

## CONFIDENTIAL OFFERING MEMORANDUM

*This Offering Memorandum constitutes an offering of the Units only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. **No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the Units offered hereunder.** No prospectus has been filed with any such authority in connection with the Units offered hereunder. This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the Units offered hereby and is not to be construed as a prospectus or public offering of the Units. **By accepting a copy of this Offering Memorandum prospective purchasers agree that they shall not transmit, reproduce or make available this document or any information contained in it to any person other than their professional advisers.***

Continuous Offering

March 19, 2024



### CHESSWOOD CANADIAN ASSET-BACKED CREDIT FUND TRUST

#### Trust Units

Chesswood Canadian Asset-Backed Credit Fund Trust (the “**Fund**”) is a fund established as a unit trust under the laws of Ontario. The investment objective of the Fund is to provide investors with an attractive risk-adjusted return with minimal volatility. The Fund intends to achieve the investment objective by investing substantially all of its assets in Chesswood Canadian Asset-Backed Credit Fund LP (the “**Partnership**”). The investment objective of the Partnership is to provide investors with an attractive risk-adjusted return with minimal volatility primarily by acquiring a diversified portfolio of Canadian-based equipment and property subject to commercial or consumer leases, and commercial and consumer loans, and related rights (the “**Receivables Portfolio**”) and/or by investing in structures that provide exposure to equipment and consumer financing credit. The Receivables Portfolio will be comprised primarily of Canadian-based equipment and property subject to commercial or consumer leases, and commercial and consumer loans, that Waypoint Investment Partners Inc. (the “**Manager**”) believes provides a favourable risk versus return profile, and that will be diversified in terms of industry, maturity and quality.

The Fund was formed on January 2, 2024, and will continue until it is dissolved. The Manager is the trustee and manager of the Fund, and the manager of the Partnership, and is responsible for all aspects of

the management of the Fund and the Partnership and may act as the dealer of record in the sale of Units. The Manager and its affiliates will earn fees from the Fund and the Partnership as set out in this Offering Memorandum. **As a result of these relationships, each of the Fund and the Partnership is a related and/or connected issuer of the Manager. See Schedule “E” – Conflicts of Interest.**

**BY INVESTING IN THE FUND, EACH INVESTOR CONSENTS TO THE FUND INVESTING ALL OR SUBSTANTIALLY ALL OF ITS ASSETS IN THE PARTNERSHIP, AND THE PARTNERSHIP PURCHASING CANADIAN-BASED EQUIPMENT AND PROPERTY SUBJECT TO COMMERCIAL OR CONSUMER LEASES, AND COMMERCIAL AND CONSUMER LOANS, AND RELATED RIGHTS FROM VAULT CREDIT CORPORATION, VAULT HOME CREDIT CORPORATION, RIFCO NATIONAL AUTO FINANCE CORPORATION AND OTHER ENTITIES RELATED TO THE MANAGER FROM TIME TO TIME AND RETAINING SUCH ENTITIES TO PROVIDE SERVICES UNDER SERVICING AGREEMENTS. THIS WILL RESULT IN THESE ENTITIES EARNING PROFITS IN CONNECTION WITH SUCH PURCHASES AND RECEIVING SERVICE FEES FROM THE PARTNERSHIP (SEE “ORIGINATORS” AND SCHEDULE “E” – CONFLICTS OF INTEREST).**

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**SUBSCRIPTION PRICE: NET ASSET VALUE PER UNIT  
MINIMUM INITIAL INVESTMENT: \$10,000**

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An unlimited number of beneficial interests in the Fund referred to as units (the “**Units**”) are being issued in one class, which is issuable in two series: **Series A Units** and **Series F Units**. The Manager may create additional classes and/or series of Units from time to time. An unlimited number of Units are being offered on a continuous basis. Initially, Units are only being distributed to investors resident in Ontario, British Columbia and Alberta, pursuant to available prospectus exemptions under the securities laws of such provinces. Prospective investors must be “accredited investors” as defined under applicable securities laws unless another exemption from the prospectus requirements can be relied on. See “The Offering”. On the first closing, Units of each series will be issued at a subscription price of \$10 per Unit. Thereafter, Units of each series will be issued at their net asset value (“**Net Asset Value**”) per Unit as at the relevant Subscription Date. Subscriptions will be processed on the last business day of each month and such other days as the Manager may permit (each a “**Subscription Date**”). For investors subscribing for Units directly through the Manager, a fully completed subscription agreement (“**Subscription Agreement**”) and subscription monies must be received by the Manager by 4:00 pm (Toronto time) on the previous business day; otherwise the subscription will be processed as at the next Subscription Date. For investors subscribing for Units through their dealer via Fundserv, subscription instructions must be received by the Manager no later than 4:00 p.m. (Toronto time) two business days prior to the relevant Subscription Date, and subscription monies and a fully completed Subscription Agreement must be received within one business day of that Subscription Date (T+1), in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Subscription Date. All subscriptions for Units are subject to acceptance or rejection by the Manager. If a subscription is accepted, Units will be deemed to be issued as at the business day immediately following the relevant Subscription Date.

Units may be redeemed as of the last business day of each month or such other date as the Manager may permit (each, a “**Redemption Date**”) upon not less than 60 days’ written notice to the Manager. (Redemption requests, including those received through Fundserv, will not be processed unless the Manager has also received a written redemption notice in a form provided by the Manager.) **Redemption rights are subject to limitations, including an aggregate monthly limit on cash equal to the greater of \$100,000 or 2% of the Net Asset Value of the Fund on all redemptions in that month.** Redemption proceeds not paid by way of cash will be paid by way of promissory note issued by the Fund. If a Unit is redeemed within one year of its purchase, there shall be deducted from redemption proceeds otherwise payable, and retained by the Fund, an amount equal to 5% of the Net Asset Value of such Unit (the “**Early Redemption Deduction**”) (although the Manager may in its absolute discretion waive all or a portion of the Early Redemption Deduction from time to time).

**Because of liquidity constraints on the Fund, there can be no assurance that an investor will be able to liquidate the entirety, or any, of their investment by way of redemption of Units for cash on demand or within a specified period of time. The Fund is not an investment fund as substantially all of its assets are indirectly invested in the Receivables Portfolio through the Partnership. Investors will not have the benefit of regulatory protections that are available to investment funds that are redeemable on demand, such as control restrictions and financial reporting requirements.**

**The Manager may suspend redemptions of Units in certain circumstances. There are certain additional risk factors associated with investing in the Units.**

**A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. There is no market through which the Units may be sold and none is expected to develop. The Units are also subject to resale restrictions under the Fund’s Declaration of Trust and applicable securities legislation.** Investors should consult their own professional advisers to assess the income tax, legal and other aspects of the investment. See **Schedule “D” – Risk Factors** and **Schedule “F” – Legal Matters**.

No person is authorized to provide any information or to make any representation not contained in this Offering Memorandum and any information or representation, other than that contained in this Offering Memorandum, must not be relied upon. This Offering Memorandum is a confidential document furnished solely for the use of prospective purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition and disposition of Units under applicable securities legislation.

Information regarding the Partnership can be found in the confidential offering memorandum (the “**Partnership OM**”) of the Partnership, which is available upon request (free of charge) from the Manager. **Subscribers are urged to consult with an independent legal adviser prior to signing the Subscription Agreement for the Units and to review the Declaration of Trust, which is available from the Manager on request.**

## DETAILS OF THE OFFERING

*The following disclosure of the details of the offering is not a complete statement of an investor's rights and obligations. Prospective investors are encouraged to read the Declaration of Trust (available from the Manager upon request) and to consult their own professional advisers as to the tax and legal consequences of investing in Chesswood Canadian Asset-Backed Credit Fund Trust. Capitalized terms used but not defined in the following disclosure are defined elsewhere in this Offering Memorandum.*

### **The Fund**

#### **The Fund:**

Chesswood Canadian Asset-Backed Credit Fund Trust (the “**Fund**”) is a fund established as a unit trust under the laws of the Province of Ontario pursuant to a declaration of trust dated as of January 2, 2024, as amended and restated as of March 19, 2024 (the “**Declaration of Trust**”) executed by Waypoint Investment Partners Inc. (the “**Manager**”) as trustee and manager. A copy of the Declaration of Trust is available from the Manager upon request. The principal place of business of the Fund is 1133 Yonge Street, Suite 603, Toronto, Ontario, M4T 2Y7.

The Fund, for the benefit of its Unitholders, will engage in making investments in accordance with investment objectives and restrictions as determined by the Manager, all as disclosed in this Offering Memorandum. The activities of the Fund shall include all things necessary or advisable to give effect to the Trust's investment objectives.

#### **The Manager:**

The Manager is the manager and trustee of the Trust and is also the manager of Chesswood Canadian Asset-Backed Credit Fund LP (the “**Partnership**”). In addition to managing the day-to-day activities of the Fund and the Partnership, it is the responsibility of the Manager to make investment decisions on behalf of each of the Fund and the Partnership, to assist in the marketing of the Fund and the Partnership and to act as a distributor of units not otherwise sold through another registered dealer. See **Schedule “A” – Management of the Fund and Material Agreements**. The Manager will receive fees for its services, as set out in this Offering Memorandum. See **Schedule “E” – Conflicts of Interest**.

#### **Investment Objectives and Strategies of the Fund:**

The investment objective of the Fund is to provide investors with an attractive risk-adjusted return with minimal volatility. The Fund intends to achieve the investment objective by investing substantially all of its assets in the Partnership; however, the Trust will hold some cash and cash equivalents to fund expenses and outstanding redemption requests from time to time. See “The Partnership – Investment Objective of the Partnership” and “The Partnership – Investment Strategies of the Partnership”.

**By investing in the Fund, each investor consents to the Fund investing all or substantially all its assets in the Partnership. See**

## **Schedule “E” – Conflicts of Interest.**

- Use of Proceeds:** The Manager will use net proceeds (i.e., net of commissions, the costs of closing plus the unamortized portion of organizational costs) raised (i) to invest in the Partnership, (ii) to fund ongoing expenses of the Fund, and (iii) to fund pending redemption requests and to keep a reserve against future cash redemptions.
- Borrowing:** The Fund will not borrow for investment purposes. The Fund may borrow on a short-term basis for operating expense purposes or to fund redemptions.
- Forward-Looking Information:** The disclosure in this Offering Memorandum or in materials deemed to be incorporated into this Offering Memorandum regarding the investment strategies and intentions of the Fund and the Partnership may constitute “forward-looking information” for the purpose of applicable securities legislation, as it may contain statements of the Manager’s intended course of conduct and future operations of the Fund and the Partnership. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager’s officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager’s intended strategies as well as its actual course of conduct. Investors are urged to read **Schedule “D” – Risk Factors** for a discussion of other factors that may impact the operations and success of the Fund and the Partnership.
- Investing in the Fund:** An investment in the Fund is represented by beneficial interests in the form of units (the “**Units**”), which may be issued in an unlimited number of classes and series of Units. The interest of each holder of Units (a “**Unitholder**”) represents the same proportion of the total interest of all Unitholders as the net asset value (“**Net Asset Value**”) of Units held by such Unitholder is of the total Net Asset Value of the Fund (each series may have different distribution entitlements as a result of different fees, expenses and other factors that will affect the Net Asset Value of such series). See **Schedule “B” – Net Asset Value**.

## **The Partnership**

- The Partnership:** The Partnership is a limited partnership established by the filing of a Declaration of an Ontario Limited Partnership under the *Limited Partnerships Act* (Ontario) (the “**LP Act**”) on September 20, 2022, and by the execution of a limited partnership agreement first dated as of September 20, 2022, and as most recently amended and restated as of January 2, 2024, as may be further amended from time to time (the

**“Limited Partnership Agreement”).**

Investors in the Partnership become limited partners of the Partnership (the “**Limited Partners**”) by acquiring interests designated as limited partnership units (the “**Partnership Units**”). All Limited Partners are bound by the terms of the Limited Partnership Agreement. The Fund is a Limited Partner by virtue of acquiring Partnership Units.

The Partnership, for the benefit of its Limited Partners, will engage in making investments in accordance with investment objectives and restrictions as determined by the Manager, all as disclosed in this Offering Memorandum. The activities of the Partnership shall include all things necessary or advisable to give effect to the Partnership’s investment objectives.

**The General Partner:**

Chesswood Canadian ABS GP Inc. (the “**General Partner**”) was incorporated under the laws of Ontario. The General Partner was instrumental in the formation of the Partnership and is responsible for approving and monitoring the Partnership’s various service providers, including the Manager. The General Partner has a 0.001% interest in the Partnership. Maxwell Torokvei and David Hodgson are directors and/or officers of both the General Partner and of the Manager. The General Partner is wholly owned by Chesswood Capital Management Inc. (“**CCM**”), which in turn is wholly owned by Chesswood Group Limited (“**Chesswood**”).

**Investment Objective of the Partnership:**

The investment objective of the Partnership is to provide investors with an attractive risk-adjusted return with minimal volatility primarily by acquiring a diversified portfolio of Canadian-based equipment and property subject to commercial or consumer leases, and commercial and consumer loans, and related rights (the “**Receivables Portfolio**”) and/or by investing in structures that provide exposure to equipment and consumer financing credit.

**Investment Strategies of the Partnership:**

The Receivables Portfolio will be comprised primarily of Canadian-based equipment and property subject to commercial or consumer leases, and commercial and consumer loans, that the Manager believes provides a favourable risk versus return profile, and that will be diversified in terms of industry, maturity and quality.

The Partnership may invest up to 25% of its assets, calculated at the time of investment, in publicly traded Canadian and U.S fixed income securities, including, but not limited to, money market instruments, preferred shares, credit default swaps, credit derivatives and equity derivatives for risk management (the “**Public Portfolio**”). The Partnership may also use derivatives, such as options and forwards, to hedge against the risks of currency fluctuations, specific securities, stock markets and interest rates.

The Partnership may hold a portion of its assets in cash, cash equivalents or short-term debt instruments pending investment or in

anticipation of repurchases or if determined to be advisable by the Manager given certain loan conditions.

The above-described investment strategies, which may be pursued by the Partnership, are not intended to be exhaustive and other strategies may also be employed. The actual strategies utilized by the Manager will depend upon its assessment of market conditions and the relative attractiveness of the available opportunities. The Manager may, in its discretion, use strategies other than those described above or discontinue the use of any strategy without advance notice to Limited Partners.

The Partnership will not make or permit a change to the above investment objective that the Manager determines in good faith to be a material change, unless the Limited Partners are given not less than 60 days' written notice prior to the effective date of the change (together with an explanation of the reasons for the change), and each Limited Partner is given the opportunity to redeem all of such Limited Partner's Units prior to the effective date of such change (in such event the Manager agrees to waive any lock-up, notice period or redemption deductions).

There can be no assurances that the Partnership will achieve its investment objective.

**Leverage:**

The Partnership may use leverage to enhance returns and manage risk. The Partnership may also borrow, including by way of loan facility, for the following purposes (and secure these borrowings with liens or other security interests in its assets):

- (i) **For investment purposes.**
- (ii) **To provide liquidity to satisfy the tender of Units for repurchase by Limited Partners.**
- (iii) **To smooth the timing difference between the closing of potential new investments (including the Receivables Portfolio) and cash availability in the Partnership.** The Partnership's portfolio is constructed over time and with various maturities and repayment schedules. However, there may be times when a new investment opportunity is available when the Partnership does not have sufficient available cash to invest in such opportunity at the time. The loan facilities could enable the Partnership to draw upon such facilities to invest in the new opportunity with a view to repaying the advance as cash flow within the Partnership permits or as new Units are issued.
- (iv) **To maintain liquidity in accordance with the investment objective and investment strategies of the Partnership.**

The Partnership expects that the terms, conditions, interest rate, fees and expenses of the loan facilities will be typical for loans of this nature.

The Partnership may not, at any point in time, incur a level of borrowing (including any short-term borrowings) in excess of eight times the Net Asset Value of the Partnership, calculated at the time of borrowing.

**Originators:**

The Partnership will acquire the equipment and property underlying leases and commercial and consumer loans (and related rights) that are originated by third parties (the “**Originators**”). The Manager expects that at least 50% and up to 100% of the Originators will be parties that are related to the Manager (“**Related Originators**”). It is expected that the Partnership will initially acquire the Receivables Portfolio from the following Related Originators:

- Vault Credit Corporation (“**Vault Credit**”), which provides commercial equipment financing and loans to small and medium-sized businesses across Canada;
- Vault Home Credit Corporation (“**Vault Home**”), which provides home improvement and other consumer financing solutions in Canada; and
- Rifco National Auto Finance Corporation (“**Rifco**”), which provides consumer financing for motor vehicle purchasers across Canada except for Quebec.

Each of Vault Credit, Vault Home and Rifco are controlled by Chesswood, a TSX-listed company formed under the laws of Ontario that indirectly wholly owns the Manager. The Receivables Portfolio will be acquired by the Partnership at net present value pursuant to master purchase agreements (the “**Purchase Agreements**”).

From time to time, the Partnership may also purchase a portion of the Receivables Portfolio from unrelated parties.

The Originators will manage, service, administer, enforce and make collections on the Receivables Portfolio held by the Partnership pursuant to separate servicing agreements (the “**Servicing Agreements**”). The Originators will receive service fees (the “**Service Fees**”) from the Partnership for the services provided under the Servicing Agreements.

**BY INVESTING IN THE FUND, EACH INVESTOR CONSENTS TO THE FUND INVESTING IN THE PARTNERSHIP, AND TO THE PARTNERSHIP PURCHASING CANADIAN-BASED EQUIPMENT AND PROPERTY SUBJECT TO COMMERCIAL OR CONSUMER LEASES, AND COMMERCIAL AND CONSUMER LOANS, AND RELATED RIGHTS FROM VAULT CREDIT, VAULT HOME, RIFCO AND OTHER ENTITIES RELATED TO THE MANAGER FROM TIME TO TIME AND**



**RETAINING SUCH ENTITIES TO PROVIDE SERVICES UNDER SERVICING AGREEMENTS. THIS WILL RESULT IN THESE ENTITIES EARNING PROFITS IN CONNECTION WITH SUCH PURCHASES AND RECEIVING SERVICE FEES FROM THE PARTNERSHIP (SEE SCHEDULE “E” – CONFLICTS OF INTEREST).**

### **The Units and Terms of the Offering**

#### **The Units:**

Units are being offered pursuant to available prospectus exemptions in Ontario, British Columbia and Alberta to investors who are accredited investors under National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) or to whom Units may otherwise be sold without a prospectus under applicable securities legislation (however Units will not be distributed under the “minimum investment amount” prospectus exemption in Alberta). Unless an investor can establish to the Manager’s satisfaction that another exemption is available, this will generally require that each investor is investing as principal (and not for or on behalf of any other persons) and is an “accredited investor” as defined in NI 45-106. Investors (other than individuals) that are accredited investors solely on the basis that they have net assets of at least \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments that may not have otherwise been available to any persons holding an interest in such investor.

Units may be purchased directly from the Manager or through other registered dealers.

#### **The Offering:**

One class of Units, issuable in two series, is currently being offered:

**Series A Units** are available to all investors who meet the minimum investment criteria. Series A Units are subject to a 2.5% management fee. A trailing commission is payable to the dealer with respect to Series A Units. See “Sales/Trailer Commissions” below.

**Series F Units** are available to all investors who meet the minimum investment criteria and who purchase Units either directly from the Manager as dealer, through a fee-based account with their own dealer or otherwise as approved by the Manager. Series F Units are subject to a 1.5% management fee. No trailing commission is payable with respect to Series F Units.

**The so-called “Offering Memorandum Exemption” is not being relied on and investors do not have the benefit of certain additional protections that applicable securities laws give to investors when an issuer relies on the Offering Memorandum Exemption.**

No subscription will be accepted unless the Manager is satisfied that the

subscription is in compliance with applicable securities laws.

This offering may be suspended by the Manager at any time and from time to time.

**Eligibility for Investment:** The Fund is expected to qualify as a “mutual fund trust” under the Tax Act, effective from the date of its creation in 2024 and at all times thereafter. Provided that the Fund so qualifies, Units will be qualified investments under the Tax Act for retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), deferred profit sharing plans (“**DPSPs**”), registered education savings plans (“**RESPs**”), tax-free savings accounts (“**TFSAs**”) and first home savings accounts (“**FHSAs**,” and together with RRSP, RRIF, RDSP, DPSP, RESP and TFSA, “**Registered Plans**”). Annuitants of RRSPs and RRIFs, holders of RDSPs, TFSAs and FHSAs and subscribers of RESPs are urged to consult with their own tax advisers as to whether Units would be a “prohibited investment” under the Tax Act in their particular circumstances. See **Schedule “C” – Income Tax Considerations** and **Schedule “D” – Risk Factors**.

**Price per Unit:** On the first closing, Units of each series will be issued at a subscription price of \$10 per Unit. Thereafter, Units of each series will be issued at the Net Asset Value per Unit of the series as at the relevant Subscription Date.

**Minimum Individual Investment:** The minimum initial investment is \$10,000 but may be reduced to a lesser amount in the discretion of the Manager at any time.

Each subsequent investment must be not less than \$10,000 or such lesser amount as the Manager may permit.

The above minimums are exclusive of any commissions paid directly by an investor to his, her, their or its dealer. At the time of making each additional investment, unless a new completed subscription agreement (the “**Subscription Agreement**”) is executed, each investor will be deemed to have repeated and confirmed to the Manager the covenants and representations contained in the Subscription Agreement delivered by the investor to the Manager at the time of the initial investment. See “Subscription Procedure” below.

**Subscription Procedure:** Subscriptions for Units must be made by completing and executing the subscription form provided and by forwarding to the Manager such form together with evidence of bank wire instructions, via electronic order system such as Fundserv or such other form of payment acceptable to the Manager representing payment of the subscription price.

Subscriptions will be processed on the last business day of each month and such other days as the Manager may permit (each a “**Subscription Date**”). The acceptance of a subscription is subject to the Manager’s

discretion to refuse the subscription in whole or in part. For investors subscribing for Units directly through the Manager, a fully completed Subscription Agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager no later than 4:00 p.m. (Toronto time) on the business day prior to a Subscription Date in order for the subscription to be accepted as at that Subscription Date; otherwise the subscription will be processed as at the next Subscription Date. For investors subscribing for Units through their dealer via Fundserv, subscription instructions must be received by the Manager no later than 4:00 p.m. (Toronto time) two business days prior to the relevant Subscription Date, and subscription monies and a fully completed Subscription Agreement must be received within one business day of that Subscription Date (T+1), in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Subscription Date.

Subscription funds provided prior to a Subscription Date will be kept in a segregated account. Subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. In the event a subscription is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction.

**Accredited Investors:**

A list of accredited investors is set out in the Subscription Agreement delivered with this Offering Memorandum, but generally includes individuals who have net investment assets of at least \$1,000,000, or personal income of at least \$200,000, or combined spousal income of at least \$300,000 (in the previous two years with reasonable prospects of same in the current year). NI 45-106 requires that individuals who invest on the basis that they are accredited investors (other than certain high net worth individuals) must sign a Risk Acknowledgement form, which is included in the Subscription Agreement delivered with this Offering Memorandum.

**Redemptions:**

Redemptions of Units will be permitted on a monthly basis, being on the last business day of each month, and on such other dates as the Manager may permit (each, a “**Redemption Date**”). Redemption requests must be received in writing (a “**Redemption Notice**”) by the Manager at least **60 days** prior to the applicable Redemption Date (the “**Notice Period**”). The Manager reserves the right, but shall not be obligated, to reduce the Notice Period in circumstances where it would not be to the detriment of the Fund to do so.

The redemption price shall equal the Net Asset Value per Unit, determined as of the close of business on the relevant Redemption Date, less applicable deductions.

**Cash redemptions are subject to limits, including an aggregate monthly limit on cash equal to the greater of \$100,000 or 2% of the Net Asset Value of the Fund on all redemptions in that month (the “Monthly Limit”).** It will be in the discretion of the Manager whether to waive such limitation in any particular month, based on cash

available in the Fund.

For any Units that have been tendered for redemption but could not be redeemed for cash (“**Remaining Units**”), the Fund will provide the Unitholder holding such Remaining Units with the following options:

- (a) the Unitholder may revoke and withdraw the Redemption Notice and elect for such Remaining Units to be put in for redemption for cash at the next Redemption Date; or
- (b) the Unitholder will not revoke and withdraw the Redemption Notice previously tendered and the Fund will redeem such Remaining Units by issuing Redemption Notes (as defined below) to such Unitholder in an amount equal to the redemption amount for the Remaining Units.

“**Redemption Notes**” means unsecured subordinated promissory notes of the Fund, a subsidiary of the Fund or such other entity as determined by the Manager (the “**Redemption Note Issuer**”) in the principal amount equal to the NAV per Unit as at the applicable Redemption Date, times the number of Units redeemed as at such date and not redeemed for cash, having a maturity date to be determined at the time of issuance (provided that in no event shall the maturity date be set at a date subsequent to the first Business Day following the fifth anniversary of the date of issuance of such note), bearing interest from the date of issue at a market rate of interest determined at the time of issuance, payable for each month during the term on the 15<sup>th</sup> day of each subsequent month with all principal being due on maturity, such promissory notes to provide that the Redemption Note Issuer shall at any time be allowed to prepay all or any part of the outstanding principal without notice or bonus.

Redemption Notes, if issued by the Fund, may, in certain circumstances, have priority over Units in the event of the liquidation of the assets of the Fund. There are various considerations with respect to creditor rights and bankruptcy law that will need to be considered both at the time Redemption Notes are issued and at the time of any liquidation of the assets of the Fund in order to determine if such a priority exists. If Redemption Notes are issued by a subsidiary of the Fund or an entity other than the Fund, the Fund has no liability under any such Redemption Notes and holders will have recourse only to the Redemption Note Issuer to satisfy the Redemption Note Issuer’s obligations under the Redemption Notes.

Unitholders should be aware that Redemption Notes or other property received as a result of a redemption *in specie* generally will not be a qualified investment for Registered Plans. As such, proceeding with a redemption of Units owned by a Registered Plan to be paid for with Redemption Notes may give rise to adverse consequences to such Registered Plan or the holder of or the annuitant or beneficiary under that Registered Plan. **Accordingly, Unitholders holding Units through**

**a Registered Plan should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units. See Schedule “C” – Income Tax Considerations.**

*Early Redemption Deduction:*

If a Unit is redeemed within one year of its purchase, there shall be deducted from redemption proceeds otherwise payable, and retained by the Fund, an amount equal to 5% of the Net Asset Value of such Unit (the “**Early Redemption Deduction**”). The Manager may in its absolute discretion waive all or a portion of the Early Redemption Deduction from time to time.

*Redemption Proceeds:*

Upon redemption of a Unit, the holder of such Unit will receive proceeds of redemption equal to the Net Asset Value per Unit of the relevant class or series of the applicable class or series of Units being redeemed as at the close of business on the designated Redemption Date, less any Early Redemption Deduction.

Redemption proceeds will generally be paid within **30 days** of the Redemption Date. **Redemption requests are otherwise irrevocable** unless redemption proceeds are not received within 30 days of the Redemption Date, in which case they may be withdrawn at such time.

Payments by the Fund of the redemption price payable will conclusively be deemed to have been made upon the delivery of the cash and/or Redemption Notes, as applicable. Upon such payment, the Fund will be discharged from all liability to the redeeming Unitholder.

*Suspension of Redemption Rights:*

The Manager may suspend the calculation of the Net Asset Value per Unit, and the right to surrender Units for redemption, when:

- (i) the Manager is of the opinion, in its sole discretion, that there are insufficient liquid assets in the Fund to fund such redemptions entirely in cash or that the liquidation of assets would be to the detriment of the Fund generally; or
- (ii) repurchases, or the determination of the net asset value, of Partnership Units are suspended or the Partnership has elected to pay repurchase proceeds partly in cash and partly in kind, or wholly in kind.

Any such suspension of Units of the Fund will be effected in accordance with the terms of the Declaration of Trust.

The Manager may defer a single repurchase offer or suspend repurchase offers (either in whole or in part) and/or may elect to pay repurchase proceeds partly in cash and partly in kind, or wholly in kind, at any time where the Manager is of the opinion, in its sole discretion, that there are insufficient liquid assets in the Partnership to fund such repurchases entirely in cash or that the liquidation of assets would be to the detriment of the Partnership generally. Furthermore, the Partnership

may be prohibited by the LP Act from redeeming Partnership Units if, as result, there would be insufficient Partnership assets remaining to pay all of its liabilities.

*Compulsory Redemption:*

The Manager has the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Valuation Date at the Net Asset Value per Unit thereof by notice in writing to the Limited Partner given at least 14 days before the designated Valuation Date, which right may be exercised by the Manager in its absolute discretion.

Without limiting the generality of the foregoing, the Manager may cause the Fund to redeem some of all of a Unitholder's Units if their participation has the potential to cause adverse regulatory or tax consequences for the Fund or the other Unitholders. For example, if a Unitholder does not provide a valid taxpayer identification number or self-certification for purposes of the Fund's compliance with the Foreign Account Tax Compliance Act as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act (collectively known as "FATCA"), or The Organization for Economic Co-operation and Development's Common Reporting Standard ("CRS") as implemented in Canada by Part XIX of the Tax Act, which could result in non-compliance penalty obligations to the Fund, the Manager on behalf of the Fund may redeem some of the Unitholder's Units to satisfy the payment of penalties for which the Fund may become liable under the Tax Act.

**Transfer or Resale:**

As the Units offered by this Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements under applicable securities legislation, the resale of Units by investors is subject to restrictions. An investor should refer to the applicable provisions in consultation with a legal adviser. Furthermore, Units may only be transferred with the consent of the Manager in its sole discretion, and transfers will generally not be permitted. There is no market for these Units and no market is expected to develop, therefore it may be difficult or even impossible for the purchaser to sell the Units. Accordingly, the redemption of Units in accordance with the provisions set out herein is likely to be the only means of liquidating an investment in the Fund.

Subscribers are advised to consult with their advisers concerning restrictions on resale and are further advised against reselling their Units until they have determined that any such resale is in compliance with the requirements of applicable legislation and the Declaration of Trust.

**Calculation of Net Asset Value:**

The methodology employed to calculate the net asset value ("Net Asset Value") of the Units is set out in **Schedule "B" – Net Asset Value**.

**Fees Arrangements Affecting the Fund and the Partnership**

**Management Fees:**

The Manager will be entitled to receive a monthly management fee (the

“**Management Fee**”), on the last business day of each month in an amount that is equal to 1/12 of:

- 2.5% of the Net Asset Value of the **Series A Units**, and
- 1.5% of the Net Asset Value of the **Series F Units**,

on such date (determined before any redemption deductions, if any, allocable to such Units).

The Fund will invest in a no-fee class (Class C) of the Partnership Units such that there will be no duplication of fees at the Fund level and the Partnership level.

Management Fees payable by the Fund to the Manager are subject to applicable taxes, including HST, and will be deducted as an expense of the applicable series of Units in the calculation of the Net Asset Value of such series of Units. See **Schedule “B” – Net Asset Value**.

**Up-Front Fees Payable by the Partnership:**

Up-front fees (“**Up-Front Fees**”) will be payable by the Partnership in connection with structuring services related to the acquisition of the Receivables Portfolio. With respect to the Receivables Portfolio acquired from the Related Originators, the Up-Front Fees will be paid to Chesswood Capital Management Inc. (“**CCM**”), the direct shareholder of the Manager, and/or other entities related to the Manager. With respect to the Receivables Portfolio acquired from parties that are unrelated to the Manager and Chesswood, it is expected that the Up-Front Fees will be paid to the Originator(s).

Unitholders will indirectly bear the cost of Up-Front Fees payable by the Partnership.

**Service Fees Payable by the Partnership:**

Service Fees will be payable by the Partnership to the Originators for managing, servicing, administering, enforcing and making collections on the Receivables Portfolio held by the Partnership pursuant to the Servicing Agreements.

Unitholders will indirectly bear the cost of Service Fees payable by the Partnership.

**Expenses:**

The Fund is responsible for all costs and operating expenses, and the Manager is entitled to reimbursement from the Fund for all costs and operating expenses actually incurred by it in connection with the formation and organization of the Fund and the ongoing activities of the Fund, including, but not limited to:

- (i) fees and expenses of the Fund, which include Management Fees, fund administrator’s fees, fees and expenses payable to members of an independent review committee of the Fund (if any), accounting, valuation, audit and legal costs, insurance premiums, custodial fees, administration fees,

registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, Unitholder communication expenses, mailing and printing expenses, organizational and set-up expenses, the cost of maintaining the Fund's existence, regulatory fees and expenses and all reasonable extraordinary or non-recurring expenses; and

- (ii) fees and expenses relating to the Fund's portfolio investments, including the costs of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, banking fees and interest expenses.

Expenses attributable to a particular series of Units (including any management and other fees) will be deducted from the Net Asset Value of such series.

The Manager may bear some of the Fund's expenses (including waiving some or all of the Management Fees) from time to time, at its option. If the Manager does absorb such expenses (including waiving some or all of the Management Fees) at any time, it may discontinue such practice at any time in its discretion without notice to Unitholders.

The Fund (and indirectly the Unitholders of the Fund) will bear the Fund's proportionate share of the expenses of the Partnership.

### **Other Information**

#### **Distributions:**

The Manager has the discretion to make distributions out of the Fund from time to time. The Manager intends to cause the Fund to make quarterly distributions to Unitholders in an amount determined by the Manager from time to time. The quarterly distribution may consist of net income, net realized capital gains and/or return of capital. There can be no assurance that the Fund will make any distributions in a particular calendar quarter.

Special distributions ("**Special Distributions**") of net realized capital gains may be made in cash to Unitholders who surrender Units for redemption during the year – any such amounts will be deducted from redemption proceeds otherwise payable.

The Fund will distribute in each year such remaining portion of its net income and net realized capital gains of the Fund as will result in the Fund paying no ordinary income tax under Part I of the Tax Act. Such net income and net realized capital gains will be calculated and payable by December 31. Generally, the aggregate amount of net income and net realized capital gains allocated and payable to the holders of each series of Units will be determined by the relative net asset value of each series on the relevant date.



In the event that the Manager agrees to accept a reduction in the fee charged to the Fund with respect to the Units held by a Unitholder and/or a waiver of all or any portion of the Unitholder's share of the Fund's operating expenses on condition that an amount equal to such reduction in the fees and/or expenses otherwise payable by the Fund is paid to the Unitholder, the Fund will distribute an amount equal to such reduction to such Unitholder (a "**Management Expense Distribution**"). Management Expense Distributions, if any, will be paid first out of net income and net realized capital gains of the Fund and then out of capital. Management Expense Distributions will be calculated on each Valuation Date and will be distributed by the Fund at such intervals as prescribed from time to time by the Manager.

Subject to applicable securities legislation, all distributions to Unitholders (other than a Special Distribution to a redeeming Unitholder) (less any amounts required by law to be deducted therefrom) will automatically be reinvested for the account of each Unitholder in additional Units of the same series at the net asset value per unit of such series next determined after the declaration of the distribution, unless a Unitholder provides the Manager with a written or email notification requesting that the Unitholder wishes to receive distributions in cash. No sales charge or commission shall be payable by a Unitholder in connection with any such reinvestment.

**Fiscal Year End of the Fund:** December 31 in each year

**Term:** The Fund has no fixed term. The Manager may, in its discretion, terminate the Fund by giving notice, fixing the date of termination not earlier than 60 days following the mailing or other delivery of notice, to the Unitholders of the Fund. In the event that the Manager becomes incapable of acting as trustee and a permanent successor trustee is not appointed by the Unitholders at a meeting, the Fund shall terminate and its assets shall be distributed in accordance with the provisions of the Declaration of Trust.

**Anti-Terrorism and Anti-Money Laundering Legislation:** The Manager is required to comply with all applicable laws, regulations and administrative pronouncements concerning money laundering and other criminal activities ("**Anti-Money Laundering Laws**"). In furtherance of those efforts, a subscriber for Units will be required to provide certain information and documentation and make a number of representations to the Manager regarding the source of subscription monies and other matters. The Subscription Agreement contains detailed guidance on whether identification verification materials will need to be provided with the Subscription Agreement and, if so, a list of the documents and information required.

A Unitholder will be required to promptly notify the Manager if, to the knowledge of the Unitholder, any of its representations with respect to Anti-Money Laundering Laws cease to be true and accurate. A Unitholder must agree to provide to the Manager, promptly upon receipt of the Manager's written request therefor, any additional information

regarding the Unitholder or their beneficial owner(s) that the Manager deems necessary or advisable to ensure compliance with all Anti-Money Laundering Laws. If at any time it is discovered that a Unitholder's representations with respect to Anti-Money Laundering Laws are incorrect, or if otherwise required by Anti-Money Laundering Laws, the Manager may undertake appropriate actions to ensure that the Manager is in compliance with all such Anti-Money Laundering Laws.

**Financial and Unitholder Reporting:**

Within 120 days after the end of each fiscal year, the Manager will prepare and make available to each Unitholder, unless the Unitholder has elected otherwise, audited financial statements for such fiscal year together with a report of the auditors on such financial statements. Within 90 days after the end of each fiscal year, the Manager will prepare and make available to each Unitholder tax information to enable each Unitholder to properly complete and file his, her, their or its tax returns in Canada in relation to an investment in Units.

The Manager will prepare and make available to each Unitholder, unless the Unitholder has elected otherwise, unaudited interim financial statements for the first six months of each fiscal year within 60 days after the end of such period. The Fund is not a reporting issuer for the purpose of applicable securities legislation and Unitholders will receive only those reports required by the Declaration of Trust.

Unitholders of the Fund may also request from the Manager, free of charge, the annual and interim financials statements of the Partnership.

The Manager will prepare and make available to each Unitholder monthly information respecting the Net Asset Value per Unit of Units held by such Unitholder, plus such other financial reports as may be required by applicable law, within 30 days after the end of each month.

The Manager will forward such other reports to each Unitholder as are from time to time required by applicable law. For example, if the Manager is the dealer through whom Units are purchased, the Manager must provide:

- a written confirmation of the purchase indicating, among other things, the number and series of Units issued as well as the purchase price thereof and any charges applicable to the purchase;
- a written confirmation of any redemption of Units, indicating, among other things, the number and class of Units redeemed as well as the redemption proceeds therefrom and any charges applicable to the redemption;
- a statement to the Unitholder at the end of each quarter (or month, if the Unitholder requests monthly reporting) showing, for each purchase, redemption or transfer made by the Unitholder during the period (i) the date of the transaction, (ii) whether the transaction was a purchase, redemption or transfer, (iii) the number and class of Units purchased, redeemed or transferred, (iv) the price per Unit paid or received by the Unitholder and (v) the total value of the transaction, as well as the number, class and Net Asset Value of

Units held by the Unitholder at the end of the period (if there is no dealer of record for a Unitholder, the Manager will provide this information to the Unitholder on an annual basis); and

- an annual statement on certain charges and other compensation charged to the Unitholder during the year (if applicable), as well as an annual report on investment performance on the Unitholder's Units.

**Tax Considerations:**

Persons investing in a trust such as the Fund should be aware of the tax consequences of investing in, holding and/or redeeming Units. Investors are urged to consult with their tax advisers to determine the tax consequences of an investment in the Fund. Further information is contained in **Schedule "C" – Income Tax Considerations**.

**Release of Confidential Information:**

Under applicable securities and anti-money laundering anti-terrorist financing legislation, the Manager and/or the Administrator are required to collect and may be required to release confidential information about Unitholders and, if applicable, about the beneficial owners of corporate Unitholders, to regulatory or law enforcement authorities.

If, as a result of any information or other matter that comes to the Manager and/or the Administrator's attention, any director, officer or employee of the Manager and/or the Administrator or their professional advisers knows or suspects that an investor is engaged in money laundering or terrorist financing, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

**Risk Factors:**

Investors should consider a number of factors in assessing the risks associated with investing in Units including those generally associated with the investment techniques used by the Manager. See **Schedule "D" – Risk Factors**.

**Conflicts of Interest and Interest of Management and Others in Material Transactions:**

There are a number of potential conflicts of interest related to the Offering and the ongoing management of the Fund and the Partnership. In particular, the Partnership purchases equipment and property underlying commercial and consumer leases and commercial and consumer loans (and related rights) from the Related Originators and retains the Related Originators to provide services under Servicing Agreements. This will result in the Related Originators earning profits in connection with such purchases and receiving Service Fees from the Partnership. In addition, CCM, and/or other entities related to the Manager, will be entitled to receive Up-Front Fees from the Partnership in connection with structuring services related to the acquisition of such portion of the Receivables Portfolio by the Partnership from the Related Originators. The arrangements entered into with related parties are customary and consistent with arrangements with unrelated parties and fees are paid at commercially reasonable rates. Attached as **Schedule "E" – Conflicts of Interest** is a description of the conflicts of interest

that have been identified by the Manager, as well as a summary of the Manager's policies and procedures designed to address those conflicts.

- Legal Matters:** **Schedule "F" – Legal Matters** describes investor rights and other legal matters applicable to an investment in the Fund.
- Sales/Trailer Commissions:** There is no commission payable by a purchaser to the Manager upon the purchase of the Units. Subscribers may pay negotiated commissions to their dealers (minimum investment requirements are net of any such fees). The Manager pays an annual trailing commission to participating dealers in respect of the distribution of Series A Units in an amount equal to 1% of the net asset value of the Series A Units distributed by such dealers. The Manager may discontinue or change such fees at any time.
- Statutory Rights of Action:** Investors may be entitled under provincial securities legislation to certain rights of action in the event of a misrepresentation in this Offering Memorandum. See **Schedule "F" – Legal Matters** for a description of rights, if any, in the Offering Jurisdictions.
- Administrator:** SGGG Fund Services Inc., Toronto, Ontario
- Prime Broker:** TD Securities Inc.
- Legal Counsel:** Borden Ladner Gervais LLP, Toronto, Ontario
- Auditor:** KPMG LLP, Toronto, Ontario

## SCHEDULE “A”

### MANAGEMENT OF THE FUND AND MATERIAL AGREEMENTS

#### The Manager

The Manager has been engaged to direct the day-to-day business, operations and affairs of each of the Fund and the Partnership under the terms of the Management Agreements. In addition to managing the day-to-day business of the Fund and the Partnership, it is the responsibility of the Manager to make investment decisions on behalf of the Fund and the Partnership, to assist in the marketing of the Fund and the Partnership and to act as a distributor of units of the Fund and the Partnership not otherwise sold through another registered dealer. The Manager may delegate certain of these duties from time to time. See “Management Agreements” below.

The Manager was incorporated under the *Business Corporations Act* (Ontario) on July 30, 2014. The principal place of business of the Manager is 1133 Yonge Street, Suite 603, Toronto, Ontario, M4T 2Y7. The Manager is wholly owned by CCM, which in turn is wholly owned by Chesswood. The name and municipality of residence of each of the directors, senior officers and portfolio managers of the Manager involved with the management of the Fund and the Partnership, and the positions held by them, are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>
C. Maxwell (Max) Torokvei Toronto, Ontario	Chief Executive Officer, Ultimate Designated Person, Director and Portfolio Manager
David Hodgson Oakville, Ontario	President, Director
Chris Wallbank Toronto, Ontario	Portfolio Manager
Leon Knight Toronto, Ontario	Portfolio Manager
Amy Aubin Oakville, Ontario	Chief Compliance Officer

**C. Maxwell (Max) Torokvei** is the Chief Executive Officer, Ultimate Designated Person, Director and Portfolio Manager for the Manager. Max is responsible for portfolio management and investment research, and also contributes to investor relationships and general operations. Prior to his current role with the Manager, Max was Vice President Operations at Scepter Corporation, and led the sale of the business to Myers Industries in 2014. Prior to his role at Scepter Corporation, Max was a Portfolio Analyst at Dynamic Funds. Max holds an Honours Bachelor of Arts in Business Administration from the University of Western Ontario and earned his Chartered Financial Analyst (“CFA”) designation in 2013.

**David Hodgson** is President and Director for the Manager and Executive Vice-President for Chesswood Group. Prior to his role with the Manager, David held the position of Managing Director, Portfolio Manager – Alternative Funds and Head of Equity Research at Gluskin Sheff. Prior thereto, David was a Partner, Head of Equity Research and Senior Technology Analyst at Genuity Capital Markets, a Toronto-based investment boutique. David was acknowledged by his peers in the Brendan Woods buy-side

surveys as the country's top Technology analyst for several years. David is a CFA charterholder and holds an Honours Bachelor of Commerce and Bachelor of Arts – Economics from the University of Windsor. He also holds an Executive Certificate in Strategy & Innovation from the Massachusetts Institute of Technology's Sloan School of Management.

**Chris Wallbank** is a Portfolio Manager for the Manager and is Executive Vice-President for Chesswood Group. Chris is responsible for portfolio management, investment research and funding within fixed income portfolios. Chris is also the Executive Vice President of Funding and Risk Management for Chesswood, the parent company of the Manager. Prior to his current role with the Manager, Chris held the position of Vice-President and Portfolio Manager with Gluskin Sheff. In this role, he managed and co-managed absolute-return global fixed income portfolios across interest rate, corporate credit and preferred share markets. Chris joined Gluskin Sheff following its acquisition of Blair Franklin Asset Management, which he joined in 2010. He began his career with CIBC Capital Partners, the merchant banking group of CIBC. Chris is a CFA charterholder and experienced derivatives trader having previously been registered as a commodity trading manager. His experience includes executing risk management strategies involving global interest rate and credit derivatives and fixed income futures. Chris holds an Honours Bachelor of Arts degree with distinction in Economic and Financial Management from Wilfrid Laurier University.

**Leon Knight** is a Portfolio Manager for the Manager and is Vice President, Finance for Chesswood Group. Prior to his role with the Manager, Leon held the position of Vice-President and Portfolio Manager with Gluskin Sheff. In addition to managing the firm's Resource fund, Leon spent seven years working across fixed income and equity investment teams managing a variety of products including leveraged investment grade credit, high yield fixed income and leveraged loans. Prior thereto, Leon spent five years as Chief Operating Officer and Portfolio Manager of Kootenay Capital Management, a Calgary-based energy hedge fund, and was responsible for portfolio management activities and overseeing operations of the firm. Leon began his career as part of the institutional equity research group for seven years with Tristone Capital, an energy-focused investment boutique, and was a publishing Analyst for Macquarie Capital Markets, which acquired Tristone in 2009. Leon holds a BComm from the Haskayne School of Business and is a CFA charterholder.

**Amy Aubin** is the Chief Compliance Officer for the Manager. Amy is a Chartered Professional Accountant (CPA, CA) with over 20 years of senior management experience in the investment industry. Amy has also earned her Chartered Financial Analyst (CFA) and Certified Anti-Money Laundering Specialist (CAMS) designations. Prior to her current role with the Manager, Amy held the position of Chief Compliance Officer of Gluskin Sheff. Over the course of her career, she has spent more than 15 years as Chief Compliance Officer for both securities and deposit-taking organizations. Amy is also the Chief Compliance Officer of True Exposure Investments, Inc.

### ***Management Agreements***

In order to set out the duties of the Manager, each of the Fund and the Partnership has entered into a management agreement (each, a "**Management Agreement**") with the Manager dated as of January 2, 2024, and January 2, 2023, respectively, as may be amended from time to time. The Manager will be entitled to receive management fees from each of the Fund and/or the Partnership as set out under the heading "Details of the Offering – Management Fees" above.

### ***Powers and Duties of the Manager***

Pursuant to the Management Agreements, the Manager shall direct the day-to-day business, operations and affairs of the Fund and the Partnership on a continuing basis, including management of the Fund's

and the Partnership's portfolio on a discretionary basis, distribution of the units of the Fund and the Partnership and such other services as may be required from time to time. The Manager may delegate certain of these duties from time to time.

### ***Reimbursement of Expenses***

The Manager is entitled to reimbursement for any expenses of the Fund and the Partnership incurred by the Manager but may choose to bear some of the Fund's and the Partnership's expenses (including waiving some or all of the Management Fees) from time to time, at its option. If the Manager does absorb such expenses (including waiving some or all of the Management Fees) at any time, it may discontinue such practice at any time in its discretion without notice to Unitholders.

### ***Standard of Care of the Manager and Indemnification***

The Manager must exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of each of the Fund and the Partnership and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Manager has adopted policies and procedures to identify and avoid, or address and disclose, conflicts between its own interests and the interests of the Fund and the Partnership and/or the Unitholders and the Limited Partners, in accordance with applicable securities legislation, but will not be prohibited from, or be required to account to the Fund or the Partnership for, providing services to and receiving fees from any person or entity, including other pooled investment vehicles, similar to those services provided to the Fund and the Partnership.

In exercising its powers and discharging its duties, the Manager may, but will not be bound to, with respect to any act done or permitted to be done by it, rely upon (a) financial statements of the Fund or the Partnership stated in a written report prepared by the auditor of the Fund or the Partnership, respectively, to present fairly the financial position of the Fund or the Partnership, respectively, (b) any instrument or document reasonably believed by it to be genuine and to be correct, and (c) the advice or opinion of legal counsel, accountants, appraisers or other experts, including, without restricting the generality of the foregoing, any administrator, consultant, adviser, sub-adviser, prime broker or custodian retained by or on behalf of the Manager, and the Manager will in no event be liable for any action taken or not taken as a result of so relying in good faith.

The Manager and its affiliates, subsidiaries and agents, and their respective directors, officers and employees will be indemnified and saved harmless by each of the Fund and the Partnership from and against all costs, charges and expenses sustained or incurred, including all legal fees, judgments and amounts paid in settlement, in or about any action, suit or proceeding that is brought, commenced or prosecuted against it for or in respect of any act, deed, omission, matter or thing whatsoever made, done or permitted by it in or about the proper execution of its duties, provided that in respect of such act, deed, omission, matter or thing, it has acted honestly and in good faith with a view to the best interests of the Unitholders and the Limited Partners, as applicable, and has exercised its standard of care, and, in the case of a criminal suit or administrative action or proceeding, it had reasonable grounds for believing that its conduct was lawful. No such person or company will be indemnified by the Fund or the Partnership where (i) there has been negligence, wilful misconduct or dishonesty on the part of the Manager or such other person, or (ii) the Manager has failed to fulfil its standard of care to the Fund or the Partnership, as applicable.

### ***Resignation or Termination of Manager***

The Manager has the right to resign as trustee of the Fund not less than 60 days prior to the date that the resignation is to take effect. Such resignation will take effect on the date specified in such notice, , unless at or prior to such date a successor trustee is appointed by the Manager in which case such resignation shall take effect immediately upon the appointment of such successor trustee. If a successor trustee cannot be found prior to the expiry of such 60-day notice period, the Trustee shall, upon the expiration thereof, terminate the Fund and distribute its assets to Unitholders as herein provided.

The Management Agreement of the Fund may be terminated by either the Fund or the Manager on 30 days' notice to the other, or immediately in the event of the dissolution or insolvency or bankruptcy of the other party or the termination of the Declaration of Trust or Limited Partnership Agreement, as applicable.

### **Purchase Agreements**

The Receivables Portfolio will be acquired by the Partnership at net present value pursuant to the Purchase Agreements.

Under each Purchase Agreement, the applicable Originator, or CCM and/or other entities related to the Manager in the case of the Related Originators, will receive Up-Front Fees from the Partnership in connection with structuring services related to the acquisition of the equipment underlying commercial and consumer leases and commercial and consumer loans (and related rights) being purchased. Such Up-Front Fees will be in line with market standard fees for such services and will typically range between 1 and 5% of the notional value of the equipment and property underlying the commercial and consumer leases and the commercial and consumer loans (and related rights). The Up-Front Fees will vary based on the interest rate and tenor of the equipment and property underlying the commercial and consumer leases and the commercial and consumer loans (and related rights) being purchased.

### **Servicing Agreements**

The Originators, including the Related Originators, have been appointed by the Manager to administer the Receivables Portfolio on behalf of the Partnership pursuant to separate Servicing Agreements and will receive Service Fees from the Partnership in line with market standard servicing fees that typically range between 0.5% and 2.0%, calculated monthly, on the average monthly balance of lease and loan receivables. In the event the Partnership terminates a servicing agreement with an Originator, the Partnership has the right to appoint back-up servicers as they see fit.

### **Administration Agreement**

SGGG Fund Services Inc. (the “**Administrator**”) has been appointed by the Manager to provide administrative and valuation services to each of the Fund and the Partnership (among other funds) pursuant to a valuation and recordkeeping services agreement (the “**Administration Agreement**”). The Administrator has its principal place of business in Toronto, Ontario.

Pursuant to the Administration Agreement, the Administrator is responsible for computing the net asset value of the Fund and the Partnership, maintaining the books and records of the Fund and the Partnership, providing unitholder recordkeeping and administration services, establishing and maintaining accounts on behalf of the Fund and the Partnership with financial institutions, and any other matters necessary for the



administration of the Fund and the Partnership. The Administrator may delegate certain functions under the Administration Agreement to affiliated companies.

Pursuant to the Administration Agreement, the Manager has agreed to indemnify the Administrator, and its directors, officers, employees and agents harmless from and against all liabilities, claims, damages, costs, expenses or losses that may arise out of the Administrator providing the services under the Administration Agreement, other than those arising out of the Administrator's own gross negligence or wilful misconduct. The Administrator has agreed to indemnify and save each of the Manager, the Fund and the Partnership, and their respective directors, officers, employees agents and representatives harmless of and from, and will pay for, any losses, liabilities, damages or out-of-pocket expenses suffered by, imposed upon or asserted against it as a result of, in respect of, connected with, or arising out of, under, or pursuant to the Administrator's gross negligence or wilful misconduct; provided that the Administrator's total liabilities shall not exceed the fees actually paid to the Administrator by the Fund or the Partnership, as applicable, under the Administration Agreement during the 12-month period immediately preceding receipt by the Administrator of notice of such liability.

Under the Administration Agreement, each of the Fund and the Partnership pays the Administrator an administration fee. Each of the Fund and the Partnership is also responsible for out-of-pocket expenses (such as copying and mailing of reports) incurred by the Administrator on behalf of the Fund or the Partnership, as applicable. Either party may terminate the Administration Agreement upon three (3) months' prior written notice (or immediately in certain circumstances, such as if the Administrator is in material breach of the Administration Agreement, and the Administrator has not remedied the breach within 10 business days of receipt of notice of such breach by the Manager).

### **Prime Broker Agreement**

The Manager, on behalf of the Partnership, has appointed TD Securities Inc. (the "**Prime Broker**") as prime broker in respect of the Partnership's public securities portfolio transactions pursuant to the terms of an institutional prime brokerage account agreement (the "**Prime Broker Agreement**"). These services include the provision to the Partnership of trade execution, settlement and/or holding of investments and cash, at the discretion of the Prime Broker. The Partnership may utilise other brokers and dealers for the purposes of executing transactions for the Partnership. The Prime Broker assumes possession of and a security interest in the assets as part of its prime brokerage function in accordance with the terms of the Prime Broker Agreement. Assets not required as margin on borrowings are required to be segregated (from the Prime Broker's own assets) under the rules of the Canadian Investment Regulatory Organization ("**CIRO**"), which regulates the Prime Broker, but the Partnership's assets may be commingled with the assets of other clients of the Prime Broker. However, the Partnership's cash and credit balances on account with the Prime Broker are not segregated and may be used by the Prime Broker in the ordinary conduct of its business, and the Partnership is an unsecured creditor in respect of those assets. The Partnership may request delivery of any assets not required by the Prime Broker for margin or borrowing purposes.

Pursuant to the Prime Broker Agreement, neither the Prime Broker nor its affiliates nor any of their respective directors, officers, employees or agents shall be liable to the Partnership for any act or failure to act by the Prime Broker or partial or non-performance of its obligations under the Prime Broker Agreement by reason of any cause beyond its reasonable control, or for any reason, absent bad faith, negligence, wilful default or fraud on the part of the party seeking to avoid liability. The Partnership has agreed to indemnify the Prime Broker for losses it may incur in providing services under the Prime Broker Agreement, unless such losses result primarily from any act of bad faith, wilful default, fraud or gross negligence of the Prime Broker, nor will it apply to the extent that it would infringe applicable law

or regulation. Neither the Prime Broker nor any brokers appointed has or will have investment discretion in relation to the Partnership and no responsibility will be taken by the Prime Broker for any of the assets of the Partnership held by other brokers.

Pursuant to the Prime Broker Agreement, the Partnership pays the Prime Broker commissions and fees. The Partnership is also responsible for out-of-pocket expenses incurred by the Prime Broker in the performance of its services under the Agreement. Either party may terminate the Prime Broker Agreement if certain events of default occur or upon 30 business days' prior written notice by either party to the other party.

The Partnership may enter into one or more additional prime brokerage agreements with other brokerage firms from time to time, in addition to or in lieu of the Prime Broker Agreement, on substantially similar terms.

### **Amendments to the Declaration of Trust**

The Manager may modify, may modify, alter or add to the provisions of the Declaration of Trust without the approval of or prior notice to any Unitholders where the change is made (i) to comply with applicable legislation, regulations, policies or guidelines of any governmental authority having jurisdiction over a Fund or the distribution of its Units or with current practice in the securities industry, (ii) for the purpose of protecting Unitholders; (iii) to remove any conflicts or other inconsistencies that may exist between any of the terms of this Declaration of Trust and any provisions of any legislation, regulation, policy or guideline applicable to or affecting a Fund or the Trustee; (iv) to cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error contained herein, (v) to facilitate the administration of a Fund as a unit trust or as a mutual fund trust or to make amendments or adjustments in response to any amendments to the Tax Act that might otherwise adversely affect the tax status of a Fund or its Unitholders, (vi) to amend the provisions hereof if the Trustee is of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable, or (vii) to divide the capital of a Fund into one or more classes or series of Units, to establish the attributes that shall attach to each class or series of Units, to redesignate any class or series of Units as a different class or series of Units and/or to redesignate any Units of a class or series of Units as Units of a different class or series of Units, provided that in each case the rights of existing Unitholders under this Declaration of Trust are not changed in a manner that is adverse to those Unitholders.

Subject to the foregoing, no amendment to the Declaration of Trust, and no change to the method of calculation or amount of fees payable by the Fund to the Manager which could result in an increase to the aggregate fees payable by the Fund to the Manager in respect of any series of Units outstanding at that time, shall take effect until:

- (a) the approval of Unitholders of the Fund or of the affected series, as the case may be, by a majority of the votes cast; or
- (b) Unitholders affected by such change having been given not less than 60 days' written notice of the proposed change and the opportunity to redeem all of such Unitholder's Units prior to the effective date of the change (in such event the Manager shall be deemed to have waived, to the extent necessary, any redemption deductions for Units that are redeemed in the specified period).

### **Amendments to the Limited Partnership Agreement**

The General Partner may, without prior notice to or consent from any Limited Partner, amend the Limited Partnership Agreement (i) to create additional classes of Partnership Units and set the terms thereof, (ii) to protect the interests of the Limited Partners, if necessary, (iii) to cure any ambiguity or clerical error or to correct or supplement any provision contained therein that may be defective or inconsistent with any other provision if such amendment does not and shall not in any manner adversely affect the interests of any Limited Partner as a Limited Partner, (iv) to reflect any changes to any applicable legislation, or (v) in any other manner provided that such amendment does not and shall not adversely affect the interests of any existing Limited Partner as a Limited Partner in any material manner.

The Limited Partnership Agreement may be amended for any other reason other than the foregoing, the Partnership may be dissolved or the sale of all or substantially all of the property and assets of the Partnership may be effected at any time by (i) the General Partner with the consent of the Limited Partners given by Resolution, or (ii) the General Partner without the consent of the Limited Partners provided the Limited Partners are given not less than 60 days' written notice prior to the effective date of the amendment, dissolution or sale (together with details of such amendment, dissolution or sale), and each Limited Partner is given the opportunity to redeem all of such Limited Partner's Partnership Units prior to the effective date of such amendment, dissolution or sale (in such event the General Partner shall be deemed to have waived, to the extent necessary, any lock-up and notice periods, and to have waived any redemption deductions for Partnership Units that are redeemed in the specified period). The General Partner may in its sole discretion determine not to proceed with any amendment, dissolution or sale following any such approval or notice if it determines that proceeding with such amendment, dissolution or sale is not longer in the best interests of the Partnership.

## SCHEDULE "B"

### NET ASSET VALUE

The Net Asset Value of the Fund and the Net Asset Value per Unit of each series will be determined as of 4:00 p.m. (Toronto time) on each Subscription Date, on each Redemption Date, and on such other day(s) as the Manager may approve (each, a "**Valuation Date**") by SGGG Fund Services Inc. (the "**Administrator**") in accordance with the Declaration of Trust.

The Net Asset Value of each series will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of the Fund (before deduction of series-specific fees, expenses and other deductions) and the Net Asset Value per Unit of each series shall be determined (after deduction of series-specific fees, expenses and other deductions) by dividing the Net Asset Value of each series by the number of Units of such series outstanding.

#### Valuation Principles

The fair market value of the assets and the amount of the liabilities of the Fund will be calculated in such manner as the Manager shall determine from time to time, subject to the following:

- (i) The value of the Partnership Units held by the Fund will be the net asset value of such units as calculated by the Administrator (in its role as administrator of the Partnership). The net asset value of the Partnership and the Partnership Units will be calculated in the same manner as the Net Asset Value of the Fund and the Units;
- (ii) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the Net Asset Value of the Fund is being determined) and interest accrued and not yet received shall be deemed to be the full amount thereof, unless the Administrator, in consultation with the Manager, determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Administrator, in consultation with the Manager, determines to be the reasonable value thereof.
- (iii) The value of short-term investments including notes and money market instruments shall be valued at cost plus accrued interest unless the Administrator believes that such amount does not represent the fair value thereof in which case the Administrator, in consultation with the Manager, shall value such investments at an amount that they believe approximates fair value.
- (iv) The value of any security that is listed or dealt in upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and asked prices. If the closing price is outside of the closing bid-ask range, then the closest bid or ask to the last trade will be used. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over-the-counter markets while being listed or traded on such securities exchanges or over-the-counter markets will be valued on the basis of the market quotation that, in the opinion of the

Administrator, in consultation with the Manager, most closely reflects their fair market value.

- (v) The value of any bond or other debt security, other than a short-term security, shall be determined by using prices supplied by the Administrator. If it is not possible to value a particular debt security pursuant to these valuation methods, then the value of such security shall be the most recent bid quotation supplied by a suitable dealer in such securities, as determined by the Administrator, in consultation with the Manager.
- (vi) The value of any security that is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities (unless in the opinion of the Administrator, in consultation with the Manager, such value does not reflect the value thereof and in which case, the latest offer price, bid price or other price as best reflects the value thereof should be used), as at the Valuation Date.
- (vii) Commercial and consumer receivables (including, but not limited to, receivables payable on leased equipment and property, and loans) (collectively “**finance receivables**”) do not trade in the actively quoted markets. The Manager, or third party engaged by the Manager, may use certain valuation techniques, including, but not limited to, discounted cash flows, in estimating the fair value of such private commercial receivables. The process of valuing investments for which no published market exists will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. Determination of fair value will take into consideration a variety of factors including, but not limited to, the term to maturity of the loan or lease, the market interest rate of similar loans or leases, the value of any participation rights, whether it has a fixed or floating rate, any known impairment, the creditworthiness and status of a borrower or lessor, including its payment history and the value of any property securing the loans or leases, overall economic conditions and other conditions specific to the underlying holding.
- (viii) Private commercial loans (including, but not limited to, first and second lien senior loans, term mezzanine debt and bridge loans consisting of senior and subordinated debentures plus participation rights) (collectively “**long term loans**”) do not trade in the actively quoted markets. The Manager, or third party engaged by the Manager, may use certain valuation techniques, including, but not limited to, discounted cash flows, in estimating the fair value of such long-term loans. The process of valuing investments for which no published market exists will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. Determination of fair value will take into consideration a variety of factors including, but not limited to, the term to maturity of the loan, the market interest rate of similar loans, the value of any participation rights, whether it has a fixed or floating rate, any known impairment, the creditworthiness and status of a borrower, including its payment history and the value of any property securing the long term loans, overall economic conditions and other conditions specific to the underlying holding.
- (ix) The value of a futures contract or a forward contract shall be the gain or loss with respect thereto that would be realized if, at 4:00 p.m. (Eastern 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 shall be based on the current market value of the underlying interest.

- (x) Each transaction of purchase or sale of portfolio securities effected by the Fund will be reflected in the computation of the Net Asset Value of the Fund on the trade date.
- (xi) The value of any security or property to which, in the opinion of the Administrator, in consultation with the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Administrator, in consultation with the Manager, may from time to time determine based on standard industry practice.
- (xii) Short positions will be marked-to-market, i.e., carried as a liability equal to the cost of repurchasing the securities sold short applying the same valuation techniques described above.
- (xiii) All other liabilities shall include only those expenses paid or payable by the Fund, including accrued contingent liabilities; however (A) organizational and start-up expenses may both be amortized by the Fund over a 60-month period; and (B) if there is more than one series of Units, expenses and fees allocable only to a series of Units (including any management and other fees and any costs of currency hedging) shall not be deducted from the Net Asset Value of the Fund prior to determining the Net Asset Value of each series, but shall thereafter be deducted from the Net Asset Value so determined for each such series.

The liabilities of the Fund shall be deemed to include:

- (i) all bills, notes and accounts payable;
- (ii) all expenses incurred or payable by the Fund;
- (iii) all short positions;
- (iv) all contractual obligations for the payment of money or property, including the amount of any declared but unpaid distributions;
- (v) all allowances and reserves applicable to the valuation of the Receivables Portfolio in consideration of overall credit worthiness of said pool, including potential or known default, as determined by the Administrator in consultation with the Manager from time to time;
- (vi) all allowances authorized or approved by the Manager for taxes or contingencies; and
- (vii) all other liabilities of the Fund of whatsoever kind and nature, except liabilities represented by outstanding Units and the balance of any undistributed net income or capital gains.

Common expenses of the Fund will be borne by all series of Units in a manner deemed fair by the Manager. Expenses of the Fund that are specific to one or more series of Units will be allocated only to those series (generally in proportion to their Net Asset Value).

All valuations will be binding on all persons and in no event shall the Manager incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of manifest error, bad faith, fraud or negligence. Prospective investors should be aware that situations involving uncertainties as to the valuation of positions could have an adverse effect on the Fund's Net Asset Value if the Manager's judgements regarding appropriate valuations should prove incorrect.

Net asset value calculated in this manner will be used for the purpose of calculating the Manager's (and other service providers') fees and will be published net of all paid and payable fees. Such Net Asset Value will be used to determine the subscription price and redemption value of Units. For the purposes of financial reporting, the Fund is required to calculate Net Asset Value in accordance with IFRS. To the extent that such calculations are not in accordance with IFRS, the financial statements of the Fund will include a reconciliation note explaining any difference between such published Net Asset Value and Net Asset Value for financial statement reporting purposes.

## SCHEDULE “C”

### INCOME TAX CONSIDERATIONS

#### **Certain Canadian Federal Income Tax Considerations**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act for the Fund and for a prospective investor in the Fund who is an individual (other than a trust) who acquires Units pursuant to this Offering Memorandum and who, for the purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada, deals at arm's length and is not affiliated with the Fund or the Partnership and holds the Units as capital property, or who is a registered pension plan under the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, an understanding of the current administrative and assessing practices of the Canada Revenue Agency (the “CRA”) and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”). Except for the forgoing, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action; nor does it take into account provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that proposed legislative amendments will be enacted in the form publicly announced or at all.

This summary is based on the facts disclosed herein and assumes that the Fund will qualify or be deemed to qualify as a “mutual fund trust” under the Tax Act at all times. If the Fund were not to qualify as a mutual fund trust at all times, the Canadian federal income tax considerations could be materially and adversely different from those described in the summary.

This summary is also based on the assumption that the Fund will at all times comply with its investment restrictions and will at no time be a SIFT trust as defined in the SIFT Measures. The Tax Act contains provisions (the “SIFT Measures”) that tax certain publicly traded or listed trusts and partnerships in a manner similar to corporations and tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation. These rules apply only to “SIFT trusts,” “SIFT partnerships” (each as defined in the Tax Act) and their investors. Provided the Units of (and any other investments in) the Fund are not listed or traded on any stock exchange or other public market, the Fund should not be subject to the SIFT Measures. It is further assumed that, at no time, will the Partnership be a “SIFT partnership”. If the Fund or the Partnership were subject to the SIFT Measures at any time the income tax considerations could be materially and adversely different from those described in this summary.

**This summary is of a general nature only and is not intended to constitute, nor should it be relied upon or construed as, tax advice to any particular Unitholder, nor it is exhaustive of all possible Canadian federal income tax considerations. Prospective investors should therefore consult their own tax advisers as to the overall consequences of their acquisition, ownership and disposition of Units having regard to their individual circumstances.**

#### **Taxation of the Fund**

The Fund will be subject to tax under Part I of the Tax Act on its net income for the year, including net realized taxable capital gains and its allocated share of income of the Partnership for its fiscal year ending on or before the taxation year-end of the Fund, as calculated under the Tax Act for a taxation year (after



deducting available loss carryforwards) to the extent it is not paid or payable to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if the Fund pays it to the Unitholder in the year, or if the Unitholder is entitled in that year to enforce payment of the amount.

Generally, distributions from the Partnership to the Fund in excess of its allocated share of the income of the Partnership for a fiscal year will result in a reduction of the adjusted cost base of the Fund's Partnership Units by the amount of such excess. If, as a result, the Fund's adjusted cost base of its Partnership Units at the end of a fiscal year of the Partnership would otherwise be a negative amount, the Fund would be deemed to realize a capital gain in the taxation year in which the Partnership's fiscal period ends equal to the absolute value of such negative amount, and the Fund's adjusted cost base of its Partnership Units would then be reset to zero.

All of the Fund's deductible expenses, including expenses common to all series of the Fund and other expenses specific to a particular series of the Fund, will be taken into account in determining the income or loss of the Fund and applicable taxes payable by the Fund.

The Fund will be entitled to a refund (the "**Capital Gains Refund**") of its tax liability on its net realized taxable capital gains equal to an amount determined by formula under the Tax Act based on the redemption of Units during the year and accrued gains on the Fund's assets. The Declaration of Trust requires the Fund to distribute a sufficient amount of its net income and net realized capital gains, if any, for each taxation year to Unitholders so that the Fund will not be liable in any taxation year for income tax under Part I of the Tax Act after taking into account any applicable losses of the Fund and any entitlement to a Capital Gains Refund. Where the taxable income of the Fund in a taxation year exceeds the total cash distributions for that year, such excess taxable income will generally be distributed to Unitholders at year end and may be distributed to such Unitholders in the form of additional Units of the Fund.

Losses incurred by the Fund (including losses allocated to the Fund by the Limited Partnership and capable of being deducted by the Fund) cannot be allocated to Unitholders, but may, subject to certain limitations under the Tax Act, be deducted by the Fund in computing its taxable income in future years in accordance with the detailed rules and limitations in the Tax Act. In certain circumstances, losses incurred by the Fund may be suspended or restricted and, therefore, not available to offset capital gains or income. For example, the Fund will experience a "loss restriction event" when a Unitholder (counted together with affiliates) becomes the holder of Units worth more than 50% of the Fund. Each time the Fund experiences a loss restriction event, the taxation year of the Fund is deemed to end, and the Fund is deemed to realize its capital losses. The Fund may elect to realize its capital gains to offset capital losses and non-capital losses. Generally, any undeducted losses expire and may not be deducted in future years.

### **Taxation of the Partnership**

The Partnership is not subject to tax under the Tax Act. Generally, each partner of the Partnership (including the Fund) is required to include in computing its income for a particular taxation year the partner's share of the income or loss of the Partnership (subject, in the case of a loss, to the application of the "at risk" rules described below) for its fiscal year ending in, or coincidentally with, the partner's taxation year, whether or not any of that income is distributed to the partner in the year. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. Deductibility of losses allocated to a Limited Partner is generally restricted to the Limited Partner's "at-risk amount" (as defined in the Tax Act) in respect of the Partnership.

In computing the income or loss of the Partnership, the Partnership is entitled to deduct its reasonable administrative and other expenses incurred by it to earn income. The income or loss of the Partnership for a fiscal year will be computed according to Canadian tax principles in Canadian currency and allocated to the partners of the Partnership in the manner set out in the Limited Partnership Agreement of the Partnership, subject to the detailed rules in the Tax Act.

If the Partnership incurs a loss for tax purposes, each partner (including the Fund) will be entitled to deduct in computing its income its share of such loss to the extent that the partner's investment is considered to be "at risk" within the meaning of the Tax Act. In general, the "at risk amount" of a Limited Partner will be the amount actually paid for units, plus the amount of any partnership income (including the full amount of any capital gains) allocated to the Limited Partner for completed fiscal years, minus the amount of any partnership losses allocated to the Limited Partner and the amount of any distributions from the Partnership. A Limited Partner's at-risk amount may be reduced by certain benefits or in circumstances where amounts are owed to the Partnership by the Limited Partner.

Generally, distributions to partners in excess of the income of the Partnership for a year will result in a reduction of the adjusted cost base of the Limited Partner's Partnership Units by the amount of such excess. If, as a result, the adjusted cost base to the Fund of its Partnership Units at the end of the fiscal year of the Partnership is a negative amount, the Fund will be deemed to have realized a capital gain equal to such negative amount and the adjusted cost base of the Partnership Units held by the Fund will be increased by the amount of such deemed capital gain.

## **Taxation of Unitholders**

### ***For Units held Directly by Individuals***

A Unitholder will generally be required to include in computing income for a taxation year the amount paid or payable to the Unitholder out of the Fund's net income and net realized capital gains for the taxation year, notwithstanding that such amounts may be reinvested in additional Units of the Fund. Amounts paid or payable out of the non-taxable portion of the Fund's net realized capital gains will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income and net realized capital gains will be a return of capital. Distributions of capital to a Unitholder are not included in income but reduce the adjusted cost base of the Unitholder's Units. If the adjusted cost base of Units becomes negative, the Unitholder is deemed to realize a capital gain equal to the negative amount and the adjusted cost base of the Units is increased to zero.

Provided that appropriate designations are made by the Fund, the amount, if any, of the net realized taxable capital gains of the Fund and taxable dividends from taxable Canadian corporations received by the Fund, if any, that are paid or payable to a Unitholder effectively retain their character and are treated as such in the hands of the Unitholder for purposes of the Tax Act. Similarly, the Fund may make a designation of its foreign source income so that Unitholders are able to claim a foreign tax credit for foreign taxes paid and not deducted by the Fund.

On the redemption or other disposition of a Unit, a Unitholder realizes a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Generally, one-half of any capital gain (a "**taxable capital gain**") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized (an "**allowable capital loss**") must be deducted by the

Unitholder against taxable capital gains for the year of disposition. Subject to the detailed rules in the Tax Act, any excess of allowable capital losses over taxable capital gains of a Unitholder may be carried back up to three taxation years and forward indefinitely and deducted against net taxable capital gains in those other years.

When a Unitholder redeems all or any of the Units of the Fund held by such Unitholder, the Manager shall have the sole discretion to distribute all or any portion of the Fund's net capital gains to such Unitholder, provided that the amount of the net realized capital gains allocated to a particular redeeming Unitholder shall not exceed the amount, if any, by which the amount payable on the redemption of the Units exceeds the adjusted cost base of the Units being redeemed. The balance of the amount paid to such Unitholder at the time of redemption shall be paid as proceeds of redemption.

If, at any time, the Fund delivers property other than cash to a Unitholder upon a redemption of a Unitholder's Units or the termination of the Fund, the Unitholder's proceeds of disposition of such Units will be equal to the fair market value of the distributed property less any capital gain realized by the Fund on the disposition of such property that has been designated and made payable by the Fund to the Unitholder as described above. The cost to a Unitholder 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.

Having regard to the administrative position of the CRA, the reclassification of Units of a particular series into a Unit of another series will not generally be regarded as a disposition of the reclassified Units.

Capital gains realized by a Unitholder on the disposition of Units may increase a Unitholder's liability for alternative minimum tax. In addition, amounts paid by the Fund to such Unitholders and designated by the Fund as dividends or net taxable capital gains may increase a Unitholder's liability for alternative minimum tax.

### ***For Units held in a Registered Plan***

A Registered Plan that holds Units of the Fund and the plan holder, annuitant or subscriber of that Registered Plan, as the case may be, will generally not be subject to tax on the value of the Units, income or capital gains distributed by the Fund to the Registered Plan or a gain realized by the Registered Plan on the disposition of the Units, provided the Units are a qualified investment under the Tax Act for the Registered Plan and, in the case of Registered Plans (other than DPSPs), not a prohibited investment for the Registered Plan.

Notwithstanding that Units may be qualified investments under the Tax Act for Registered Plans, the plan holder, annuitant or subscriber of a Registered Plan (other than a DPSP), as the case may be, will be subject to penalty tax in respect of the Units if they are a "prohibited investment" for the Registered Plan within the meaning of the Tax Act. Generally, Units will not be a "prohibited investment" under the Tax Act for a Registered Plan unless the plan holder, annuitant or subscriber, as the case may be, does not deal at arm's length with the Fund or (together with non-arm's length partnerships and persons, including the Registered Plan) directly or indirectly holds Units having a fair market value of 10% or more of the Fund.

Redemption Notes or other property received as a result of a redemption *in specie* of Units generally will not be a qualified investment for Registered Plans, and this may give rise to adverse consequences to such Registered Plan or the plan holder, annuitant or subscriber under that Registered Plan. Accordingly, plan holders, annuitants and subscribers of Registered Plans that own Units should consult their own tax advisers before deciding to exercise the redemption rights attached to the Units.

### ***Tax Implications of the Fund's Distribution Policy***

A portion of the NAV of a Unit of a Fund may reflect income and/or capital gains accrued or realized by the Fund before the Unit was acquired by a Unitholder. The income and taxable portion of capital gains paid or payable to a Unitholder must be included in the calculation of the Unitholder's income in the manner described above, even if it relates to a period before the Unitholder owned the Units and may have been reflected in the price paid by the Unitholder for the Units. In particular, this may be the case when Units are acquired late in the year, or on or before the date on which a distribution will be paid.

### ***Enhanced Tax Information Reporting***

The Fund has due diligence and reporting obligations under FATCA and CRS. Generally, Unitholders (or in the case of certain Unitholders that are entities, the "controlling persons" thereof) will be required by law to provide their advisor or dealer with information related to their citizenship and tax residence and, if applicable, their foreign taxpayer identification number. If a Unitholder (or, if applicable, any of its controlling persons) does not provide the information or, for FATCA purposes, is identified as a U.S. resident or U.S. citizen (including a U.S. citizen living in Canada) or, for CRS purposes, is identified as a tax resident of a country other than Canada or the U.S., information about the Unitholder (or, if applicable, its controlling persons) and his, her, their or its investment in the Fund will generally be reported to the CRA unless the Units are held within a Registered Plan other than, subject to the current administrative position of the CRA, a FHSA. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service (the "IRS") and in the case of CRS, the relevant tax authority of any country that is a signatory of the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information* or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

Based on the current administrative position of the CRA and certain Tax Proposals, FHSAs are currently not required to be reported to the CRA under FATCA and CRS.

## SCHEDULE “D”

### RISK FACTORS

Investment in Units involves certain risk factors, including risks associated with the Fund’s and the Partnership’s investment strategies. The following risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in Units.

#### **Risks Associated with an Investment in the Fund**

***No Assurance of Return.*** Although the Manager will use its best efforts to achieve above-average rates of return for the Partnership, no assurance can be given in this regard. Although the Fund expects to make quarterly cash distributions to Unitholders, there can be no assurance that the Fund will make any distributions in any particular calendar quarter. Subscribers must bear the risk of a loss on their investment.

***Investment Risk.*** An investment in the Fund is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objective and investment strategies to be utilized by the Fund and the Partnership as outlined herein to familiarize themselves with the risks associated with an investment in the Fund.

***Marketability and Transferability of Units.*** There is no market for the Units and their resale is subject to restrictions imposed by the Declaration of Trust, including consent by the Manager, and applicable securities legislation. See “Details of the Offering – The Units and Terms of the Offering – Transfer or Resale”. Redemptions are subject to limitations and notice requirements, and redemptions may be deferred or suspended in certain circumstances. Consequently, holders of Units may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan.

***Reliance on Manager and Track Record.*** The success of the Fund will be primarily dependent upon the skill, judgment and expertise of the Manager and its principals. Although persons involved in the management of the Fund, the Partnership and the service providers to the Fund and the Partnership have had experience in their respective fields of specialization, the Fund has no operating and performing history, and the Partnership has limited operating and performing history, upon which prospective investors can evaluate the Fund’s and the Partnership’s likely performance. Investors should be aware that the past performance by those involved in the investment management of the Fund and the Partnership should not be considered as an indication of future results. In the event of the loss of the services of the Manager, or of a key person of the Manager, the business of the Fund and the Partnership may be adversely affected.

***Potential Conflicts of Interest.*** The Manager is required to satisfy a standard of care in exercising its duties with respect to the Fund and the Partnership. However, neither the Manager, the General Partner nor their officers, directors or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Fund or the Partnership, as applicable. Each of the Manager or the General Partner or affiliates thereof and their respective officers, employees and affiliates may undertake financial, investment or professional activities that give rise to conflicts of interest with the Fund and the Partnership.

Furthermore, the Originators, their directors and officers or their affiliates may be an affiliated or related party to the Manager, the Partnership or any of the affiliates or beneficial owners of the Manager. In particular, the Partnership purchases equipment and property underlying commercial and consumer leases and commercial and consumer loans (and related rights) from the Related Originators and retains the Related Originators to provide services under Servicing Agreements. This will result in the Related Originators earning profits in connection with such purchases and receiving Service Fees from the Partnership. In addition, CCM, and/or other entities related to the Manager, will be entitled to receive Up-Front Fees from the Partnership in connection with structuring services related to the acquisition of such portion of the Receivables Portfolio by the Partnership from the Related Originators.

Furthermore, the Manager, the Originators or CCM or their directors and officers and their affiliates, may at any time engage in promoting or managing other entities or other investments that may compete directly or indirectly with the Fund and the Partnership. The Manager, the Originators or CCM may establish other investment vehicles that may involve transactions that conflict with the interests of the Fund and the Partnership. Whenever a conflict of interest arises between the Fund and the Partnership, on the one hand, and the Manager, the Originators or CCM on the other hand, the parties involved, in resolving that conflict or determining any action to be taken or not taken, are entitled to consider the relative interests of all of the parties involved in the conflict or that are affected by such action, any customary or accepted industry practices and such other matters as the parties deem appropriate in the circumstances. **Schedule “E” – Conflicts of Interest.**

***Not an Investment Fund.*** Neither the Fund nor the Partnership is an investment fund, as substantially all of the Partnership’s assets are invested in equipment and property underlying commercial and consumer leases and commercial and consumer loans (and related rights), and are therefore not subject to certain restrictions and reporting requirements imposed on investment funds under applicable securities legislation, nor are they subject to the restrictions placed on mutual funds under applicable securities laws to ensure diversification and liquidity of the Fund’s or Partnership’s portfolios.

***Valuation of the Fund’s and the Partnership’s Investments.*** Valuation of the Fund’s and the Partnership’s securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Fund and the Partnership could be adversely affected. Independent pricing information may not at times be available regarding certain of the Partnership’s securities and other investments. Valuation determinations will be made in good faith in accordance with the Declaration of Trust and the Limited Partnership Agreement.

The Partnership will have some of its assets in investments that by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Partnership to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who surrenders for redemptions all or part of its Units while the Partnership holds such investments will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Manager in respect of a redemption. In addition, there is risk that an investment in the Fund by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the actual value of such investments is higher than the value designated by the Manager. Further, there is risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Manager. Neither the Fund nor the Partnership intend to adjust the Net Asset Value of the Fund or Partnership retroactively.

**Potential Indemnification Obligations.** Under certain circumstances, the Fund or the Partnership might be subject to significant indemnification obligations in favour of the General Partner, the Manager, other service providers to the Fund or Partnership or certain persons related to them in accordance with the respective agreement between the Fund or the Partnership and each such service provider. Neither the Fund nor the Partnership will carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Fund or Partnership has agreed to indemnify them. Any indemnification paid by the Fund or Partnership would reduce the Net Asset Value of the Fund or Partnership, respectively.

**Possible Effect of Redemptions.** Substantial redemptions of Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding. Substantial redemptions could also lead to a deferral or suspension of redemptions or the payment of redemptions in kind or by way of unsecured subordinated notes. See "Details of the Offering – The Units and Terms of the Offering – Redemptions".

**Charges to the Fund and the Partnership.** Each of the Fund and the Partnership is obligated to pay its expenses, including fees payable to the Manager, fees payable under the Servicing Agreements, administration fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Fund or Partnership, as applicable, realizes profits.

**Lack of Independent Experts Representing Unitholders.** Each of the Fund, the Partnership, the General Partner and the Manager have consulted with a single legal counsel regarding the formation and terms of the Fund and the Partnership and the offering of Units. The Unitholders have not, however, been independently represented. Therefore, to the extent that the Fund, the Partnership, the Unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his, her, their or its own legal, tax and financial advisers regarding the desirability of purchasing Units and the suitability of investing in the Fund.

**No Involvement of Unaffiliated Selling Agent.** The General Partner and Manager are under common control and ownership. Consequently, no outside selling agent unaffiliated with such parties has made any review or investigation of the terms of this offering, the structure of the Fund or the Partnership or the background of the General Partner and Manager.

**Possible Negative Impact of Regulation of Private Funds.** The regulatory environment for private funds is evolving and changes to it may adversely affect the Fund and the Partnership. To the extent that regulators adopt practices of regulatory oversight in the area of private funds that create additional compliance, transaction, disclosure or other costs for private funds, returns of the Fund and the Partnership may be negatively affected. In addition, the regulatory or tax environment for the Receivables Portfolio is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Partnership and indirectly, the Fund. The effect of any future regulatory or tax change on the portfolio of the Partnership is impossible to predict.

**Cybersecurity.** The Fund, the Partnership, the General Partner, the Manager and/or one or more of their respective service providers may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity (“**cyber incidents**”) refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption or lose operational capacity. In general, cyber incidents can result from deliberate attacks (“**cyber attacks**”) or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the Fund’s and the Partnership’s ability to calculate their Net Asset Value, impediments to trading, the inability of securityholders to subscribe for, exchange or redeem securities, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future that may adversely impact the Partnership.

While the Manager has established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures, including the possibility that certain risks have not been identified. Furthermore, none of the Fund, the Partnership, the General Partner, the Manager and their respective affiliates can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Fund or the Partnership, including the Administrator and the Originators and/or the borrowers or lessors of the underlying equipment and property and leases and loans of the Receivables Portfolio.

### ***Tax Risks***

#### *Mutual Fund Trust*

The Fund is expected to qualify or be deemed to qualify as a mutual fund trust under the Tax Act effective from the date of its creation and at all material times thereafter. If the Fund fails to or ceases to qualify as a mutual fund trust under the Tax Act, the Canadian federal income tax considerations described under Schedule “C” to this Offering Memorandum and “Eligibility for Investment” would in some respects be materially and adversely different.

#### *EIFEL Tax Proposals*

The Minister of Finance (Canada) has released Tax Proposals (the “**EIFEL Proposals**”) that, effective for taxation years beginning on or after October 1, 2023, impose a limit on the amount of net-interest and other financing expenses incurred by certain corporations and trusts, whether incurred directly or indirectly through a partnership, that may be deducted in computing their taxable income for Canadian tax purposes. Where applicable, the EIFEL Proposals may require a partner of a partnership to recognize an income inclusion in respect of all or a portion of the partner’s share of interest and financing expenses of the partnership. If the EIFEL Proposals are enacted as proposed, the Fund may be required to include an amount in its income in respect of its allocated share of the Partnership’s interest and financing expenses that are deductible in computing the Partnership’s income, and the taxable component of distributions to Unitholders may be increased accordingly.



### *Qualified Investment*

There can be no assurance that the Units will be, or will continue to be, qualified investments for Registered Plans. In particular, if the Fund does not qualify or ceases to qualify as a mutual fund trust, the Units will not be, or will cease to be, as the case may be, qualified investments for Registered Plans. Where a Registered Plan acquires or holds a Unit in circumstances where the Unit is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the plan holder, annuitant or subscriber, as the case may be, under the Registered Plan, including that the plan holder, annuitant or subscriber of such Registered Plan and/or the Registered Plan may be subject to tax on income that arises or is deemed to arise from the non-qualified investment and the plan holder, annuitant or subscriber may be subject to a tax of 50% of the fair market value of the non-qualified investment.

In addition, Redemption Notes distributed to a Unitholder on a redemption will not be a qualified investment for such Registered Plans. If the Redemption Notes are distributed on a redemption of Units to a Registered Plan, such Registered Plans and their plan holder, annuitants or subscribers, as the case may be, will be subject to the adverse tax consequences described above.

### *Tax Liability*

As a result of these potential timing differences between income recognition for tax purposes and actual cash distributions, Unitholders may incur tax liabilities in excess of actual cash distributions made prior to the date the liability arises or the tax is due. In such a case, such Unitholder would have to satisfy its tax liability arising from an investment in the Fund from such Unitholder's own funds.

### *Loss Restriction Rules*

Rules in the Tax Act that apply to "loss restriction events" (as defined in the Tax Act) of certain trusts (the "**LRE Rules**") may have an impact on the Fund in certain circumstances. Generally, the Fund will have a "loss restriction event" if any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires Units of the Fund having a fair market value that is greater than 50% of the fair market value of all the Units of the Fund. Upon the occurrence of a "loss restriction event", the taxation year of the Fund will be deemed to end, and the Fund will be deemed to realize its unrealized capital losses. The Fund may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted capital losses will expire and may not be deducted by the Fund in future years and any undeducted non-capital losses in future years will be restricted, with the result that income and capital gains distributions in the future may be larger. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the Fund for each taxation year (including a taxation year that is deemed to end by virtue of a loss restriction event) so that the Fund will not be liable for ordinary income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of the Fund and the Units of the Fund are immediately consolidated to the pre-distribution NAV per Unit. There can be no assurances that the Fund will not experience a loss restriction event and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made, or that the Fund will not be required to pay tax notwithstanding such distributions.

### **Risks Associated with the Fund's Investment in the Partnership**

***Reliance on the Originators and the Manager.*** The Partnership relies on the ability of the Originators to actively acquire the equipment and property and to originate and administer the leases and loans comprising the Receivables Portfolio and the Manager's ability to negotiate and cause the Partnership to enter into the Purchase Agreements. The Originators and the Manager will make decisions upon which the success of the Partnership will depend significantly. No assurance can be given that the approaches utilized by the Originators and the Manager will prove successful. There can be no assurance that satisfactory replacements for the Originators will be available, if needed. Termination of the Purchase Agreements will not terminate the Partnership but will expose investors to the risks involved in whatever new purchase arrangements the Manager is able to negotiate for and on behalf of the Partnership. In addition, the liquidation of securities positions held by the Partnership as a result of the termination of the Purchase Agreements may cause substantial losses to the Partnership.

***Canadian Tax Liability.*** Investors may be allocated income for tax purposes and not receive any cash distributions from the Partnership. Net Asset Value of the Partnership and Net Asset Value per Unit will be marked to market and therefore calculated on the basis of both realized trading gains and losses and accrued, unrealized gains and losses. In computing each Limited Partner's share of income or loss for tax purposes, only realized gains and losses and other factors, including the date of purchase or repurchase of Units by a Limited Partner in a fiscal year, will be taken into account. Therefore, the change in Net Asset Value of a Limited Partner's Units may differ from his, her, their or its share of income and loss for tax purposes.

***Possible Loss of Limited Liability.*** Under the LP Act, the General Partner has unlimited liability for the debts, liabilities, obligations and losses of the Partnership to the extent that they exceed the assets of the Partnership. The liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership is limited to the value of money or other property the Limited Partner has contributed or agreed to contribute to the Partnership. In accordance with the LP Act, if a Limited Partner has received a return of all or part of the Limited Partner's contribution to the Partnership, the Limited Partner is nevertheless liable to the Partnership, or where the Partnership is dissolved, to its creditors, for any amounts not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims arose before the return of the contribution. **The limitation of liability of a Limited Partner may be lost if a Limited Partner takes part in the control of the business of the Partnership.**

***Funding Deficiencies.*** Other than with respect to the possible loss of the limited liability as outlined above, no Limited Partner shall be obligated to pay any additional assessment on the Units held or subscribed. However, if, as a result of a distribution by the Partnership, the Partnership's capital is reduced and the Partnership is unable to pay its debts as they become due, the Limited Partners may have to return to the Partnership any such distributions received by them to restore the capital of the Partnership. If the Partnership does not have sufficient funds to meet its requirements and must default because the deficiency is not funded, Limited Partners may lose their entire investment in the Partnership.

***Prime Broker Risk and Securities Dealer Insolvency.*** The Partnership does not control the custodianship of all of its assets. The Partnership's assets may be held in one or more non-custodial accounts maintained for the Partnership by its brokers or other securities dealers. Brokers and other dealers are regulated as members of CIRO and are also subject to various other laws and regulations in the jurisdictions where they operate that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Partnership's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a Prime Broker or other securities dealer having custody over the Partnership's assets, or any agent or affiliate of such dealer, it is impossible to

generalize about the effect of their insolvency on the Partnership and its assets. Investors should assume that the insolvency of any Prime Brokers or other dealer having custody over the Partnership's assets or any agent or affiliate of such Prime Broker or other dealer would result in the loss of all or a substantial portion of the Partnership's assets held by or through such Prime Broker or other dealer and/or the delay in the payment of withdrawal proceeds.

***No Custodian for the Receivables Portfolio.*** As the equipment and property underlying the commercial and consumer leases and commercial and consumer loans (and related rights) in the Receivables Portfolio are not "securities" under applicable securities laws, there is no external custodian in respect of the Receivables Portfolio. As a significant amount of the assets of the Partnership are not held in a formal custody arrangement, there is the potential risk of loss if the documentation evidencing the ownership by the Partnership is not properly drafted or maintained or is challenged on a bankruptcy of the relevant originator.

***Changes in Investment Strategies.*** The Manager may alter its strategies without prior approval by the Limited Partners if the Manager determines that such change is in the best interest of the Partnership.

***Concentration.*** Although the Partnership is subject to certain investment restrictions, the Manager may take more concentrated positions than a typical investment fund or concentrate its assets in specialized industries, market sectors or countries, and in particular, the Canadian-based equipment and property lease and commercial and consumer finance markets. Investment in the Partnership involves greater risk and volatility since the performance of one particular industry, market sector or country could significantly and adversely affect the overall performance of the entire Partnership.

### **Risks Associated with the Partnership's Underlying Investments**

***Investment Risks in General.*** No guarantee or representation is made that the Partnership's investment program will be successful, and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations, which could adversely affect the Partnership's portfolio and performance.

***Risks Associated with Reliance on Originators.*** As the Partnership primarily obtains exposure to the Receivables Portfolio, comprised of equipment and property underlying commercial and consumer leases and commercial and consumer loans (and related rights), through the Originators, the Partnership is exposed to adverse developments in the business and affairs of the Originators, to their management and financial strength, to their ability to operate its businesses profitably and to their ability to retain deal flow. The ability of the Partnership to make investments in accordance with its objectives and investment policies depends upon the availability of suitable investments and the amount of funds available.

The Originators must render their services honestly and in good faith and must use reasonable commercial efforts to perform their duties and responsibilities in a conscientious, reasonable and competent manner. However, the services of the Originators and the directors and officers of the Originators are not exclusive to the Partnership. The Originators, their directors and officers and their affiliates may, at any time, engage in promoting or managing other entities or investments including those that may compete directly or indirectly with the Partnership. The Originators may have sole discretion in determining which investments they will make available to the Partnership for investment.

***Illiquidity of Underlying Investments.*** Due to the nature of the Partnership's investment strategy and portfolio, certain investments may have to be held for a substantial period of time before they can be

liquidated to the Partnership's greatest advantage or, in some cases, at all. The Partnership will generally hold investments that are illiquid and for which no ready market exists. Illiquid investments carry the risk that a buyer may not be found for such investments. Also, certain of the investments owned by the Partnership may be subject to legal or contractual restrictions that may impede the Partnership's ability to dispose of its investments, which it might otherwise desire to do. To the extent that there is no liquid trading market for these investments, the Partnership may be unable to liquidate these investments or may be unable to do so at a profit.

***Credit Risk.*** The investments of the Partnership in the Receivables Portfolio will expose the Partnership to the credit risk of the borrower or counterparty, as applicable, including the risk of default by the borrower or counterparty, as applicable, on the interest, principal and other payment amounts owing on the commercial and consumer loans or leases. Although the Manager and the Originators will seek to moderate risk through the careful selection of investments within the parameters of the investment strategy, and such loans and leases in the Receivables Portfolio will generally be secured by specific collateral, there can be no assurance the liquidation of such collateral would satisfy a borrower's or lessor's obligation in the event of default or that such collateral could be readily liquidated under such circumstances. In the event of bankruptcy of a borrower or lessor, delays or limitations could be experienced with respect to the ability to realize the benefits of any collateral securing a loan or lease.

***Interest Rate Changes.*** The value of the Partnership's investments may fall if market interest rates for equipment and consumer financing rise. It is anticipated that the Net Asset Value of the Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the Net Asset Value of the Units. As well, there can be no assurance that the yields on the leases currently invested in by the Originators will be representative of yields to be obtained on future investments of the Partnership.

***Leverage Risk.*** The Partnership may use financial leverage by borrowing funds against the assets of the Partnership. The use of leverage increases the risk to the Partnership and subjects the Partnership to higher current expenses. In particular, if the Partnership's portfolio value drops to the loan value or less, Limited Partners could sustain a total loss of their investment.

The interest expense and banking fees occurring in respect of a loan facility may exceed the capital gains and income generated by the incremental investment of portfolio securities. In addition, the Partnership may not be able to negotiate a loan facility on acceptable terms. There can be no assurance that the borrowing strategy employed by the Partnership will enhance returns.

In addition, leverage may increase volatility, may impair the Partnership's liquidity and may cause the Partnership to liquidate positions at unfavourable times.

There is a possibility that some of the interest paid on an amount borrowed may not be deductible by the Partnership for tax purposes.

***General Economic and Market Conditions.*** The success of the Partnership's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership's investments. Unexpected volatility or illiquidity could impair the Partnership's profitability or result in losses.

**Fixed Income Securities.** To the extent that the Partnership holds fixed income investments, it will be influenced by financial market conditions and the general level of interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed income investments are not held to maturity, the Partnership may suffer a loss at the time of sale of such securities.

**Availability of Investment Strategies.** The identification and exploitation of the investment strategies pursued by the Partnership involves a high degree of uncertainty. No assurance can be given that the Manager will be able to locate suitable investment opportunities in which to deploy all of the Partnership's capital.

**Events Outside the Control of the Partnership.** Public health crises, such as epidemics and pandemics, including the continued worldwide spread of variants of COVID-19, acts of terrorism, war or other conflicts and other events outside of the control of the Partnership and the Manager may adversely impact the business, financial condition and results of operations of the Partnership and companies in which it invests. In addition to the direct impact that such events could have on the Partnership's operations and workforce, these types of events could result in volatility and disruption to global supply chains, operations, mobility of people and the economies and financial markets of many countries, which could affect stability of the financial and stock markets, interest rates, credit ratings, credit risk, inflation, business and financial conditions, operations and other factors relevant to the Partnership and the companies in which it invests.

The extent to which such current events may impact the Partnership and the companies in which it invests will depend on future developments, which are highly uncertain and cannot be predicted at this time. The repercussions of these events could have a material adverse effect on the Partnership's business, financial condition and results of operations as well as those of the companies that are the borrowers or lessors of the underlying equipment and property and loans and leases of the Receivables Portfolio in which the Partnership invests (increasing the credit risk of such companies). See "Credit Risk".

**The foregoing statement of risks does not purport to be a complete explanation of all the risks involved in purchasing the Units. Potential investors should read this entire Offering Memorandum and consult with their legal, tax and financial advisers before making a decision to invest in the Units.**

## SCHEDULE "E"

### CONFLICTS OF INTEREST

The following describes material conflicts of interest that arise or may arise between the Manager and the Fund, between the Manager's registered representatives and the Fund, or between the Fund and other funds managed by the Manager or other clients of the Manager. Canadian securities laws require the Manager to take reasonable steps to identify and respond to existing and reasonably foreseeable material conflicts of interest in a client's best interest and tell clients about them, including how the conflicts might impact clients and how the Manager addresses them in a client's best interest.

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

A conflict of interest may arise where (a) the interests the Manager or those of its representatives and those of a client may be inconsistent or different, (b) the Manager or its representatives may be influenced to put the Manager or the representative's interests ahead of those of a client, or (c) monetary or non-monetary benefits available to the Manager, or potential negative consequences for the Manager, may affect the trust a client has in the Manager.

#### **How Does the Manager Address Conflicts of Interest?**

The Manager and its representatives seek to resolve all material conflicts of interest in the Fund's best interest. The Manager has adopted policies and procedures to assist it in identifying and controlling material conflicts of interest that the Manager and its representatives may face.

Where it is determined that the Manager cannot appropriately manage or address a material conflict of interest in the Fund's best interest, the Manager and its representatives will avoid that conflict.

#### **Material Conflicts of Interest**

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

#### ***Conflicts of Interest Specific to the Fund and the Partnership***

Because (i) the Manager is an affiliate of the General Partner, and (ii) the Manager is manager of the Partnership and manager and trustee of the Fund and earns fees from the ongoing management of the Fund's and the Partnership's investment portfolios, each of the Fund and the Partnership is considered to be a related and connected issuer of the Manager. Details of these relationships and the fees earned by the Manager are fully disclosed elsewhere in this Offering Memorandum. As a result, the Manager is incented to promote the sale of Units, even if not paid a commission to do so, creating a conflict of interest for the Manager when acting as dealer in connection with the sale of Units. To manage the conflicts inherent in making investment recommendations or taking investment actions for clients for whom the Manager acts as dealer, the Manager will only permit such a client to be invested in Units of the Partnership if the Manager considers such securities to be suitable for such client and that investing in such securities are in such client's best interest.

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

The Manager may engage in activities as a fund manager, portfolio manager and exempt market dealer in respect of securities of related or connected issuers but will do so only in compliance with applicable securities legislation. The Manager is registered as (a) an adviser in the category of portfolio manager and a dealer in the category of exempt market dealer in each of the ten provinces of Canada; and (b) an investment fund manager in Ontario, Québec and Newfoundland & Labrador.

Potential conflicts of interest could arise in connection with the Manager acting in different capacities as manager and/or exempt market dealer. As an exempt market dealer, the Manager may sell securities of related and/or connected limited partnerships and other pooled funds organized by the Manager in accordance with applicable laws but will not be remunerated by such partnerships or other funds for acting in that capacity. Rather, the Manager is compensated for providing management services.

The Manager and its respective principals and affiliates do not devote their time exclusively to the management or portfolio management of the Fund and the Partnership. In addition, such persons may perform similar or different services for others and may sponsor or establish other funds during the same period during which they act on behalf of the Fund and the Partnership. Such persons therefore may have conflicts of interest in allocating management time, services and functions to the Fund, the Partnership and the other persons for which they provide similar services. Accordingly, certain opportunities to purchase or sell securities or engage in other permissible transactions may be allocated among a number of the Manager's clients. The Manager, however, will allocate available transactions among the Fund, the Partnership and other clients in a manner believed by the Manager to be fair and equitable.

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

The Manager, in exercising its authority as a portfolio manager over various client accounts and funds, has a conflict of interest in determining both (i) to which accounts and funds an investment may be allocated and (ii) the price at which such allocations are made once the trade is executed. The number of securities and the prices of such securities can impact the performance of one client account over another. The Manager, in order to address this conflict, has adopted certain policies that must be followed in allocating trades.

The Manager will exercise diligence and thoroughness when taking an investment action on behalf of each of its clients, including the Fund and the Partnership, and shall have a reasonable and adequate basis for such actions, supported by appropriate research and investigations. Before initiating an investment transaction for a client, the Manager will consider its appropriateness and suitability. The Manager will manage each account within the guidelines established between the Manager and the client. The Manager shall ensure that each client account is supervised separately and distinctly from other clients' accounts. The Manager owes a duty to each client and, therefore, has an obligation to treat each client fairly.

Whenever the Manager proposes to make an investment, the investment opportunity will be allocated in full on a pro rata or rotational basis to accounts for which the proposed investment would be within such account's investment objectives.

It may be determined, however, that the purchase or sale of a particular investment is appropriate for more than one client account, i.e., that particular client orders should be aggregated or "bunched", such that in placing orders for the purchase or sale of investments, the Manager may pool one client's order with that of another client or clients. Simultaneously placing a number of separate, competing orders may adversely affect the price of an investment. Therefore, where appropriate, when bunching orders and

allocating block purchases and block sales, it is the Manager's policy to treat all clients fairly and to achieve an equitable distribution of bunched orders. All new issues of securities and block trades of securities will be purchased for, or allocated amongst, all applicable accounts of the Manager's clients pro rata and at average price where possible.

In the course of managing a number of discretionary accounts, there may arise occasions when the quantity of an investment opportunity available at the same price is insufficient to satisfy the requirements of every client, or the quantity of an investment to be sold is too large to be completed at the same price. Similarly, new issues of a security may be insufficient to satisfy the total requirements of all clients. Under such conditions, as a general policy, and to the extent that no client will receive preferential treatment, the Manager will ensure:

- where orders are entered simultaneously for execution at the same price, or where a block trade is entered and partially filled, fills are allocated pro rata in a fair and consistent method to client's accounts;
- where a block trade is filled at varying prices for a group of clients, fills are allocated on an average price basis;
- in the case of hot issues and IPOs, participation is split equally between clients based proportionately on the equity in each account subject to the suitability of the investment for the client account, available liquidity in the account and any other account-specific factors;
- in the case of a new securities issue, where the allotment received is insufficient to meet the full requirements of all accounts on whose behalf orders have been placed, allocation is made on a pro rata basis. However, if such prorating should result in an inappropriately small position for a client, the allotment would be reallocated to another account. Depending on the number of new issues, over a period of time, every effort will be made to ensure that these prorating and reallocation policies result in fair and equal treatment of all clients, and
- trading commissions for block trades are allocated on a pro rata basis, in accordance with the foregoing trade allocation policies.

Whichever method is chosen, it must be followed in the future where similar conditions exist. Where it is impossible to achieve uniform treatment, every effort shall be made by the Manager and its employees to compensate at the next opportunity in order that every client, large or small, over time, receives equitable treatment in the filling of orders.

In allocating bunched orders, the Manager uses several criteria to determine the order in which participating client accounts will receive an allocation thereof. Criteria for allocating bunched orders include the current concentration of holdings of the industry in question in the account, and, with respect to fixed income accounts, the mix of corporate and/or government securities in an account and the duration of such securities.

The Manager may purchase or sell securities from or to other managed accounts provided that the transaction is effected through an independent broker at the current market price of the security or at the mid-point of the current market bid/ask price.

Transactions for clients shall have priority over personal transactions so that the Manager's personal transactions do not act adversely to a client's interest.



### ***Expense Allocation***

The Manager, in exercising its authority as a fund manager and portfolio manager, has a conflict of interest in determining what expenses to allocate to the funds and accounts it manages, since the expense would likely otherwise be payable by the Manager. In order to address this conflict, the Manager has detailed an expense allocation policy to determine which expenses would be chargeable, and how to allocate such expenses between funds and managed accounts, if applicable:

- Only expense types that have been previously disclosed to clients or included in fund disclosure documents will be chargeable. Any new expense types will require at least 60 days' notice (or the required notice under any applicable fund document, if longer).
- Where an expense is directly invoiced to a fund by a third party, the expense will be charged to the related fund.
- Where an invoice covers more than one fund and/or managed account, the expense will be allocated to the fund/account to ensure fairness in the allocation. The allocation driver will be based on the relative size or activity of the fund or account (e.g., net asset value, number of accounts, activity volume).
- At this time, the Manager does not allocate any indirect (e.g., overhead, rent, salaries) costs to any funds or accounts.
- Third party expenses, such as custody and trading costs, are charged directly to the funds and managed accounts by the custodian or invoiced.

### ***Brokerage Arrangements***

All decisions as to the purchase and sale of portfolio securities and all decisions as to the execution of these portfolio transactions, including the selection of market and dealer and the negotiation of commissions, where applicable, will be made by the Manager. In effecting portfolio transactions, the Manager will seek to obtain best execution of orders as required by applicable securities regulations.

Soft dollar arrangements occur when brokers have agreed to provide other services (relating to research and trade execution) at no cost to the Manager in exchange for brokerage business from the Manager's managed accounts and funds. Although the brokers involved in soft dollar arrangements do not necessarily charge the lowest brokerage commissions, the Manager may nonetheless enter into such arrangements when it is of the view that such brokers provide best execution and/or the value of the research and other services exceeds any incremental commission costs.

To the extent that the terms offered by more than one dealer are considered by the Manager to be comparable, the Manager may, in its discretion, choose to purchase and sell portfolio securities from and to or through dealers who provide research, statistical and other services to the Manager in respect of its management of the Fund and the Partnership. The Manager will only enter into such arrangements in accordance with industry standards when it is of the view that such arrangements are for the benefit of its clients, however not all brokerage arrangements will benefit all clients at all times.

Waypoint intends to limit soft dollar arrangements but will enter into such arrangements in accordance with applicable law when it is of the view that such arrangements are for the benefit of its clients. Names of the dealer(s) that provided the Manager with such research services in connection with the portfolio

transactions for the Partnership during the last financial year of the Partnership will be provided on request by contacting the Manager.

### ***Participation in Profits***

The Manager may charge performance fees on certain funds and other client accounts, or an affiliate of the Manager may otherwise share in profits of such funds. Performance-based fees and profit-sharing arrangements may create potential conflicts of interest because of the incentive for portfolio managers to favour these accounts in the allocation of investment opportunities over accounts that do not pay a performance fee or share profits. The use of performance fees in a strategy may influence the Manager's decision-making as a fund manager. The portfolio manager may invest in riskier investments with the intention to increase the performance fee in the short-term. In order to mitigate this conflict, investment decisions must be backed by a thorough investment analysis. In addition, the Manager does not engage in short-term, speculative trading as part of its investment strategies.

The Manager may also have differing compensation arrangements for portfolio managers managing performance-based fee accounts as compared to non performance-based fee accounts. This may create a potential conflict of interest for portfolio managers, as the differences in the compensation arrangements may provide the portfolio manager with an incentive to favour the performance-based fee accounts or profit-sharing arrangements when, for example, placing securities transactions that the portfolio manager believes could more likely result in favourable performance.

Due to the different fee structures of various accounts, there may be a perceived incentive to favour a performance-based fee account over a non-performance-based fee account. The Manager has policies and procedures in place to ensure that over time, no client is favoured to the detriment of another.

### ***Cross-trading and Interfund Trading***

The Manager, in exercising its authority as a portfolio manager, may determine that in certain circumstances, it is appropriate for a fund or managed account for which it is acting to buy a security from the portfolio of another fund or account. While this is not a frequent occurrence, there is an inherent conflict of interest in such transactions, where the interests of one client are balanced against the interests of the other. Some cross-trades or interfund trades are prohibited under securities legislation. Waypoint has obtained an exemption from certain regulatory prohibitions to permit it to make certain cross-trades and interfund trades involving prospectus-qualified mutual funds and managed accounts (such as the Partnership and the Fund), and to permit in specie transactions for subscriptions and redemptions. The regulatory relief specifies that the price used for cross-trades and interfund trades must be the last traded price of the security, where such a price is available. In specie transactions must be carried out at the value determined for the security when calculating the net asset value of the related fund. All interfund trades, cross-trades and in specie transactions require the consent of the independent review committee of the prospectus-qualified fund, the accountholder (for a managed account) and the CCO (in all cases). In addition, the portfolio manager must attest that all such trades are in the best interests of both accounts or funds and that the security is a suitable investment for the purchasing portfolio.

### ***Investment In Underlying Funds***

The Manager may implement "fund of fund" structures where it causes a fund managed by it to invest in an underlying fund managed by it (such as the Fund investing in the Partnership). The Manager will address conflicts of interest associated with such fund of fund structures by ensuring that there is no duplication of fees for the same service.

### ***Fair Valuation of Assets***

The valuation of investments held in client accounts and funds is the responsibility of the Manager. There is an inherent conflict in this position, as the Manager may have the incentive to inflate asset values in order to improve performance or increase fees payable to the Manager.

The Manager addresses this conflict by ensuring that its valuation agent values the assets of the Fund and the Partnership in accordance with the Manager's fair valuation policy, which it uses for other funds and accounts it manages. Under this policy, securities and assets are valued with reference to independently established pricing sources such as stock exchange prices.

Assets that are not valued by an independent third party (i.e., the Receivables Portfolio) are valued by the Manager in accordance with its fair valuation policy. The Manager reviews its fair valuation policy on a regular basis to ensure such valuations are conducted in a manner that is consistent with valuations conducted by other managers for similar assets. The Manager has a committee that will review its fair valuation policy each quarter to ensure such policy is reasonable and in accordance with market standard.

### ***Error Correction***

The Manager makes reasonable efforts to keep trade errors to a minimum and ensure fairness to the Fund, the Partnership and all other funds and accounts it manages with respect to protection from errors made within their account. A trade error is an inadvertent error in the placement, execution or settlement of a transaction. A trade error is not an intentional or reckless act of misconduct or an error of judgment. Although errors or issues are an inevitable by-product of the operational process, the Manager strives to establish controls and processes that are designed to reduce the possibility of their occurrence. Where an error has been made in a fund or client account, the Manager has policies in place to determine whether to correct the error (i.e., if the error is material) and what reporting should be conducted.

### ***Personal Trading***

Employee personal trading can create a conflict of interest because employees with knowledge of the Manager's trading decisions could use that information for their own benefit. The Manager has adopted a policy to limit, monitor and, in certain instances, restrict personal trading by the employees of the Manager in order to ensure that there is no conflict between such personal trading and the interests of the Partnership and the Manager's other clients. Each of the Manager's employees, officers and directors are required to put the interests of clients first, ahead of their own personal self-interests. In particular, any individual who has, or is able to obtain access to, non-public information concerning the portfolio holdings, the trading activities or the ongoing investment programs of the funds or other clients of the Manager is prohibited from using such information for his, her, their or its direct or indirect personal benefit or in a manner that would not be in the best interests of clients. These individuals also must not use their position to obtain special treatment or investment opportunities not generally available to the Manager's clients. The policy includes a requirement to obtain prior approval from the CCO prior to executing any personal trades. Failure to comply with this policy is cause for disciplinary action up to, and including, immediate dismissal.

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

The giving or receiving of gifts and entertainment can compromise independence and objectivity, as it may cause individuals to act in anticipation or because of a gift instead of the best interests of the Manager's clients. While the Manager recognizes that the practice of giving and receiving gifts and

entertainment is an established part of the asset management industry, it has policies in place to limit such activity to a modest amount and to ensure that it does not affect the decision making of its representatives. The Manager keeps track of gifts and entertainment as part of its monitoring of this type of activity.

### ***Large Unitholders***

Large inflows or outflows from a fund or strategy due to large unitholder concentration could impact the fund's or strategy's ability to produce a return. Large redemptions or repurchases could cause the portfolio manager to have to liquidate assets it otherwise would not, at terms that are not as favourable. Alternatively, large inflows could result in a cash drag on a fund's or strategy's performance where appropriate investments are not immediately available. This causes a conflict of interest between different clients' interests. As the Manager has launched new funds, this risk is greater. In order to address this conflict, the Manager has, when designing each fund's strategy, determined whether redemption or repurchase limits or gates may be necessary to limit this risk, such as where a strategy is invested in illiquid securities.

### ***Marketing Practices***

Marketing materials are used in various forums to advertise the Manager's products and services. Marketing can create a conflict of interest as there may be an incentive to overstate attributes and to understate risks and weaknesses. All marketing materials are reviewed by the CCO and approved prior to distribution. Marketing policies are in place governing the preparation and dissemination of marketing materials, including prohibiting material misstatements or omissions, including required disclosures, requirements for hypotheticals and CCO approval.

### ***Referral Arrangements***

While the Manager currently has no referral arrangements with respect to this offering and nor does it receive any referral fees in connection with this offering, the Manager may in the future, in its sole discretion, enter into referral arrangements whereby it pays a fee for the referral of a client to the Manager or to one of the funds it manages. No such payment will be made unless referred investors are first advised of the arrangement and all applicable securities laws in connection with referral arrangements are complied with.

### ***Dual Roles with the Manager and Chesswood***

Various officers, directors and those involved with the portfolio management of the Fund and the Partnership are also officers, directors or employees of Chesswood, the parent company of the Manager, and other affiliates that are subsidiaries of Chesswood. There are potential conflicts of interest associated with dual roles with the Manager and Chesswood. This includes potential time commitments, conflicts related to investments in Chesswood, transactions between Chesswood and a portfolio managed by the Manager and these individuals' access to material non-public information about Chesswood, which is a public issuer. These conflicts will be managed and mitigated by implementing the following controls:

- Investments in Chesswood shares by a fund managed by the Manager are prohibited. In addition, any transactions with Chesswood as a counterparty are prohibited in a fund sold through a prospectus, unless approved by the fund's independent review committee.
- Investments may be made in Chesswood through a separately managed account if the client has consented and certain other conditions are met, including that an individual who is an officer,

director or employee of Chesswood is not the recommending portfolio manager, and that neither such individuals nor the Manager are in possession of material non-public information about Chesswood.

- If a fund managed by the Manager that is sold through an offering memorandum or similar document (a “**Private Fund**”) will enter into a transaction with Chesswood or an affiliate of Chesswood, this fact, and the related conflicts, must be disclosed in the offering document of the Private Fund. Any such transactions will be conducted on market terms. The Manager and individuals with dual roles will at all times act in the best interest of the related Private Fund.

### ***Services Provided by Related Parties***

The Originators, their directors and officers, or their affiliates, may be an affiliated or related party to the Manager, the Partnership or any of the affiliates or beneficial owners of the Manager. The Partnership is expected to enter into Purchase Agreements with the Related Originators, which are related to the Manager since each of the Manager and the Related Originators are controlled by Chesswood. In particular, the Partnership will purchase equipment and property underlying commercial and consumer leases and commercial and consumer loans (and related rights) from the Related Originators and retain the Related Originators to provide services under Servicing Agreements. This will result in the Related Originators earning profits in connection with such purchases and receiving service fees from the Partnership.

In addition, with respect to the portion of the Receivables Portfolio acquired from the Related Originators, the Partnership will pay Up-Front Fees to CCM, the direct shareholder of the Manager, and/or other entities related to the Manager, in connection with structuring services related to the acquisition of such portion of the Receivables Portfolio by the Partnership from the Related Originators.

There are conflicts of interest associated with the Manager hiring related parties to provide services to the Partnership. The services provided by such related parties may raise a perception that the Manager favours the business interests of its affiliates rather than the Partnership and its investors’ best interests. In addition, a reasonable person may consider that the Manager may not be able to objectively hire a related party to provide services to the Partnership and be objective in monitoring the performance of the related party.

The Manager addresses and controls these conflicts by implementing the following measures: (i) the business of the Manager is separate from its related parties; (ii) the Manager provides clear disclosure to clients regarding the services provided by related parties to the Partnership; and (iii) all business conducted by, and fees paid to, the related parties is conducted on commercially reasonable market terms and the Manager conducts ongoing due diligence on the performance of the services provided by related parties.

### ***Related and Connected Issuers***

Securities laws require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities in certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationship and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser.

The Manager may from time to time be deemed to be related or connected to one or more issuers for purposes of the disclosure and other rules of the securities laws referred to above. The Manager is prepared to act as an adviser and as a dealer in the ordinary course of its business to and in respect of securities of any such related or connected issuer. In any such case, these services shall be carried out by the Manager in the ordinary course of its business as an adviser and a dealer in accordance with its usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.

Any fund managed by the Manager is a related and/or connected issuer of the Manager. (See “*Conflicts of Interest Specific to the Partnership*” above.) The Manager acts as the manager of such funds and earns fees for managing the funds. The Manager acts as an exempt market dealer in connection with the marketing and sale of units of the funds to some clients. However, no commissions are paid to the Manager in connection with the sale of units of the funds. Where funds are organized as limited partnerships, an affiliate or subsidiary of the Manager may act as the general partner of the fund.

## SCHEDULE “F”

### LEGAL MATTERS

#### **Purchase and Resale Restrictions**

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

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

#### **Cooling-Off Period**

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

#### **Statutory Rights of Action and Rescission**

In addition to and without derogation from any right or remedy that a purchaser of the Units may have at law, securities legislation in certain jurisdictions of Canada provides that a purchaser has or must be granted rights of rescission or damages, or both, where the offering memorandum and any amendment thereto contains a misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation.

As used herein, “**Misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A “**material fact**” means a fact that would reasonably be expected to have a significant effect on, the market price or value of the Units.

The following is a summary of the rights of rescission or damages, or both, available to investors under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation in their province for the particulars of the statutory rights available to them in their province or consult with a legal adviser.

*Rights for Purchasers in Ontario*

If this Offering Memorandum, together with any amendment hereto, delivered to a purchaser of Units resident in Ontario contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such Misrepresentation, a right of action against the Fund for damages or, while still the owner of the Units purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that:

- (a) the Fund shall not be held liable pursuant to either right of action if the Fund proves the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, the Fund is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the purchaser as a result of the Misrepresentation relied upon;
- (c) the Fund will not be liable for a Misrepresentation in forward-looking information if the Fund proves that:
  - (i) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;
- (d) in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the Units acquired; and
- (e) no action may be commenced to enforce such right of action more than:
  - (i) in the case of an action for rescission, 180 days after the date of the acceptance of the purchaser's Subscription Agreement by the Manager; or
  - (ii) in the case of an action for damages, the earlier of:
    - (1) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or
    - (2) three years after the date of the acceptance of the purchaser's Subscription Agreement by the Manager.

The foregoing rights do not apply if the purchaser purchased Units under the "accredited investor" exemption and is:



- (a) a Canadian financial institution (as defined in National Instrument 14-101 *Definitions*) or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

**Chesswood Canadian Asset-Backed Credit Fund Trust**

**1133 Yonge Street  
Suite 603  
Toronto, Ontario  
M4T 2Y7  
Tel No.: 416-960-7690**

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