does not retain.

Determination of Exchange Ratio

The number of Units issuable for each Exchange Eligible Security (the “**Exchange Ratio**”) will be determined by dividing the volume weighted average trading price for such securities on the TSX or other applicable exchange during the Pricing Period, as adjusted to reflect distributions declared in respect of such Exchange Eligible Securities that will not be received by the Fund, by \$10.00 (the “**Exchange Trading Price**”).

Holders of Exchange Eligible Securities (“**Exchange Eligible Holders**”) who deposit such securities pursuant to the Exchange Option will continue to be holders of record up to but not including the date of the closing of this Offering and will be entitled to receive dividends or distributions in respect of such Exchange Eligible Securities up to but not including such date. Each Exchange Ratio will be rounded down to five decimal places. The Fund will not issue fractional Units pursuant to the Exchange Option. Entitlement to fractional Units will be determined on the basis of the volume weighted average trading price for such securities during the Pricing Period and the Fund will issue to CDS cash in lieu thereof. Allocations by CDS of cash in lieu of fractional Units to participants in CDS will be at the discretion of CDS and the allocation of cash in lieu of fractional Units to purchasers who have authorized the deposit of Exchange Eligible Securities through CDS will be at the discretion of the CDS Participant.

Delivery of Final Prospectus

Each prospective purchaser who properly authorizes the deposit of Exchange Eligible Securities through CDS will be furnished with a copy of the final prospectus relating to this Offering.

The Fund will issue a press release as soon as practicable after the close of business on June 24, 2015 announcing for each of the Exchange Eligible Securities, the name of the issuer, the CUSIP number, the ISIN number and the Exchange Ratio.

Withdrawal of Exchange Option Elections

Each prospective purchaser who deposited Exchange Eligible Securities through CDS has the right to withdraw such deposit of securities by notifying in writing such prospective purchaser’s investment advisor or other nominee who effected the deposit. To be effective, a written notice of withdrawal must be received by the CDS Participant who effected such deposit on or before midnight on the second Business Day after the later of: (i) receipt or deemed receipt of the final prospectus relating to the Offering and any amendment thereto, and (ii) the date on which the press release referred to above is issued. Any such notice of withdrawal must specify the Exchange Eligible Security to be so withdrawn and the name of the prospective purchaser, and notification thereof must be received by the Exchange Agent through CDS prior to the specified time.

Maximum Offering

The maximum Offering (prior to the exercise of the Over-Allotment Option), comprised of the aggregate cash subscriptions and Exchange Eligible Securities (based on the applicable Exchange Ratio and excluding that number of Exchange Eligible Securities deposited and not acquired as a result of such securities causing the Fund to hold more than the Maximum Ownership Level of the outstanding securities of an issuer), shall not be more than \$250,000,000. If the maximum Offering (prior to the exercise of the Over-Allotment Option) is exceeded, the Fund will accept cash subscriptions first and will then accept Exchange Eligible Securities on a *pro rata* basis or such other reasonable basis that it may determine appropriate until the maximum Offering size of \$250,000,000 is achieved, subject to the conditions set forth above under the heading “Purchases of Units – Method to Purchase Units”.

Exchange Eligible Securities

The Fund will accept preferred shares of the following issuers and securities of the following exchange traded funds (collectively, the “Exchange Eligible Securities”):

Banks

| | |
|------------------------------------|---------------------------|
| Royal Bank of Canada | Bank of Nova Scotia (The) |
| Toronto-Dominion Bank (The) | Bank of Montreal |
| Bank of Montreal | National Bank of Canada |
| Canadian Imperial Bank Of Commerce | Canadian Western Bank |
| National Bank of Canada | Laurentian Bank of Canada |
| Royal Bank of Canada | HSBC Bank Canada |
| Toronto-Dominion Bank (The) | |

Insurance Companies

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|--------------------------------|---|
| Great-West Lifeco Inc. | Industrial Alliance Insurance and Financial Services Inc. |
| Power Financial Corporation | Co-operators General Insurance Company |
| Manulife Financial Corporation | E-L Financial Corporation Limited |
| Sun Life Financial Inc. | Intact Financial Corporation |
| Power Corporation of Canada | Fairfax Financial Holdings Limited |

Diversified Financial Services

| | |
|--------------------------------------|--|
| Canaccord Genuity Group Inc. | Equitable Group Inc. |
| GMP Capital Inc. | IGM Financial Inc. |
| Element Financial Corporation | Dundee Corporation |
| First National Financial Corporation | Brookfield Renewable Power Preferred Equity Inc. |

Other Financials

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|------------------------------------|---------------------------------------|
| Brookfield Investments Corporation | Artis Real Estate Investment Trust |
| Brookfield Property Split Corp. | RioCan Real Estate Investment Trust |
| Brookfield Asset Management Inc. | Canadian General Investments, Limited |
| DREAM Unlimited Corp. | |

Energy

Innergex Renewable Energy Inc.
Husky Energy Inc.
TransCanada Corporation
Enbridge Inc.

Pembina Pipeline Corporation
AltaGas Ltd.
Veresen Inc.

Utilities

Westcoast Energy Inc.
Capital Power Corporation
Algonquin Power & Utilities Corp.
Northland Power Inc.
Fortis Inc.
Nova Scotia Power Inc.

TransAlta Corporation
Emera Incorporated
Union Gas Limited
Canadian Utilities Limited
CU Inc.
Valener Inc.

Exchange Traded Funds

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|--|---|
| iShares S&P/TSX Canadian Preferred Share Index ETF | PowerShares Canadian Preferred Share Index ETF |
| iShares US Preferred Stock ETF | iShares S&P/TSX North American Preferred Stock Index ETF (CAD-Hedged) |

Other

Aimia Inc.
Shaw Communications Inc.
BCE Inc.
RONA Inc.

George Weston Limited
Loblaw Companies Limited
Bombardier Inc.

REDEMPTIONS

Annual Redemptions of Units

Commencing in 2016, Units may be surrendered annually for redemption during the period from the first Business Day in December until 5:00 p.m. (Toronto time) on the last Business Day in December of each year (the “**Notice Period**”). Subject to the Fund’s right to suspend redemptions in certain circumstances, Units properly surrendered for redemption during the Notice Period will be redeemed on the second last Business Day in January of each year following the relevant Notice Period (the “**Annual Redemption Date**”) and the Unitholder will receive a redemption price per Unit equal to 100% of the NAV per Class A Unit or NAV per Class F Unit, as applicable, as determined on the Annual Redemption Date, less any costs associated with the redemption, including commissions, wire transfer fees and such other costs charged to the Fund by third parties, if any, on or before the Redemption Payment Date.

Monthly Redemptions

Unitholders may make a redemption request at any time and the Fund will redeem the Units on the second last Business Day of each month other than a month in which there is an Annual Redemption Date (“**Monthly Redemption Date**”), subject to certain conditions, and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the month in which the Monthly Redemption Date falls. Payment of the redemption price will be made on the Redemption Payment Date, subject to the Manager’s right to suspend redemptions in certain circumstances.

A Unitholder who properly surrenders a Class A Unit for redemption on a Monthly Redemption Date, will receive the amount, if any, equal to the lesser of (i) 95% of the Market Price and (ii) 100% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date (the “**Monthly Redemption Price**”), less, in each case, any costs associated with the redemption including commissions and such other costs, if any.

A Unitholder who surrenders a Class F Unit for redemption on a Monthly Redemption Date will receive an amount equal to the product of (i) the Monthly Redemption Price; and (ii) a fraction, the numerator of which is the most recently calculated NAV per Class F Unit and the denominator of which is the most recently calculated NAV per Class A Unit, less any costs and expenses incurred by the Fund in order to fund such redemption.

Notwithstanding the foregoing, the monthly redemption amount with respect to a Class A Unit or a Class F Unit being redeemed on such date will not be greater than the NAV per Class A Unit or the NAV per Class F Unit, as applicable, on the Monthly Redemption Date.

Allocations of Gains to Redeeming Unitholders

Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

Exercise of Redemption Right

An owner of Units who desires to exercise redemption privileges thereunder must do so by causing a CDS Participant to deliver to CDS on behalf of the owner a written notice (the “**Redemption Notice**”) of the owner’s intention to redeem Units. An owner who desires to redeem Units should ensure that the CDS Participant is provided with 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 of the Fund in advance of the required time. The form of Redemption Notice will be available from a CDS Participant or the registrar and transfer agent. 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 provided under “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 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 Fund or the Manager to the CDS Participant or to the owner.

Any and all Units which have been properly surrendered to the Fund for redemption are, subject to the Fund’s right to recirculate Units described below, deemed to be outstanding until (but not after) the close of business on the applicable Monthly Redemption Date or Annual Redemption Date, as applicable, unless the redemption proceeds are not paid on or before the applicable Redemption Payment Date in which event such Units will remain outstanding.

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 stock exchanges or other markets on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of total assets of the Fund without allowance for liabilities and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund or (ii) for a period not exceeding 60 days, with the consent of the securities regulatory authorities. 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. 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 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.

Resale of Units Tendered for Redemption

The Fund may enter into a recirculation agreement with a recirculation agent whereby such recirculation agent will agree to use commercially reasonable efforts to find purchasers for Units tendered for redemption prior to the relevant Monthly Redemption Date or Annual Redemption Date, as applicable. The Fund may, but is not obligated to, require a recirculation agent to seek such purchasers. In such event, the amount to be paid to the Unitholder on or before the Redemption Payment Date will be an amount equal to the proceeds of the sale thereof less any applicable fees and commissions. Such amount will not be less than the amount that a Unitholder would have been otherwise entitled to receive on a Redemption Payment Date.

INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and McCarthy Tétrault LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary is applicable to a Unitholder who is an individual (other than a trust that is not a Registered Plan) and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds Units and Exchange Eligible Securities tendered under the Exchange Option as capital property. Generally, the Units and Exchange Eligible Securities will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units or Exchange Eligible Securities, as the case may be, in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" as defined in the Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances. This summary does not apply to a Unitholder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the Units or any Exchange Eligible Securities tendered under the Exchange Option.

This summary is based on the facts set out in this prospectus, certificates of the Manager and the lead Agent regarding certain factual matters, the current provisions of the Tax Act, the Tax Proposals, and counsel's understanding of the current administrative policies and assessing practices of the CRA made publicly available prior to the date hereof.

This summary assumes that the Tax Proposals will be enacted as currently proposed although no assurance can be given that the Tax Proposals will be enacted in the form publicly announced or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law or administrative policy or assessing practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations.

This summary also assumes that the Fund will comply with its investment restrictions at all relevant times.

This summary is also based on the assumption that the Fund will at no time be a SIFT Trust. 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 its investment restrictions, as described under the heading "Investment Restrictions", the Fund will not hold any "non-portfolio property".

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 particular circumstances. Accordingly, this summary is of a general nature only and is not intended to constitute advice to any particular investor. **Investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based on their particular circumstances.**

Status of the Fund

This summary is based on the assumptions that the Fund will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act, that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established and that the Fund will not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons unless, at that time, substantially all of its property consists of property other than

property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

To qualify as a mutual fund trust (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of any particular class of Units (the “**minimum distribution requirements**”). In this regard, counsel has been advised that the Manager intends to (i) cause the Fund to qualify as a unit trust throughout the existence of the Fund, and (ii) ensure that the Fund’s undertaking conforms with the above-mentioned restrictions for mutual fund trusts. The Manager has advised counsel that it has no reason to believe that, following the Closing, the Fund will not comply with the minimum distribution requirements at all material times. The Manager has advised counsel that it intends to ensure that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust no later than the Closing Date and at all times thereafter and to file the necessary election so that the Fund will qualify as a mutual fund trust since its inception.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

Provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for Registered Plans. In addition, in the case of Class A Units, provided the Class A Units are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX), the Class A Units will be qualified investments under the Tax Act for Registered Plans. See “Income Tax Considerations – Taxation of Registered Plans” for the consequences of holding Units in Registered Plans.

Taxation of the Fund

The Manager has advised counsel that the Fund will elect to have a taxation year that ends on December 15 of each calendar year. The Fund will generally be subject to tax in each taxation year under Part I of the 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 (i) where the taxation year ends on December 15, in the calendar year in which the taxation year ends; or (ii) where the taxation year ends (or is deemed to end) at any other time, prior to the end of such taxation year. The Manager has advised counsel that the Fund intends to make distributions to Unitholders as described under “Distribution Policy” and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism.

In computing its income for tax purposes, the Fund is required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a Portfolio Security.

With respect to indebtedness, including convertible debt, 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. Upon the actual or deemed disposition of indebtedness, the Fund will be required to include in computing its income for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund’s income for that or another taxation year and such interest will not be included in the proceeds of disposition for purposes of computing any capital gain or loss.

The Fund is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by the Fund and not reimbursed, including the Agents’ fees, are deductible by the Fund ratably over a five year period subject to reduction in any taxation year which is less than 365 days. Generally, the Fund is also entitled to deduct reasonable administrative expenses and interest payable by it on money borrowed to purchase Portfolio Securities. Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules in the Tax Act.

Upon the actual or deemed disposition of a Portfolio Security, the Fund will realize a capital gain (or capital loss) to the extent the proceeds of disposition net of any amounts included as interest on the disposition of the security and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that the Fund will purchase the Portfolio Securities with the objective of receiving distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. The Manager has also advised counsel that the Fund intends to make an election under subsection 39(4) of the Tax Act so that all Portfolio Securities that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital property to the Fund.

Generally, subject to the DFA Rules discussed below, the Fund will include gains and deduct losses on income account in connection with investments made through certain derivatives, except where such derivatives are used to hedge Portfolio Securities held on capital account provided there is sufficient linkage, and will recognize such gains or losses for tax purposes at the time they are realized by the Fund.

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 for that year 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 Tax Act.

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

The Fund may enter into transactions denominated in currencies other than the Canadian dollar, including the acquisition of Portfolio Securities. The cost and proceeds of disposition of securities, dividends, distributions, interest and all other amounts are determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by the Fund may be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar. Subject to the DFA Rules discussed below, gains or losses in respect of currency hedges entered into in respect of amounts invested in the Portfolio will likely constitute capital gains and capital losses to the Fund if the Portfolio Securities are capital property to the Fund provided there is sufficient linkage.

The Tax Act contains rules (the “**DFA Rules**”) that target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and, as currently drafted, could apply to other agreements or transactions (including certain forward currency contracts and other derivatives). If the DFA Rules were to apply in respect of any derivatives utilized by the Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

The Fund may derive income or 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 by the Fund exceeds 15% of the amount included in the Fund’s income from such an investment, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid by the Fund does not exceed 15% of the amount included in the Fund’s income from such an investment and has not been deducted in computing the Fund’s income, the Fund may designate in respect of a Unitholder a portion of its foreign source income that can reasonably be considered to be part of the Fund’s income distributed to such Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units or reinvested in additional Units pursuant to the Reinvestment Plan) in the taxation year. In general, amounts paid or payable by the Fund to a Unitholder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Unitholder on December 15. Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund, the foreign source income of the Fund and 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 Tax Act. Amounts designated as taxable dividends from taxable Canadian corporations will be subject to the gross-up and dividend tax credit rules, including the enhanced gross-up and tax credit applicable to designated eligible dividends.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the year in order to enable the Fund to utilize, in the taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. Such amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount. The non-taxable portion of the Fund's net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Unitholder for the year, that is paid or payable (whether in cash or in Units) to the Unitholder for that taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Unitholder's share of the Fund's net income for a taxation year paid or payable to the Unitholder for the year will not generally be included in the Unitholder's income, but will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain to zero.

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

On the disposition or deemed disposition of a Unit (whether on a sale, redemption or otherwise), a Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (which do not include any amount of capital gains made payable by the Fund to the Unitholder which represent capital gains realized by the Fund in connection with its disposition of securities in order to fund the redemption) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units of a particular class to a Unitholder, when Units of that class are acquired (including on a distribution in the form of Units or the reinvestment in additional Units pursuant to the Reinvestment Plan), the cost of the newly acquired Units of that class will be averaged with the adjusted cost base of all Units of the same class owned by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains from the Fund will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units. See "Distribution Policy". Any additional Units acquired by a Unitholder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. If a Unitholder participates in the Reinvestment Plan and the Unitholder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased.

Based on counsel's understanding of the current published administrative policies and assessing practices of the CRA, a conversion of Class F Units into whole Class A Units will not constitute a disposition of such Class F Units for the purposes of the Tax Act. The redemption of any fraction of a Class F Unit will result in a capital gain (or capital loss) for the redeeming holder.

Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations and designations will reduce the redemption price otherwise payable to the Unitholder and, therefore, the Unitholder's proceeds of disposition.

Unitholders of Class A Units and Unitholders of Class F Units pay different fees in respect of their investment in the Fund. As a result, the tax characterization of distributions will vary between the two classes such that a different percentage of the distributions to the Unitholders of each such class will be characterized as return of capital rather than income (including net realized taxable capital gains).

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.

One-half of any capital gain (a "**taxable capital gain**") realized by a Unitholder or a taxable capital gain designated in respect of a Unitholder in a taxation year of the Unitholder will be included in the Unitholder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Unitholder in a taxation year of the Unitholder must be deducted from taxable capital gains realized by the Unitholder or designated by the Fund in respect of the Unitholder in the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year 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 net realized taxable capital gains in accordance with the provisions of the Tax Act.

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

The Exchange Option

A purchaser who disposes of Exchange Eligible Securities pursuant to the Exchange Option will realize a capital gain (or a capital loss) in the taxation year of the purchaser in which the disposition of Exchange Eligible Securities takes place to the extent that the proceeds of disposition for such Exchange Eligible Securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the purchaser of such Exchange Eligible Securities. For this purpose, the proceeds of disposition to the purchaser will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units.

One-half of any capital gain (a "**taxable capital gain**") realized by a purchaser upon the disposition of Exchange Eligible Securities will be included in the purchaser's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the purchaser upon the disposition of Exchange Eligible Securities in a taxation year of the purchaser must be deducted from taxable capital gains realized by the purchaser in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year 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 net realized taxable capital gains in accordance with the provisions of the Tax Act.

Taxable capital gains realized by a purchaser on the disposition of Exchange Eligible Securities may increase the purchaser's liability for alternative minimum tax depending on the purchaser's circumstances.

Taxation of Registered Plans

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. See "Income Tax Considerations – Status of the Fund". Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

Notwithstanding the foregoing, the holder of a tax-free savings account or the annuitant under a registered retirement savings plan or registered retirement income fund will be subject to a penalty tax in respect of Units held by such tax-free savings account, registered retirement savings plan or registered retirement income fund, as the case may be, if such Units are a "prohibited investment" for such Registered Plans for the purposes of the Tax Act. The Units will 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 Tax Act, or (ii) has a "significant interest" as defined in the 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 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.

Tax Implications of the Fund's Distribution Policy

The NAV per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been paid or made payable at the time Units are acquired. A Unitholder who acquires Units, including on a distribution in the form of Units or a reinvestment in additional Units pursuant to the Reinvestment Plan, may become taxable on the Unitholder's share of such income and gains of the Fund 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 whether one or more special distributions to Unitholders are necessary to ensure that the Fund will not be liable for non-refundable income tax under Part I of the Tax Act. In particular, where a Unitholder acquires Units in a calendar year after December 15 of such year, such Unitholder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

Manager of the Fund

Fiera Capital Corporation ("**Fiera**" or the "**Manager**") is the manager, portfolio manager and promoter of the Fund and is responsible for the day-to-day operations and for implementing the investment strategy of the Fund. The Manager is registered in the categories of portfolio manager and exempt market dealer in all Provinces and Territories of Canada. Fiera is also registered in the category of investment fund manager in the Provinces of Ontario, Québec and Newfoundland and Labrador. In addition, the Manager is registered in Québec, as a derivatives portfolio manager pursuant to the Derivatives Act (Québec), in Ontario as a commodity trading manager pursuant to the Commodity Futures Act (Ontario) and in Manitoba as an adviser pursuant to the Commodity Futures Act (Manitoba).

The Manager is a publicly-traded independent money manager with approximately \$90.9 billion in assets under management as at March 31, 2015, including approximately \$2.5 billion in preferred shares, making it a leading manager of Canadian preferred shares. Fiera is also a leading trader of Canadian preferred shares, with strong established trading relationships with institutional preferred share trading desks.

Fiera has grown substantially since 2003 through a combination of organic growth and strategic acquisitions, including YMG Capital Management in 2006, Sceptre Investment Counsel Limited in 2010, Natcan Investment Management Inc. in 2012 and assets under management from UBS Global Asset Management (Canada) Inc. and from GMP Investment Management L.P. (held through its affiliate Fiera Quantum L.P.) in 2013. On October 31, 2013, Fiera acquired Bel Air Investment Advisors LLC, a Los Angeles-based firm, and Wilkinson O'Grady & Co. Inc., an investment manager based in New York. On September 2, 2014, Fiera acquired Propel Capital Corporation and thereafter wound-up Propel into Fiera. Fiera is one of only a handful of full service, multi-product investment firms in Canada, offering clients a proven top-tier track record in equity and fixed income management as well as depth and expertise in asset allocation and alternative investments. On February 11, 2015, Fiera announced that it had reached an agreement to acquire New York based Samson Capital Advisors LLC ("**Samson**"), a prominent U.S. fixed income investment management firm with U.S.\$7.6 billion in assets under management. The acquisition of Samson by Fiera remains subject to customary conditions including certain regulatory approvals. This diversified offering of investment products and services are made available to a diverse group of clients including, pensions plans, foundations and endowments, charitable organizations, financial institutions, securities dealers, investment funds, and individual high net worth and retail investors.

Fiera's head office is located at 1501 McGill College Avenue, Suite 800, Montréal, Québec H3A 3M8 and its registered office is located at 1 Adelaide Street East, Toronto, Ontario M5C 2V9.

Details of the Management Agreement

The Manager will provide or arrange for the provision of all administrative services and investment management services required by the Fund including the execution of its investment strategies.

Pursuant to the management agreement between the Manager and the Fund to be entered into on or before the Closing Date (the “**Management Agreement**”), the Manager will be appointed as the manager to direct the operations and affairs of the Fund.


Under the terms of the Management Agreement, the Manager is responsible for providing, or causing to be provided, management, portfolio management and administrative services and facilities to the Fund, including, without limitation (a) authorizing and paying expenses incurred on behalf of the Fund; (b) appointing the Custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund; (c) providing office space and facilities; (d) preparing accounting, management and other reports, including such interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders, filings and income tax returns as may be required by applicable law; (e) monitoring the ability of the Fund to pay distributions; (f) communicating with Unitholders; (g) ensuring that the Net Asset Value per Unit of each class is calculated and published; (h) ensuring that the Fund complies with all regulatory and statutory requirements and applicable stock exchange listing requirements; (i) calling meetings of Unitholders as required; (j) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund; and (k) monitoring and reviewing the services provided by third parties where the Manager further delegated administration of the Fund.

The Manager 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 to do so. The Manager will be responsible for monitoring and reviewing the services provided to such third parties on an ongoing basis.

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect of the assets of the Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or breach of its duties or standard of care. Among other restrictions imposed on the Manager, it may not dissolve the Fund or wind up the affairs of the Fund except if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund or otherwise in accordance with the provisions of the Declaration of Trust.

In its capacity as portfolio manager, Fiera will also be responsible for providing investment advisory services to the Fund. Nicolas Normandeau will be responsible for the investment advisory decisions made by Fiera in respect to the Fund.


► Portfolio Manager:

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|  | NICOLAS NORMANDEAU, M.Sc., CFA Portfolio Manager, Fixed Income <i>6 years with the firm, 12 in the industry</i> |
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► Macro Environment Analysis:


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|  | FRANÇOIS BOURDON, FSA, CFA, PRM Chief Investment Solutions Officer, Vice President, Asset Allocation & Fixed Income <i>16 years with the firm, 20 in the industry</i> |
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|  | CRAIG SALWAY, CFA Assistant Portfolio Manager, Global Asset Allocation <i>5 years with the firm, 14 in the industry</i> |
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|  | NICOLAS VAUGEOIS, M.Sc. Analyst, Global Asset Allocation <i>2 years with the firm, 4 in the industry</i> |
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► Experienced Credit Team:

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|  | PHILIPPE OUELLETTE, CFA Senior Portfolio Manager, Integrated Fixed Income <i>20 years with the firm, 20 in the industry</i> |
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|  | PETER OSBORNE, MA, CFA Portfolio Manager Integrated Fixed Income <i>28 years with the firm, 28 in the industry</i> |
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|  | ALEXANDRE COUSINEAU, M.Sc. Analyst, Integrated Fixed Income <i>1 year in the industry</i> |
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Nicolas Normandeau, M.Sc., CFA Vice President and Portfolio Manager, Fixed Income

Nicolas Normandeau is a member of the Corporate Fixed Income team and is a portfolio manager for the Corporate Fixed Income strategy.

Mr. Normandeau has 12 years of industry experience and has been with Fiera and a predecessor firm since 2009. Prior experiences include positions as Wealth Management Analyst for a leading Canadian financial institution and a consulting firm.

Mr. Normandeau graduated from the Université de Sherbrooke with a Bachelor of Business Administration (BBA), majoring in Finance. He later received a Master's in Management degree (MSc) in Finance from the Université de Sherbrooke as well as the Chartered Financial Analyst (CFA) designation.

In consideration for these services, the Fund will pay to the Manager the Management Fee and reimburse the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. See "Fees and Expenses". In addition, the Manager and each of its directors, officers, employees, consultants and agents are indemnified and will be reimbursed by the Fund 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 Fund, and counsel fees and disbursements on a solicitor and client basis) reasonably incurred in connection with the services provided to the Fund described herein and in the Management Agreement or as a director, officer, employee, consultant or agent thereof, 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, the portfolio manager, trustee or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person's wilful misconduct, bad faith, negligence, breach of their standard of care, or material breach or default of their obligations under the Management Agreement.

The appointment of the Manager continues in effect until the termination of the Fund unless terminated earlier by the Fund or in accordance with the Management Agreement. The appointment of the Manager may be terminated by the Fund: (i) on 10 days' notice for any uncured material breach following 30 days' notice of such breach to the Manager; or (ii) immediately, upon the insolvency, liquidation or bankruptcy of the Manager or if the Manager committed a fraudulent act. The Manager may also resign by giving 90 days' prior written notice to the Fund. The Manager is deemed to have resigned if the Manager (i) ceases to be resident in Canada for the purposes of the Tax Act; or (ii) ceases to carry out its functions of managing the Fund in Canada. Any removal of the Manager becomes effective only upon the appointment of a successor manager. Such appointment must be approved by an Ordinary Resolution, unless the successor is an affiliate of the Manager, in which case,

no notice or approval of Unitholders is required. Unitholders may terminate the appointment of the Manager by way of an Extraordinary Resolution. Upon termination, the Manager is entitled to the payment of its fee and the reimbursement of the Manager's expenses up to the date of its termination.

Directors and Executive Officers of Manager

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

| Name and Municipality of Residence | Director or Executive Officer Since | Position with the Manager | Principal Occupation |
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| Directors elected by holders of Class A Subordinate Voting Shares | | | |
| Brian A. Davis Toronto, Ontario | 2014 | Director | Co-President and Co-Chief Executive Officer, National Bank Financial |
| Arthur R.A. Scace Ontario, Canada | 1989 | Director | Corporate Director |
| David R. Shaw Ontario, Canada | 2006 | Lead Director | Founder and Chief Executive Officer of Knightsbridge Human Capital Solutions |
| Louis Vachon Québec, Canada | 2012 | Director | President and Chief Executive Officer of National Bank of Canada |
| Directors elected by holders of Class B Special Voting Shares | | | |
| Denis Berthiaume Québec, Canada | 2010 | Director | Senior Executive Vice President and General Manager, Wealth Management and Life and Health Insurance, Desjardins Group |
| Sylvain Brosseau Québec, Canada | 2010 | President and Chief Operating Officer, Director and Ultimate Designated Person | President and Chief Operating Officer and Director, Fiera |
| Jean-Guy Desjardins Québec, Canada | 2010 | Chairman of the Board of Directors and Chief Executive Officer | Chairman of the Board of Directors and Chief Executive Officer, Fiera |
| Raymond Laurin Québec, Canada | 2013 | Director | Corporate Director |
| Jean C. Monty Québec, Canada | 2010 | Director | Corporate Director |
| Todd Morgan California, USA | 2014 | Chairman and Chief Executive Officer, Bel Air Investment Advisors LLC and Director | Chairman and Chief Executive Officer, Bel Air Investment Advisors LLC |
| David Pennycook Ontario, Canada | 2012 | Vice Chairman and Executive Vice President, Institutional Markets and Director | Vice Chairman and Executive Vice President, Institutional Markets and Director, Fiera |
| Lise Pistono Québec, Canada | 2013 | Director | Vice President and Chief Financial Officer of DJM Capital Inc. and Corporate Director |
| Executive Officers (non-directors) | | | |
| Pierre Blanchette Québec, Canada | 2010 | Senior Vice President, Finance | Senior Vice President, Finance, Fiera |
| Violaine Des Roches Québec, Canada | 2010 | Senior Vice President, Legal Affairs and Compliance, Chief Compliance Officer and Corporate Secretary | Senior Vice President, Legal Affairs and Compliance, Chief Compliance Officer and Corporate Secretary, Fiera |
| Raj Lala Ontario, Canada | 2014 | Executive Vice President, Retail Markets | Executive Vice President, Retail Markets, Fiera |
| Sylvain Roy Québec, Canada | 2013 | Chief Investment Officer and Executive Vice President, Alternative Strategies | Chief Investment Officer and Executive Vice President, Alternative Strategies, Fiera |
| Alain St-Hilaire Québec, Canada | 2010 | Senior Vice President, Human Resources and Corporate Communications | Senior Vice President, Human Resources and Corporate Communications, Fiera |
| Robert Trépanier | 2010 | Senior Vice President, Operations and | Senior Vice President, Operations and |

| Name and Municipality of Residence | Director or Executive Officer Since | Position with the Manager | Principal Occupation |
|--------------------------------------|-------------------------------------|--|---|
| Québec, Canada | | Information Technology | Information Technology, Fiera |
| Paul Vaillancourt Alberta, Canada | 2012 | Executive Vice President, Private Wealth | Executive Vice President, Private Wealth, Fiera |

Each of the foregoing individuals has held his or her present principal occupation or other executive offices with the same company or its predecessors (including, for greater certainty, Fiera) or affiliates for the past five years with the following exceptions: Prior to joining Fiera in October 2013, Todd Morgan was a founding member and Senior Managing Director of Bel Air Advisors. Prior to joining Fiera in September 2014, Raj Lala was the President and Chief Executive Officer at Propel Capital Corporation of which he was also a founder. Prior to joining Fiera in November 2012, Paul Vaillancourt was the Chief Executive Officer and Chief Investment Officer of Canadian Wealth Management Ltd., a subsidiary of Société General Private Banking Canada from April 2010 to December 2012.

Brokerage Arrangements

The primary consideration in all Portfolio transactions will be prompt execution of orders in an efficient manner on favourable terms. In selecting and monitoring dealers, the Manager may consider factors including the dealer's reliability, the quality of its execution services on a continuing basis, brokerage and research products and services and its financial condition.

Conflicts of Interest

The services of the Manager, and its officers and directors are not exclusive to the Fund. The Manager and any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other fund or trust and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Manager.

Securities held by the Fund may also be held by other investment funds or clients for which the Manager or its affiliates provide investment advice. Because of different investment objectives or other factors, a particular security may be bought for one or more investment funds or clients when one or more other investments funds or clients are selling the same security. If opportunities for purchase or sale of securities by the Manager for the Fund or for other investment funds or clients for which the Manager renders investment advice arise for consideration at or about the same time, transactions in such securities will be effected, insofar as feasible, for the respective investment funds or clients on an equitable basis in accordance with the Manager's trade allocation policy in effect from time to time.

The Fund will refer conflict of interest matters to the Independent Review Committee for review or approval. See "Organization and Management Details of the Fund - Independent Review Committee".

Independent Review Committee

National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators ("NI 81-107") requires all publicly offered investment funds, such as the Fund, to establish an independent review committee (the "IRC"). The IRC will be required to be comprised of a minimum of three members, each of whom must be independent of the Manager, entities related to the Manager and the Fund.

The IRC functions in accordance with applicable securities law, including NI 81-107. The mandate of the IRC is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the IRC for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the IRC in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest.

In performing their duties, members of the IRC are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The IRC will report annually to Unitholders which report will be available free of charge upon request to the Manager and will also be posted on Fiera's website at www.fieracapital.com.

Each member of the IRC is paid an annual fee of \$1,800 (the Chair of the IRC is paid an annual fee of \$2,700). These fees and other reasonable expenses of the IRC will be paid *pro rata* out of the assets of the Fund, as well as out of the assets of the other investment funds managed by the Manager for which the IRC acts as the independent review committee. The Manager has appointed the following members to the IRC:

Gerry O'Connor: Mr. O'Connor is the founder and President, Blackrock Corporate Services, an independent consulting company specializing in the provision of defined benefit and defined contribution pension plan and investment services to pension plan sponsors. He has more than 20 years of experience in the pension industry.

From 1997 to 2003, his career at Sun Life Assurance Company of Canada included responsibilities as Director, Investment Advisory Services, Group Retirement Services; Director, Planning; AVP Business Development and AVP Retail Integration. From 1995 to 1997, he served as Director and Company Secretary, Canada Starch Company Inc. and Chairman, Pension Committee. His corporate responsibilities included pension plan governance and administration; fiduciary responsibility and due diligence; investment and risk management; compliance with federal and provincial pension legislation; financial reporting; liaison with actuarial firms; employee and pensioner communications. From 2006-2010, he served as Director, The Toronto Board of Trade. He served as a Director, T.E. Financial from 2000 to 2003.

Mr. O'Connor holds a B.A. Degree from the National University of Ireland, University College Dublin (1967).

Mr. O'Connor is the Chair of the IRC.

Mark Leung: Mr. Leung is the CFO at Aereus Technologies Inc., a pioneer in the global metallic antimicrobial coating industry. Mark has more than 20 years of experience in the financial industry.

From 2011 to 2015, he worked as a consultant for several companies in clinical research, software technology, and early stage start-ups acting as their CFO and Controller. From 2008 to 2011, he was the Head of Finance & Accounting at INC Early Phase, a division of INC Research, a global clinical research organization. From 2002 to 2008, he was the chief financial officer at DecisionLine Clinical Research Corporation, a clinical research organization that was acquired by Kendle International Inc. in 2008. From 2000 to 2002, he served as Assistant Director, Accounting, at Syndesis Limited. From 1997 to 2000, he served as controller at Triversity Inc. From 1996 to 1997 he served as financial planning manager at Cotton Ginny Ltd. From 1994 to 1996, he served as financial accounting manager at KFC Canada. From 1989 to 1994, he was an auditor at PricewaterhouseCoopers LLP.

Mr. Leung was a past President and has served as Director, CMHA York Region, since 2002.

Michael Boyd: Mr. Boyd has over 36 years of investment management experience in the Canadian financial services industry in credit, investment banking, venture capital and private equity. He is currently a director of several publicly traded and private companies and serves on two other independent review committees.

Mr. Boyd founded Argosy Bridge Fund L.P. in 2002, an institutionally funded limited partnership specializing in short-term bridge financings, and was managing general partner until 2008. From 1997 to 2002, he served as Managing Director at HSBC Capital (Canada) Inc. and was involved with raising a private equity fund, with \$85 million in assets under management, and managing its investing strategy. During this time, Mr. Boyd was also involved in bridge lending transactions. Prior to 1997, Mr. Boyd served in various capacities at Marleau Lemire Securities Inc., BG Acorn Capital Fund, Citibank Canada, TD Capital Group and RoyNat Inc.

Mr. Boyd has served on the board of directors of a number of public and private companies and is a member of the Institute of Corporate Directors.

Mr. Boyd holds an Honours BA in Philosophy and Psychology from the University of Western Ontario (1974) and an MBA degree from the Ivey School of Business (1976).

The Trustee

Computershare Trust Company of Canada at its principal offices in Toronto is the trustee of the Fund. The Trustee is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust. The address of the Trustee is 100 University Ave., 11th Floor – North Tower, Toronto, Ontario M5J 2Y1.

The Trustee or any successor trustee may resign upon 90 days' written notice to the Manager or may be removed by an Extraordinary Resolution passed at a meeting of Unitholders called for such purpose. Any such resignation or removal will become effective only on the appointment of a successor trustee. If, after notice of resignation has been received from the Trustee, no successor has been appointed within 90 days of such notice, the Trustee, the Manager or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor trustee. In addition, the Manager may remove the Trustee in accordance with the Declaration of Trust. The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act; (ii) carry out its function of managing the Fund in Canada; or (iii) exercise the main powers and discretions of the trustee of the Fund in Canada. The Manager will provide notice of such event upon at least 30 days' notice to Unitholders of such termination by way of press release. Any such termination will become effective only on the appointment of a successor trustee by the Manager.

Pursuant to the Declaration of Trust, the Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust except in cases of wilful misconduct, bad faith, negligence or breach of its standard of care and duty. The Declaration of Trust provides that the Trustee will not be liable in any way for any default, failure or defect in any of the securities of the Portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Trustee and each of its directors, officers, and employees will be indemnified by the Fund for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Trustee or any of its officers, directors or employees in the exercise of its duties under the Declaration of Trust, except those resulting from such person's wilful misconduct, bad faith, negligence, or breach of their standard of care in relation to the matter in respect of which indemnification is claimed. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee is entitled to receive fees from the Fund as described under "Fees and Expenses – Ongoing Expenses" and to be reimbursed by the Fund for all expenses which are reasonably incurred by the Trustee in connection with the activities of the Fund.

The Custodian

NBCN Inc. (the "Custodian"), at its offices in Montréal, Quebec, will be appointed the custodian and valuation agent of the Fund's assets on or prior to the Closing Date pursuant to the Custodian Agreement. The Custodian may employ sub-custodians as considered appropriate in the circumstances.

The Manager or the Custodian may terminate the Custodian Agreement without any penalty: (a) upon at least 90 days' written notice or such lesser notice as the other may agree to; (b) if the other party commits a material breach of the provisions of the Custodian Agreement and has not remedied such breach within 60 days after written notice thereof; or (c) immediately, if (i) any party to the agreement becomes insolvent, or makes, an assignment for the benefit of creditors, (ii) a petition in bankruptcy is filed by or against that party, or (iii) proceedings for the appointment of a receiver for that party are commenced. The Manager may terminate the Custodian Agreement immediately if the Custodian ceases to meet the regulatory requirements for acting as custodian of the Fund's assets.

The Custodian shall exercise the same degree of care, diligence and skill in the safekeeping of the Fund's accounts and providing the services described under the Custodian Agreement that a reasonably prudent person would exercise in the circumstances, or, if higher, the degree of care, diligence and skill that the Custodian uses in respect of its own property of a similar nature in its custody. The Custodian shall be responsible to the Fund and the Unitholders for any loss (other than any loss of profits or any other consequential damages) that arises out of the failure by the Custodian to exercise such standard of care.

The Custodian shall indemnify and hold harmless the Manager and the Fund in respect of all direct loss, damage or expense arising out of any breach of the standard of care (as previously set forth) by the Custodian, provided, however, that the liability for any loss, damage or expense to which the above indemnity would apply shall be limited as follows: (a) in the case of a loss of a security, the security shall be replaced where commercially practicable and reasonably feasible; (b) where replacement of such security is not commercially practicable and reasonably feasible, the Manager shall be paid the market value of such security at the time the loss is discovered; and (c) in any other case, the amount of any interest or income arising from the security to which the Manager or the Fund, as the case may be, is entitled, but which is not received by the Manager of the Fund shall be paid to it.

In addition to and without derogation from any other indemnity afforded to any of them under the Custodian Agreement or otherwise by law, the Fund shall indemnify and hold harmless the Custodian, from any loss, damage or expense, including reasonable counsel fees and expenses, arising in connection with the Custodian Agreement, except to the extent caused by a breach of the standard of care.

Auditor

The auditor of the Fund is PricewaterhouseCoopers LLP, Partnership of Professional Accountants at its principal address 1250 René-Lévesque West, Suite 2800, Montréal, Quebec, H3B 2G4. The auditors of the Fund may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Transfer Agent and Registrar

Computershare Investor Services Inc. will be appointed the registrar, transfer agent and distribution agent for the Units and the exchange agent for the Exchange Option.

The register and transfer ledger for the Units will be kept by the Transfer Agent, at their principal offices located in Toronto, Ontario.

Promoter

Fiera has taken the initiative in founding and organizing the Fund and accordingly may be considered to be a “promoter” of the Fund within the meaning of applicable securities legislation of certain provinces and territories of Canada. Except as otherwise described herein, Fiera will not receive any benefits, directly or indirectly, from the issuance of the Units offered hereunder. See “Fees and Expenses”.

CALCULATION OF NET ASSET VALUE

The NAV of the Fund is calculated as the fair value of the Fund's assets, less its liabilities, computed on a particular date in accordance with the Declaration of Trust. The NAV per Unit of a class on any day will be obtained by dividing that portion of the NAV of the Fund attributable to such class divided by the number of Units of that class then issued and outstanding.

The Trustee will calculate the Net Asset Value of the Fund and NAV per Unit on each Business Day (each a “**Valuation Day**”) at the close of regular trading on the TSX, normally 4:00 p.m. (Toronto time) in accordance with industry practices (the “**Valuation Time**”).

Valuation Policies and Procedures of the Fund

In determining the NAV of the Fund at any time:

- (i) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, is deemed to be the face amount thereof, unless the Trustee determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof is deemed to be such value as the Trustee determines to be the reasonable value thereof;
- (ii) the value of any bonds, debentures, and other debt obligations are valued by taking the average of the bid and ask prices on a Valuation Day at such times as the Trustee, in its discretion, deems appropriate. Short-term investments including notes and money market instruments are valued at cost plus accrued interest;
- (iii) the value of any security, index futures or index options thereon which is listed on any recognized exchange is determined by the closing sale price at the Valuation Time or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;

- (iv) the value of any security or other asset for which a market quotation is not readily available is its fair market value as determined by the Trustee;
- (v) the value of any security, the resale of which is restricted or limited, is the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (vi) purchased or written clearing corporation options, options on futures, over-the-counter options, debt like securities and listed warrants are valued at the current market value thereof;
- (vii) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options will be treated as an unrealized gain or loss on investment. The deferred credit will be deducted in arriving at the Net Asset Value of the Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the counter option are valued at their then current market value;
- (viii) the value of a futures contract, or a forward contract, is the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value will be based on the current market value of the underlying interest;
- (ix) margin paid or deposited in respect of futures contracts and forward contracts is reflected as an account receivable and margin consisting of assets other than cash is noted as held as margin;
- (x) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency are converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Trustee, including, but not limited to, the Trustee or any of its affiliates;
- (xi) all expenses or liabilities (including fees payable to the Trustee or the Manager) of the Fund are calculated on an accrual basis; and
- (xii) the value of any security or property to which, in the opinion of the Trustee, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) is the fair value thereof determined in such manner as the Trustee from time to time provides.

The Trustee is entitled to rely on any values or quotations supplied to it by a third party, including the Manager, and is not required to make any investigation or inquiry as to the accuracy, completeness or validity of such values or quotations. Provided that the Trustee acts in accordance with its standard of care, it will be held harmless by the Fund and will not be responsible for any losses or damages resulting from relying on such information.

Reporting of Net Asset Value

The Net Asset Value per Unit as at each Valuation Day will be available to the financial press for publication and at no cost, through the internet, at www.fieracapital.com. The Manager will also provide such information at no cost to Unitholders who so request by calling 514-954-3300 or toll-free at 1-800-361-3499.

DESCRIPTION OF THE UNITS

The Offering consists of a minimum of 2,000,000 Class A Units and a maximum of 25,000,000 Units. The following is a summary of the material attributes and characteristics of the Units as set out in the Declaration of Trust. This summary does not purport to be complete and is subject to, and qualified by, the terms of the Declaration of Trust.

Description of the Units Distributed

The Fund is authorized to issue an unlimited number of transferable, redeemable units of such classes as may be determined by the Manager from time to time. Initially, Class A Units and Class F Units have been authorized for issuance and the Fund is authorized to issue an unlimited number of Class A Units and Class F Units.

The Units are freely transferable, except as restricted by the Trustee in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities or to obtain, maintain or renew any licences, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities.

Except as described under “Unitholder Matters - Non-Resident Unitholders”, each Unit entitles the Unitholder to the same rights and obligations as a holder of any other Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholder, subject to Unitholders of a class being entitled to redemptions based on the Net Asset Value per Unit of the particular class. Each Unit entitles the Unitholder to one vote at meetings of all Unitholders except for meeting at which only Unitholders of another class are entitled to vote separately as a class. Each Unitholder of a class is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any (other than capital gains allocated and designated as payable to a redeeming Unitholder). Any special distributions of net income and/or realized net capital gains payable in Units of a class will increase the aggregate adjusted cost base of a Unitholder’s Units of that class. See “Income Tax Considerations”. Immediately after a *pro rata* distribution of a particular class of Units to all Unitholders of that class in satisfaction of any non-cash distribution, the number of outstanding Units of that class will automatically be consolidated such that each Unitholder will hold, after the consolidation, the same number of Units of such class as the Unitholder held before the non-cash distribution, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. On termination or liquidation of the Fund, the Unitholders of record are entitled to receive on a *pro rata* basis with holders of Units of that class all of the assets of the Fund attributable to that class remaining after payment of all liabilities of the Fund.

No holder of a fraction of a Unit, as such, is entitled to notice of, or to attend or to vote at, meetings of Unitholders, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Units are transferable and, in certain circumstances, redeemable at the option of the Fund. Unitholders have rights of redemption and will be entitled to receive distributions declared by the Fund. See “Redemptions” and “Distribution Policy”.

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 under the *Securities Act* (Ontario) and it is governed by the laws of Ontario as a result of the provisions of the Declaration of Trust.

The Declaration of Trust provides that the Fund may not issue additional Units of a class (or securities convertible into or exchangeable for Units) following completion of the Offering except: (i) at a price that yields net proceeds per Unit of a class to the Fund of not less than 100% of NAV per Unit of such class calculated immediately prior to the pricing of such offering; (ii) by way of Unit distributions; or (iii) pursuant to the Reinvestment Plan.

Unitholders of Class A Units and Unitholders of Class F Units pay different fees in respect of their investment in the Fund. As a result, the tax characterization of distributions will vary between the two classes such that a different percentage of the distributions to the Unitholders of each such class will be characterized as return of capital rather than income (including net realized taxable capital gains).

Conversion of Class F Units

A holder of Class F Units may convert such Class F Units into Class A Units on a weekly basis and it is expected that liquidity for the Class F Units will be obtained primarily by means of conversion into Class A Units and the sale of such Class A Units through the facilities of the TSX. Class F Units may be converted in any week on the first Business Day of such week (“**Conversion Date**”) by delivering a notice and surrendering such Class F Units by 3:00 p.m. (Toronto time) at least five Business Days prior to the applicable Conversion Date.

For a holder’s Class F Units so converted, the holder will receive that number of whole Class A Units that is equal to the NAV per Class F Unit as of the close of trading on the Conversion Date divided by the NAV per Class A Unit as of the close

of trading on the Conversion Date multiplied by the number of Class F Units so converted. As no fractional Class A Units will be issued upon any conversion, any remaining fraction of a Class F Unit will be redeemed at the NAV per Class F Unit.

Based on counsel's understanding of the current published administrative policies and assessing practices of the CRA, a conversion of Class F Units into whole Class A Units will not constitute a disposition of such Class F Units for the purposes of the Tax Act. The redemption of any fraction of a Class F Unit will generally result in a capital gain (or a capital loss) for a redeeming holder.

Market Purchases

The Fund will have the right (but not the obligation), exercisable in its sole discretion, at any time to purchase Class A Units in the market, subject to any applicable regulatory and stock exchange requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Class A Units are listed, if applicable, as provided for in the Declaration of Trust or as otherwise permitted by applicable securities laws.

Following the closing of this Offering, the Fund may submit an application to the Canadian securities regulatory authorities to obtain the necessary regulatory approvals in order that the Fund may arrange for one or more securities dealers to find purchasers for any such Class A Units. There is no guarantee that the Fund will make such application or, if made, receive the necessary regulatory and stock exchange approvals.

Book-Entry Only System

Registration of interests in, and transfers of, the Units will be made only through non-certificated interests issued under the Book-Entry Only System. On the Closing Date, non-certificated interests representing the aggregate number of Units subscribed for under the Offering will be recorded in the name of CDS, or its nominee, on the register of the Fund maintained by the Transfer Agent. Units must be purchased, converted, 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 will be made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholder will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased.

The Fund, the Manager, and the Agents will not have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book-based entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such holder's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Class A Units and not less than 90% of the aggregate of the Class A Units (but not including any Class A Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Class A Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

The Declaration of Trust also provides that if, prior to the termination of the Fund, a formal bid (as defined in the *Securities Act* (Ontario)) is made for all of the Class F Units (a "**Class F Offer**") and such bid would constitute a formal bid for all Class A Units if the Class F Units had been converted to Class A Units immediately prior to such bid and the other offer does not include a concurrent identical take-over bid, including in terms of price (relative to the NAV per Unit of the class), for the Class A Units then the Fund shall provide the holders of Class A Units the right to convert all or a part of their Class A Units into Class F Units. In the circumstances described above, the Fund shall by press release provide written notice to the holders of the Class A Units that such an offer has been made and of the right of such holders to convert all or a part of their Class A Units into Class F Units and to tender such units to the Class F Offer.

UNITHOLDER MATTERS

The following description of the Declaration of Trust does not purport to be complete and is subject to, and is qualified in its entirety by, the terms of the Declaration of Trust.

Meetings of Unitholders

Not less than 21 days' notice will be given of any meeting of Unitholders. The Manager may convene a meeting of holders of Class A Units (a "**Class A Meeting**") or a meeting of holders of Class F Units (a "**Class F Meeting**") if the nature of the business to be transacted at the meeting is only relevant to Unitholders of the applicable class.

The quorum at any meeting (including a Class A Meeting or Class F Meeting) is two Unitholders present in person or represented by proxy holding not less than 5% of the outstanding Units (whether Class A Units and/or Class F Units, as applicable). Quorum for a meeting held to consider an Extraordinary Resolution (including a Class A Meeting or Class F Meeting) is two Unitholders present in person or represented by proxy holding not less than 10% of the outstanding Units (whether Class A Units and/or Class F Units, as applicable). If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders, will be terminated and otherwise will be adjourned by the Manager to a date and time determined by the Manager, and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum.

The Fund does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the TSX to hold annual meetings of Unitholders if so requested by the TSX.

Matters Requiring Unitholder Approval

Pursuant to the terms of the Declaration of Trust, Unitholder approval of a matter is required if applicable laws provide that such approval is required including those matters specified in NI 81-102. In addition, pursuant to the Declaration of Trust, the following matters require the approval of Unitholders by an Extraordinary Resolution:

- (i) a change in the investment objectives of the Fund as described under "Investment Objectives";
- (ii) a change in the investment restrictions of the Fund as described under "Investment Restrictions";
- (iii) a termination of the Fund, other than as described under "Termination of the Fund" or in connection with a Permitted Merger;
- (iv) an amendment, modification or variation in the provisions or rights attaching to the Units;
- (v) a reduction in the frequency of calculating the NAV per Unit.

In addition, the Manager may, without obtaining Unitholder approval, merge the Fund (a "**Permitted Merger**") with another fund or funds in accordance with applicable laws. If the Manager determines that a merger is a Permitted Merger, the Manager can affect the merger, including any required changes to the Declaration of Trust, without seeking Unitholder approval for the merger or such amendments. If a decision is made to merge, the Manager will send Unitholders written notice at least 60 days prior to the proposed effective date thereof disclosing details of the proposed Permitted Merger. While the funds to be merged will have similar investment objectives, the funds may have different investment strategies, guidelines and restrictions and, accordingly, the units of the merged funds may be subject to different risk factors.

Amendments to the Declaration of Trust

Notwithstanding the foregoing, the Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders, to:

- (i) 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;

- (ii) 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;
- (iii) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators 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;
- (iv) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation or administration thereof;
- (v) provide added protection or benefit to Unitholders; or
- (vi) add additional classes of units of the Fund.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Trustee or at the request of the Manager (if the Trustee is not the Manager) upon not less than 30 days’ prior written notice to Unitholders.

Reporting to Unitholders

The Fund will furnish to Unitholders such financial statements (including interim unaudited and annual audited financial statements) and other reports including the management report of fund performance as are from time to time required by applicable law to be furnished by the Fund, including prescribed forms needed for the completion of Unitholders’ tax returns under the Tax Act and equivalent provincial legislation. Such financial statements and reports will also be available on the Manager’s website at www.fieracapital.com.

The Fund will comply with all of the continuous disclosure requirements applicable to it as a reporting issuer under applicable securities laws. Prior to any meeting of Unitholders, the Fund will provide to Unitholders (along with notice of such meeting) all such information as is required by applicable law to be provided to Unitholders.

Accounting and Reporting

The Fund’s fiscal year will be the calendar year. The annual financial statements of the Fund shall be audited by the Fund’s auditor in accordance with Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS. The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements.

The Manager will keep adequate books and records reflecting the activities of the Fund. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Fund during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

Non-Resident Holders

At no time may persons who are non-residents of Canada or partnerships which are not “Canadian partnerships” for the purposes of the Tax Act (or any combination thereof) (“**non-residents**”) be the beneficial owners of a majority of the Units (on a number of Units or on a fair market value basis) and the Trustee shall inform the Registrar and Transfer Agent of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on a number of Units or on a fair market value basis) are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident. If the Trustee determines that 45% or more of the Units then outstanding (on a number of Units or on a fair market value basis) are beneficially held by non-residents, the Trustee shall send a notice to such non-resident

Unitholders, chosen in inverse order to the order of acquisition or in such other manner as the Trustee may consider equitable and practicable, requiring them to dispose of their Units or a portion thereof within a specified period of not less than 30 days to residents of Canada or partnerships which are “Canadian partnerships” for the purposes of the Tax Act. If the Unitholders receiving such notice have not disposed of the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may, on behalf of such Unitholders, dispose of such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such disposition, the affected Unitholders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of disposition of such Units. Notwithstanding the foregoing, the Trustee may determine not to take any of the actions described above if the Trustee has been advised by legal counsel that the failure to take any such actions would not adversely impact the status of the Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Fund as a mutual fund trust for purposes of the Tax Act.

TERMINATION OF THE FUND

The Fund does not have a fixed termination date. Pursuant to the Declaration of Trust, the Fund may be terminated at any time by the Manager provided that the prior approval of Unitholders has been obtained by a simple majority vote at a meeting called and held for such purpose (an “**Ordinary Resolution**”) passed at a meeting of Unitholders called for that purpose; provided, however, that the Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager, it is no longer economically practical to continue the Fund or it would be in the best interests of the Fund.

The Fund will issue a press release not earlier than 15 days and not later than 90 days prior to the effective date of the termination of the Fund. Upon termination, the net assets of the Fund will be distributed to Unitholders on a *pro rata* basis based on the NAV per Unit of each class. Immediately prior to the termination of the Fund, including on the termination date, the Manager will, to the extent possible, convert the assets of the Fund to cash and after paying or making adequate provision for all of the Fund’s liabilities, distribute the net assets of the Fund to the Unitholders as soon as practicable after the date of termination. Any unliquidated assets may be distributed in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. See “Description of the Units” and “Unitholder Matters - Matters Requiring Unitholder Approval”.

The Declaration of Trust provides that prior to the termination of the Fund the Manager will dispose of all of the Fund’s assets 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 Unitholders, postpone any termination date by a period of up to 180 days if the Manager determines that it will be unable to convert all of its assets to cash prior to any termination date and the Manager determines that it would be in the best interests of Unitholders to do so.

USE OF PROCEEDS

The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option), together with any borrowings, to invest in the Portfolio in accordance with the investment objectives and investment restrictions of the Fund.

The net proceeds from the sale of Units (prior to the exercise of the Over-Allotment Option) will be as follows:

| | Minimum Offering ⁽¹⁾ | Maximum Offering ⁽¹⁾⁽²⁾ |
|---|--|---|
| Gross proceeds to the Fund | \$20,000,000 | \$250,000,000 |
| Agents’ fees ⁽³⁾ | \$800,000 | \$10,000,000 |
| Expenses of the Offering ⁽³⁾ | \$300,000 | \$650,000 |
| Net proceeds to the Fund | \$18,900,000 | \$239,350,000 |

Notes:

(1) There will be no Closing unless a minimum of 2,000,000 Class A Units are sold. If subscriptions for a minimum of 2,000,000 Class A Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, this Offering may not continue unless an amendment to this prospectus is filed. The minimum offering assumes an offering of 2,000,000 Class A Units and the maximum offering assumes an offering of 25,000,000 Class A Units.

(2) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to purchase additional Class A Units, at a price of \$10.00 per Class A Unit, in an amount up to 15% of the aggregate number of Class A Units issued at Closing on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fees and the net proceeds to the Fund before deducting the expenses of the Offering will be \$287,500,000, \$11,500,000 and \$276,000,000, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the Agents' over-allocation position acquires such Class A Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

(3) Subject to a maximum of 1.5% of the gross proceeds of the Offering.

To the extent that Exchange Eligible Securities are acquired pursuant to the Exchange Option, the Fund will consider such securities in light of the Fund's investment objectives, strategy and restrictions and the Manager's outlook for the issuers of such securities. In the event the Manager determines to sell any such securities based on the foregoing considerations, the timing and manner of any such sales will be made having regard to maximizing value for the Fund. The Manager will ensure that the holdings of such securities comply with the investment restrictions of the Fund.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to conditionally offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement, and subject to approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents.

The Agents will receive a fee equal to \$0.40 (4.0 %) per Class A Unit and 0.17 (1.7%) per Class F Unit sold (either in cash or for Exchange Eligible Securities deposited and accepted pursuant to the Exchange Option) and will be reimbursed for reasonable out-of-pocket expenses incurred by them.

The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase Units that are not sold.

The Offering price of \$10.00 per Unit (payable in cash or Exchange Eligible Securities pursuant to the Exchange Option) was established by negotiation between the Agents and the Manager. There is currently no market through which the Units can be sold.

The Fund has granted the Agents an option (the "**Over-Allotment Option**"), exercisable for a period of 30 days from the closing of the Offering to purchase up to 15% of the aggregate number of the Class A Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fee and the net proceeds to the Fund before deducting the expenses of the Offering will be \$287,500,000, \$11,500,000 and \$276,000,000, respectively.

If subscriptions for a minimum of 2,000,000 Class A Units (\$20,000,000) (including Exchange Eligible Securities deposited and accepted pursuant to the Exchange Option) have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue unless an amendment to this prospectus is filed and a receipt therefor has been issued. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. In the event the minimum offering is not achieved by the Fund and the necessary consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. Subscription proceeds pursuant to the Offering will be received by the Agents and held in trust in a segregated account until subscriptions for the minimum Offering are received and the other closing conditions of the Offering have been satisfied. The right is reserved to close the subscription books at any time without notice. Closing is expected to occur on or about July 2, 2015, but, in any event, not later than 90 days after a receipt for the final prospectus is issued. The TSX has conditionally approved the listing of the Class A Units. The listing is subject to the Fund fulfilling all of the TSX requirements on or before September 15, 2015, including distribution of the Class A Units to a minimum number of public holders.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Agents may not, throughout the period of distribution under this prospectus, bid for or purchase Class A Units. The foregoing restriction

is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Class A Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws an Agent may, in connection with this Offering, over-allot or effect transactions in connection with its over-allotted position. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the Agency Agreement, the Fund and the Manager have agreed to indemnify the Agents and their controlling persons, directors, officers and employees against certain liabilities.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager and the Trustee will receive fees from the Fund for its services and will be reimbursed by the Fund for all reasonable expenses and liabilities incurred in connection with the operation and management of the Fund. See “Fees and Expenses”.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager has established a proxy voting policy (the “**Proxy Voting Policy**”) that provides that the Manager will vote, where applicable, the Portfolio Securities in the best interests of its clients, including the Fund and its Unitholders. The Manager has established detailed proxy voting guidelines covering both routine and non-routine matters and maintains procedures to monitor for upcoming votes. When a pending vote is identified, an analyst reviews the ballot, along with supplemental information about the vote provided by third party vendors and research providers. The analyst makes the voting decision. If the analyst votes in contravention of the Manager’s guidelines, the rationale must be documented and approved by a senior portfolio manager. The Proxy Voting Policy also outlines the specific responsibilities of third party service providers for administration and recordkeeping services. The Manager will identify any conflicts in voting proxies which may exist between the interests of the Manager and its clients, including the Fund. If a material conflict exists, the Manager will determine whether voting in accordance with its voting guidelines is in the best interests of its clients (or particular affected clients).

The Manager will publish these records on an annual basis. This annual proxy voting record will be made available on its website at www.fieracapital.com no later than August 31 of each year.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (i) the Declaration of Trust described under “Organization and Management Details of the Fund”, “Description of the Units” and “Unitholder Matters”;
- (ii) the Agency Agreement described under “Plan of Distribution”;
- (iii) the Management Agreement described under “Organization and Management Details of the Fund – Manager of the Fund – Details of the Management Agreement”; and
- (iv) the Custodian Agreement described under “Organization and Management Details of the Fund”.

Copies of the foregoing documents, after the execution thereof, may be inspected during business hours at the principal office of the Fund during the course of distribution of the Units offered hereby. Any of the foregoing contracts that are not executed prior to the filing of this prospectus will be filed with the securities regulatory authorities forthwith after such contract is entered into.

EXPERTS

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Blake, Cassels & Graydon LLP, on behalf of the Fund and McCarthy Tétrault LLP, on behalf of the Agents. As at the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and McCarthy

Tétrault LLP, as a group, beneficially own, directly or indirectly, none of the securities of the Fund but may subscribe for Units pursuant to the Offering.

The auditor of the Fund is PricewaterhouseCoopers LLP, Partnership of Professional Accountants, who have prepared an independent auditor's report dated June 22, 2015 on the statement of financial position of the Fund as of June 22, 2015. PricewaterhouseCoopers LLP, Partnership of Professional Accountants is independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Ordre des comptables professionnels agréés du Québec.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

INDEPENDENT AUDITOR'S REPORT

To the Unitholder and the Trustee of Canadian Preferred Share Trust (the "Fund")

We have audited the accompanying statement of financial position of the Fund as at June 22, 2015 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together, the financial statement).

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Fund as at June 22, 2015 in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

Montréal, Quebec
June 22, 2015

(Signed) PricewaterhouseCoopers LLP¹

¹ CPA auditor, CA, public accountancy permit No. A123633

**CANADIAN PREFERRED SHARE TRUST
STATEMENT OF FINANCIAL POSITION**

As at June 22, 2015

ASSETS

Current Assets

Cash \$20.00

Total Assets \$20.00

Net Assets Attributable to Holders of Redeemable Units (1 Class A Unit and 1 Class F Unit issued and redeemable)

Class A Unit \$10.00

Class F Unit \$10.00

Total Net Assets Attributable to Holders of Redeemable Units \$20.00

Net Assets Attributable to Holders of Redeemable Units (per unit)

Class A Unit (Note 5) \$10.00

Class F Unit (Note 5) \$10.00

Approved by the Manager:

FIERA CAPITAL CORPORATION

(SIGNED) SYLVAIN BROUSSEAU
PRESIDENT AND CHIEF OPERATING OFFICER

(SIGNED) RAJ LALA
EXECUTIVE VICE PRESIDENT, RETAIL MARKETS

The accompanying notes are an integral part of this financial statement.

CANADIAN PREFERRED SHARE TRUST
NOTES TO STATEMENT OF FINANCIAL POSITION

1. GENERAL INFORMATION

Canadian Preferred Share Trust (the “**Fund**”), a closed-end investment trust, was established under the laws of the Province of Ontario by a declaration of trust made as of June 22, 2015 (the “**Declaration of Trust**”). The Manager of the Fund is Fiera Capital Corporation (“**Fiera**” or the “**Manager**”). The beneficial interest in the net assets and net income of the Fund is divided into transferable Class A Units and Class F Units (collectively, the “**Units**”) of the Fund. The Class F Units are designated for fee based and/or institutional accounts and will not be listed on a stock exchange but will be convertible into Class A Units on a weekly basis. On June 22, 2015, the Fund was settled and issued one Class A Unit and one Class F Unit for \$20.00 cash to a director of the Manager and as such is the Fund’s ultimate parent as at that date. Computershare Trust Company of Canada acts as trustee of the Fund and performs the duties and services and exercises the rights accorded to it in the Declaration of Trust. The address of the registered office is 1 Adelaide Street East, Suite 600, Toronto, Ontario M5C 2V9.

The Fund’s investment objectives are to:

- (i) provide holders of the Units (“**Unitholders**”) with monthly cash distributions;
- (ii) preserve capital and provide the opportunity for capital appreciation; and
- (iii) reduce the risk of rising interest rates by managing Portfolio duration.

The Fund has been created to invest in an actively managed portfolio comprised primarily of Canadian preferred shares (the “**Portfolio**”).

The Manager, in its role as portfolio manager, will actively manage the Portfolio in connection with the selection, purchase and sale of securities.

The Fund intends to make monthly cash distributions to Unitholders of record on the last business day of each month (each June, September, December and March). Distributions will be paid on a business day designated by the Manager that will be no later than the 15th day of the following month. The Fund will not have a fixed monthly distribution amount but intends to at least annually in December each year determine and announce expected monthly distributions for the following calendar year based on the Manager’s estimate of distributable cash flow in the Fund. The Fund intends to provide Unitholders with the opportunity to reinvest monthly cash distributions made by the Fund in additional Units through a distribution reinvestment plan.

A portion of the Portfolio may be invested in securities denominated in foreign currencies; principally U.S. dollars. At all times, the Manager will hedge substantially all of the value of the Portfolio denominated in U.S. dollars back to the Canadian dollar.

The Fund may utilize various forms of leverage including borrowings under loan facilities, margin purchases and through derivatives. At the time such leverage is incurred, the maximum amount of leverage that the Fund could employ shall not exceed 20% of the NAV of the Fund (the “**Leverage Threshold**”) or 1.2:1 (total long positions (including leveraged positions) divided by the net assets of the Fund). Swaps, futures contracts and other derivatives will not be included in the Leverage Threshold calculation to the extent such derivatives are used for hedging (as defined in NI 81-102) currency or interest rates. If at any time leverage exceeds the Leverage Threshold, the Manager will, as soon as practicable thereafter, cause the leverage to be reduced below such threshold. Initially, the Fund is expected to employ leverage of approximately 19% of the NAV of the Fund (1.19:1 (total long positions (including leveraged positions) divided by the net assets of the Fund)).

The statement of financial position was authorized for issue by the Manager on June 22, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of this financial statement are set out below:

Basis of Presentation:

The statement of financial position of the Fund has been prepared in accordance with International Financial Reporting Standards (“IFRS”) relevant to preparing such a financial statement. The statement of financial position has been prepared under the historical cost convention.

Functional and Presentation Currency:

The financial statement is presented in Canadian dollars, which is the Fund’s functional and presentation currency.

Net Assets Attributable to Holders of Redeemable Units per Unit

The NAV per Unit of each class on any day will be obtained by dividing the NAV of the Fund attributable to such class by the number of Units of that class then outstanding at the time the calculation is made.

Redeemable Units:

The Fund’s obligation for net assets attributable to a holder of redeemable units is presented at the redemption amount that is payable if the holder exercises the right to put the units back to the Fund on the annual redemption date. The Fund’s outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation, as the Fund issues two classes of redeemable units, which are redeemable at the holder’s option and do not have identical rights.

Cash:

Cash is held by counsel in trust. Cash comprises cash on deposit and is stated at fair value.

The Fund has retained NBCN Inc. (the “Custodian”) under a custodial services agreement between the Manager and the Custodian, as it may be amended from time to time.

Calculation of Net Asset Value:

The net asset value of the Fund is calculated as the aggregate fair value of the Fund’s assets, less the aggregate fair value of the Fund’s liabilities. The trustee will calculate the net asset value of the Fund on each business day at the close of regular trading on the Toronto Stock Exchange, normally 4:00 p.m. (Toronto time) in accordance with industry practices.

Fair Value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the Fund’s obligations for net assets attributable to the holder of redeemable units approximate their fair values.

3. AGENCY AGREEMENT

The Fund and the Manager have entered into an agency agreement with RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Canaccord Genuity Corp., Dundee Securities Ltd. and Manulife Securities Incorporated (collectively, the “Agents”) dated as of June 22, 2015 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public, a minimum of 2,000,000 Class A Units and a maximum of 25,000,000 Units at \$10.00 per Unit.

The Fund has granted to the Agents an option exercisable for a period of 30 days following the closing of the offering of the Units to purchase additional Class A Units in an amount up to 15% of the aggregate number of Class A Units issued at the closing of the offering on the same terms as the offering of Class A Units to cover over-allotment, if any.

4. MANAGEMENT FEES AND OTHER EXPENSES

The Agents' fees will be \$0.40 per Class A Unit (4.0%) and \$0.17 per Class F Unit (1.7%). In addition to the Agents' fees, the Fund will pay the expenses incurred in connection with the Offering (subject to a maximum of 1.5% of the gross proceeds of the Offering). The expenses in connection with the offering will be charged against net assets attributable to holders of redeemable units.

An annual management fee (the "**Management Fee**") equal to 0.75% of the NAV of the Fund (plus applicable taxes), calculated daily and payable monthly in arrears, will be paid to the Manager.

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration.

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus will be on terms that are no less favourable to the Fund than those available from arm's length persons (within the meaning of the Tax Act) for comparable services and the Fund will pay all expenses associated with such additional services.

5. UNITHOLDER EQUITY

Commencing in 2016, Units may be surrendered annually for redemption during the period from the first Business Day in December until 5:00 p.m. (Toronto time) on the last Business Day in December of each year (the "**Notice Period**"). Subject to the Fund's right to suspend redemptions in certain circumstances, Units properly surrendered for redemption during the Notice Period will be redeemed on the second last Business Day in January of each year following the relevant Notice Period (the "**Annual Redemption Date**") and the Unitholder will receive a redemption price per Unit equal to 100% of the NAV per Class A Unit or NAV per Class F Unit, as applicable, as determined on the Annual Redemption Date, less any costs associated with the redemption, including commissions, wire transfer fees and such other costs charged to the Fund by third parties, if any, on or before the Redemption Payment Date.

Unitholders may make a redemption request at any time and the Fund will redeem the Units on the second last Business Day of each month other than a month in which there is an Annual Redemption Date ("**Monthly Redemption Date**"), subject to certain conditions, and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the month in which the Monthly Redemption Date falls. Payment of the redemption price will be made on the Redemption Payment Date, subject to the Manager's right to suspend redemptions in certain circumstances.

A Unitholder who properly surrenders a Class A Unit for redemption on a Monthly Redemption Date, will receive the amount, if any, equal to the lesser of (i) 95% of the Market Price and (ii) 100% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date (the "**Monthly Redemption Price**"), less, in each case, any costs associated with the redemption including commissions and such other costs, if any.

A Unitholder who surrenders a Class F Unit for redemption on a Monthly Redemption Date will receive an amount equal to the product of (i) the Monthly Redemption Price; and (ii) a fraction, the numerator of which is the most recently calculated NAV per Class F Unit and the denominator of which is the most recently calculated NAV per Class A Unit, less any costs and expenses incurred by the Fund in order to fund such redemption.

Notwithstanding the foregoing, the monthly redemption amount with respect to a Class A Unit or a Class F Unit being redeemed on such date will not be greater than the NAV per Class A Unit or the NAV per Class F Unit, as applicable, on the Monthly Redemption Date.

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: June 22, 2015

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**Canadian Preferred Share Trust
by its Manager, Fiera Capital Corporation**

(SIGNED) JEAN-GUY DESJARDINS
Chairman of the Board and Chief Executive Officer

(SIGNED) PIERRE BLANCHETTE
Senior Vice President, Finance

**On behalf of the Board of Directors of
Fiera Capital Corporation**

(SIGNED) SYLVAIN BROUSSEAU
Director

(SIGNED) RAYMOND LAURIN
Director

**FIERA CAPITAL CORPORATION
as Promoter**

(SIGNED) JEAN-GUY DESJARDINS
Chairman of the Board and Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: June 22, 2015

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

SCOTIA CAPITAL INC.

**NATIONAL BANK FINANCIAL
INC.**

(SIGNED) CHRISTOPHER BEAN

(SIGNED) MICHAEL D. SHUH

(SIGNED) RAJIV BAHL

(SIGNED) TIMOTHY EVANS

BMO NESBITT BURNS INC.

TD SECURITIES INC.

(SIGNED) ROBIN G. TESSIER

(SIGNED) CAMERON GOODNOUGH

GMP SECURITIES L.P.

RAYMOND JAMES LTD.

(SIGNED) ANDREW KIGUEL

(SIGNED) J. GRAHAM FELL

DESJARDINS SECURITIES INC.

CANACCORD GENUITY CORP.

DUNDEE SECURITIES LTD.

**MANULIFE SECURITIES
INCORPORATED**

(SIGNED) NAGLAA PACHECO

(SIGNED) RON SEDRAN

(SIGNED) AARON UNGER

(SIGNED) DAVID MACLEOD

